

# RYDER SYSTEM INC

## FORM 10-K (Annual Report)

Filed 03/30/94 for the Period Ending 12/31/93

Address	11690 N.W. 105TH STREET MIAMI, FL 33178
Telephone	3055003726
CIK	0000085961
Symbol	R
SIC Code	7510 - Automotive Rental And Leasing, Without Drivers
Industry	Rental & Leasing
Sector	Services
Fiscal Year	12/31

# RYDER SYSTEM INC

## FORM 10-K (Annual Report)

Filed 3/30/1994 For Period Ending 12/31/1993

Address	3600 NW 82ND AVE MIAMI, Florida 33166
Telephone	305-500-3726
CIK	0000085961
Industry	Rental & Leasing
Sector	Services
Fiscal Year	12/31

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# FORM 10-K

## SECURITIES AND EXCHANGE COMMISSION WASHINGTON, D.C. 20549

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

FOR THE FISCAL YEAR ENDED DECEMBER 31, 1993

*Commission file number 1-4364*

### RYDER SYSTEM, INC.

(Exact name of registrant as specified in its charter)

FLORIDA  
(State or other jurisdiction of  
incorporation or organization)

3600 N.W. 82 AVENUE, MIAMI, FLORIDA 33166  
(Address of principal executive  
offices including zip code)

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

(305) 593-3726  
(Telephone number  
including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days: YES X NO

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of the registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K: /X/

The aggregate market value of the voting stock held by non-affiliates of the registrant computed by reference to the price at which the stock was sold as of January 31, 1994, was \$2,091,940,245.

The number of shares of Ryder System, Inc. Common Stock (\$.50 par value) outstanding as of January 31, 1994, was 77,379,059.

Documents Incorporated by Reference into this Report -----	Part of Form 10-K into which Document is Incorporated -----
Ryder System, Inc. 1993 Annual Report to Shareholders*	Parts I, II and IV
Ryder System, Inc. 1994 Proxy Statement	Part III

\*The Ryder System, Inc. 1993 Annual Report to Shareholders is incorporated herein only to the extent specifically stated.

**SECURITIES REGISTERED PURSUANT TO SECTION 12(B) OF THE ACT:**

Title of each class of securities -----	Exchange on which registered -----
Ryder System, Inc. Common Stock (\$ .50 par value) and Preferred Share Purchase Rights (the Rights are not currently exercisable or transferable apart from the Common Stock)	New York Stock Exchange Pacific Stock Exchange Midwest Stock Exchange
Ryder System, Inc. 8 3/4% Series E Extendible Notes, due July 1, 2000	New York Stock Exchange
Ryder System, Inc. 9% Series G Bonds, due May 15, 2016	New York Stock Exchange
Ryder System, Inc. 8 3/8% Series H Bonds, due February 15, 2017	New York Stock Exchange
Ryder System, Inc. 8 3/4% Series J Bonds, due March 15, 2017	New York Stock Exchange
Ryder System, Inc. 9 7/8% Series K Bonds, due May 15, 2017	New York Stock Exchange
Ryder System, Inc. 9 3/8% Series L Notes, due January 15, 1998	New York Stock Exchange
Ryder System, Inc. 9.20% Series M Notes, due March 15, 1998	None
Ryder System, Inc. 9 1/4% Series N Notes, due May 15, 2001	None

(Cover page 2 of 3 pages)

Title of each class of securities -----	Exchange on which registered -----
Ryder System, Inc. Medium-Term Notes due from 9 months to 10 years from date of issue at rate based on market rates at time of issuance	None
Ryder System, Inc. Medium-Term Notes, Series 2, due from 9 months to 10 years from date of issue at rate based on market rates at time of issuance	None
Ryder System, Inc. Medium-Term Notes, Series 3, due from 9 months to 10 years from date of issue at rate based on market rates at time of issuance	None
Ryder System, Inc. Medium-Term Notes, Series 6, due from 9 months to 30 years from date of issue at rate based on market rates at time of issuance	None
Ryder System, Inc. Medium-Term Notes, Series 7, due from 9 months to 30 years from date of issue at rate based on market rates at time of issuance	None
Ryder System, Inc. Medium-Term Notes, Series 8, due from 9 months to 30 years from date of issue at rate based on market rates at time of issuance	None
 SECURITIES REGISTERED PURSUANT TO SECTION 12(G) OF THE ACT:	None

(Cover page 3 of 3 pages)

**RYDER SYSTEM, INC.**  
**Form 10-K Annual Report**

**TABLE OF CONTENTS**

	Page No. -----
PART I	
Item 1	Business . . . . . 5
Item 2	Properties . . . . . 10
Item 3	Legal Proceedings . . . . . 10
Item 4	Submission of Matters to a Vote of Security Holders . . . . . 10
PART II	
Item 5	Market for Registrant's Common Equity and Related Stockholder Matters . . . . . 11
Item 6	Selected Financial Data . . . . . 11
Item 7	Management's Discussion and Analysis of Financial Condition and Results of Operations . . . . . 11
Item 8	Financial Statements and Supplementary Data . . . . . 11
Item 9	Changes in and Disagreements with Accountants on Accounting and Financial Disclosure . . . . . 11
PART III	
Item 10	Directors and Executive Officers of the Registrant . . . . . 12
Item 11	Executive Compensation . . . . . 12
Item 12	Security Ownership of Certain Beneficial Owners and Management . . . . . 12
Item 13	Certain Relationships and Related Transactions . . . . . 12
PART IV	
Item 14	Exhibits, Financial Statement Schedules, and Reports on Form 8-K . . . . . 13

## PART I

### ITEM 1. BUSINESS

#### General

Ryder System, Inc. ("the Company") was incorporated in Florida in 1955. Through its subsidiaries, the Company engages primarily in the following businesses: 1) full service leasing and short-term rental of trucks, tractors and trailers; 2) dedicated logistics services; 3) public transit management and student transportation; and 4) transportation by truck of automobiles and light trucks. On December 7, 1993, the Company spun off its Aviall, Inc. aviation services subsidiary to the Company's shareholders. After the Aviall, Inc. spin-off, the Company's main operating segments are Vehicle Leasing & Services and Automotive Carriers. General Motors Corporation ("GM") is the largest single customer of the Company, accounting for approximately 11%, 12%, and 13% of consolidated revenue of the Company in 1993, 1992 and 1991, respectively.

At December 31, 1993, the Company and its subsidiaries had a fleet of 168,278 vehicles and 37,949 employees.(1)

#### Segment Information

Financial information about industry segments is incorporated by reference from the table "Selected Financial and Operational Data" on page 29, and "Notes to Consolidated Financial Statements - Segment Information" on page 42, of the Ryder System, Inc. 1993 Annual Report to Shareholders.

#### Vehicle Leasing & Services

The Vehicle Leasing & Services Division, comprising Ryder Truck Rental, Inc. ("RTR"), Ryder Dedicated Logistics, Inc., and various other companies, engages in a variety of highway transportation services including full service truck leasing, dedicated logistics services, commercial and consumer truck rental, truck maintenance, student transportation and public transit management, operations and maintenance.

As of December 31, 1993, the Vehicle Leasing & Services Division had 158,374 vehicles and 32,257 employees, excluding reimbursed public transit and leased personnel. Full service truck leasing was provided to 11,180 customers (ranging from small companies to large national enterprises), with a fleet of 78,544 vehicles (including 7,592 vehicles leased to affiliates), through 914 locations in 48 states and 8 Canadian provinces. Under full service leases, RTR (as Ryder Commercial Leasing & Services) provides customers with the vehicles, maintenance, supplies and equipment necessary for operation, while the customers furnish drivers and dispatch and exercise control over the vehicles. A fleet of 67,016 vehicles, ranging from heavy-duty tractors and trailers to light trucks, is available for short-term rental from over 4,650 Division locations and independent dealers in 48 states and Canada. Short-term truck rental, which tends to be seasonal, is used by commercial customers to supplement their fleets during peak business seasons. Additionally, RTR (as Ryder Consumer Truck Rental) serves the short-term consumer truck rental market, which also tends to be seasonal and is principally used by consumers for moving household goods. At December 31, 1993, RTR was servicing 27,067 vehicles (including 7,611 vehicles of affiliates) under Ryder Programmed Maintenance, which provides essentially the same maintenance services for customer-owned vehicles as are provided through full service truck leasing.

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(1) In addition, certain subsidiaries of the Company manage the operating personnel of local transit authorities. In such situations, the entire cost of compensation and benefits for such personnel is passed through to the transit authority, which reimburses the Company's subsidiaries. Additionally, certain subsidiaries of the Company obtain drivers under driver leasing agreements for some of their operations.

Through Ryder Dedicated Logistics ("RDL"), the Division offers customer-tailored industrial and consumer product distribution and logistics services from 440 locations in the U.S. and Canada. Services include varying combinations of logistics system design, provision of vehicles and equipment, maintenance, provision of drivers, warehouse management, transportation management and information systems support. Logistics systems range from metropolitan shuttles to interstate long-haul operations, and from just-in-time assembly plant service to factory-to-warehouse-to-retail facility service. These services are employed in the automotive industry (RDL specializes in inbound and aftermarket parts delivery for customers such as GM (including Saturn), Chrysler Corporation ("Chrysler"), Toyota Motor Manufacturing USA Inc. ("Toyota"), Ford Motor Company and auto parts retailers), and in the paper and paper packaging, chemical, electronic and office equipment, news, food and beverage, housing, general retail and other industries.

The Division has historically disposed of its used and surplus revenue earning equipment at prices in excess of book value. The Division reported gains on the sale of revenue earning equipment (reported as reductions in depreciation expense) of approximately 16%, 12% and 5% of the Division's earnings before interest and taxes in 1993, 1992 and 1991, respectively. The extent to which the Division may consistently continue to realize gains on disposal of its revenue earning equipment is dependent upon various factors including the general state of the used vehicle market, the condition and utilization of the Division's fleet and depreciation policies with respect to its vehicles.

During 1993, the Division continued to expand its presence in the public transportation management, operations and maintenance and student transportation markets through internal growth. The Division now manages or operates 88 public transit systems with 4,860 vehicles in 28 states, operates 7,140 school buses in 19 states, maintains about 16,000 public transit or fleet vehicles in 15 states and provides public transportation management consulting services.

### **International**

In the first quarter of 1993 the Company established an International Division to develop and implement a strategy for growth in international markets of the Company's highway transportation services business and to manage operations of the Company's highway transportation services outside the United States and Canada. The Company's previously existing lease, rental, maintenance and logistics operations in the United Kingdom and Germany have become a part of the new International Division. As of December 31, 1993, the International Division had 6,997 vehicles, 1,697 employees, and provided service through 65 locations in the United Kingdom, Germany and Poland. (For financial reporting purposes, the International Division's results are included with those of the Vehicle Leasing & Services Division).

### **Automotive Carriers**

The Company's Automotive Carrier Division transports new automobiles and trucks to dealers and to and from distribution points throughout the United States and several Canadian provinces for GM, Chrysler, Toyota, Honda and most other automobile and light truck manufacturers. GM remains the Division's largest customer, accounting for 54%, 57% and 63% of the Division's revenue in 1993, 1992 and 1991, respectively. The GM carriage contracts are typically subject to cancellation upon 30 days' notice by either party. The business is primarily dependent on the level of North American production, importation and sales by GM and various other manufacturers. Consequently, the business is adversely affected by any significant reductions in or prolonged curtailments of production by customers because of market conditions, strikes or otherwise.

As of December 31, 1993, the Automotive Carrier Division had 4,636 auto transport vehicles, 5,294 employees (exclusive of leased drivers), and provided service through 89 locations in 37 states and 2 Canadian provinces. Most of the Division's employees are covered by an industry-wide collective bargaining agreement, the term of which ends in May 1995.



## **Competition**

The Vehicle Leasing & Services Division's customers may finance lease or purchase their own vehicles and provide maintenance services for themselves substantially similar to those offered by the Division, or purchase such services from others, or obtain transportation services from other common or contract carriers. The Division also competes with other companies conducting nationwide truck leasing, rental or bus operations, a large number of regional truck leasing companies with multiple branches, many smaller companies operating primarily on a local basis but frequently with nationwide service and maintenance capabilities due to participation in cooperative programs and membership in various associations, and both local and nationwide common and contract carriers. Competition in the truck leasing business is based on a number of factors which include price, equipment, maintenance and geographical coverage. The Division also competes, to an extent, with a number of trailer and vehicle manufacturers who have entered the field of trailer and vehicle leasing, extended warranty maintenance, rental and other forms of transportation services.

The carriage and dedicated logistics operations of the Vehicle Leasing & Services Division and the Automotive Carrier Division are subject to potential competition in most of the regions they serve from railroads and motor carriers providing similar services, and from customers insofar as they may own or lease equipment and provide the services for themselves.

A growing number of U.S. school districts now have the option of contracting with private operators for student transportation services. In areas where private contractors are utilized, the market is fragmented and competitive. Even where private operators are being utilized, school districts still may have the option of performing student transportation services themselves.

Public transit agencies generally have the option of contracting with private operators for public transportation services or providing such services themselves. The market for most types of public transportation services is fragmented and competitive.

In the United Kingdom, both truck leasing and dedicated logistics are well developed and competitive markets, similar to those in the U.S. and Canada. Value-added differentiation of the Company's service offerings continues to be the Company's strategy in those markets. With the recent developments in Mexico relating to the passage of the North American Free Trade Agreement, Germany's continued integration into the European Community and Poland's transformation to a market economy, the Company's ability to provide services in these new markets is only now emerging. It is anticipated, however, that competition with the Company's services in these emerging markets will develop.

## **Other Developments and Further Information**

Many Federal, state and local laws designed to protect the environment, and similar laws in some foreign jurisdictions, have varying degrees of impact on the way the Company and its subsidiaries conduct their business operations, primarily with regard to their use, storage and disposal of petroleum products. Compliance with these laws and with the Company's environmental protection policies involves the expenditure of considerable amounts of money and management expects that such expenditures will increase in the near-term. Based on information presently available, management believes that the ultimate disposition of such matters, although potentially material to the Company's results of operations in any one year, will not have a material adverse effect on the Company's financial condition or liquidity.

For further discussion concerning the business of the registrant and its subsidiaries see the information referenced under Items 7 and 8 of this report.

## Executive Officers of the Registrant

All of the executive officers of the Company were elected or re-elected to their present offices either at or subsequent to the meeting of the Board of Directors held on May 7, 1993, in conjunction with the Company's 1993 Annual Meeting on the same date. They all hold such offices, at the discretion of the Board of Directors, until their removal, replacement or retirement.

Name	Age	Position
M. Anthony Burns	51	Chairman, President and Chief Executive Officer
Wendell R. Beard	66	Executive Vice President - Office of the Chairman
C. Robert Campbell	49	Executive Vice President - Human Resources and Administration
Dwight D. Denny	50	President - Ryder Commercial Leasing & Services
R. Ray Goode	57	Senior Vice President - Public Affairs
James B. Griffin	39	President - Ryder Automotive Carrier Group, Inc.
James M. Herron	59	Senior Executive Vice President and General Counsel
Edwin A. Huston	55	Senior Executive Vice President - Finance and Chief Financial Officer
Larry S. Mulkey	50	President - Ryder Dedicated Logistics, Inc.
Gerald R. Riordan	45	President - Ryder Consumer Truck Rental
Anthony G. Tegnelia	48	Senior Vice President and Controller
Randall E. West	45	Senior Vice President and General Manager of the International Division

M. Anthony Burns has been Chairman of the Board since May 1985, Chief Executive Officer since January 1983 and President and a director since December 1979.

Wendell R. Beard has been Executive Vice President - Office of the Chairman since March 1991. Mr. Beard served as Senior Vice President - Office of the Chairman from August 1989 to March 1991 and as Vice President - Office of the Chairman from May 1987 to August 1989. Mr. Beard was Group Director - Corporate Affairs from July 1985 to April 1987 and Group Director - Development from March 1984 to June 1985.

C. Robert Campbell has been Executive Vice President - Human Resources and Administration since March 1991. Mr. Campbell served as Executive Vice President - Finance of the Vehicle Leasing & Services Division from October 1981 to March 1991.

Dwight D. Denny has been President - Ryder Commercial Leasing & Services since December 1992, and was Executive Vice President and General Manager - Commercial Leasing & Services of Ryder Truck Rental, Inc. from June 1991 until December 1992. Mr. Denny served Ryder Truck Rental, Inc. as Senior Vice President and General Manager - Eastern Area from March 1991 to June 1991 and Senior Vice President - Central Area from December 1990 to March 1991. Mr. Denny previously served Ryder Truck Rental, Inc. as Region Vice President in Tennessee from July 1985 to December 1990.

R. Ray Goode has been Senior Vice President - Public Affairs since November 1993 and was President and Chief Executive Officer of We Will Rebuild from September 1992 to November 1993. He was Managing Partner of Goode, Olcott, Knight & Associates from April 1989 to September 1992, and served successively as Vice President, President and Chairman and Chief Executive Officer of The Babcock Company (a subsidiary of Weyerhaeuser Company) from 1976 to 1989. Mr. Goode served as County Manager for Metropolitan Dade County, Florida from 1970 to 1976.

James B. Griffin has been President - Ryder Automotive Carrier Group Inc. since February 1993, and was Vice President and General Manager - Mid-South Region of Ryder Truck Rental, Inc. from December 1990 to February 1993. Mr. Griffin previously served Ryder Truck Rental, Inc. as Region Vice President in Syracuse, New York from April 1988 to December 1990.

James M. Herron has been Senior Executive Vice President since July 1989 and General Counsel since April 1973. Mr. Herron was also Secretary from February 1983 through February 1986.

Edwin A. Huston has been Senior Executive Vice President - Finance and Chief Financial Officer since January 1987. Mr. Huston was Executive Vice President - Finance from December 1979 to January 1987.

Larry S. Mulkey has been President - Ryder Dedicated Logistics, Inc. (formerly Ryder Distribution Resources, Inc.), a business unit of the Vehicle Leasing & Services Division, since November 1990. Mr. Mulkey was Senior Vice President and General Manager - Central Area of Ryder Truck Rental, Inc., from January 1986 to November 1990 and was Senior Vice President and General Manager - Eastern Area of Ryder Truck Rental, Inc., from August 1985 to January 1986.

Gerald R. Riordan has been President - Ryder Consumer Truck Rental since December 1992, and was Senior Vice President and General Manager - Consumer Rental of Ryder Truck Rental, Inc., from June 1991 until December 1992. Mr. Riordan served Ryder Truck Rental, Inc. as Senior Vice President - Rental and Quality from December 1990 to June 1991, Vice President of Quality from January 1988 to December 1990 and Vice President of Rental from January 1983 to January 1988.

Anthony G. Tegnalia has been Senior Vice President since March 1991 and Controller since August 1988. He is the Company's principal accounting officer. Mr. Tegnalia was Vice President - Corporate Systems from November 1986 to August 1988. Mr. Tegnalia served as Executive Vice President - Finance of the Company's former Freight System Division from September 1985 to October 1986, and Senior Vice President - Finance of Ryder Distribution System (now Ryder Dedicated Logistics, Inc.) from March 1984 to August 1985.

Randall E. West has been Senior Vice President and General Manager of the International Division since December 1993, and was Vice President and General Manager - Southwest Region of Ryder Truck Rental, Inc. (Ryder Commercial Leasing & Services) from September 1991 to December 1993. Mr. West previously served Ryder Truck Rental, Inc. as Region Vice President at New Orleans from November 1988 to September 1991.

## **ITEM 2. PROPERTIES**

The Company's property consists primarily of vehicles, vehicle maintenance and repair facilities and other real estate and improvements. Information regarding vehicles is included in Item 1, which is incorporated herein by reference.

The Vehicle Leasing & Services Division has 1,613 locations in the United States; 428 of these facilities are owned and the remainder are leased. Such locations generally include a garage, a repair shop and office space.

The International Division has 65 locations in the United Kingdom, Germany and Poland; 15 of these facilities are owned and the remainder are leased. Such locations generally include a rental office, a repair shop and administrative office space.

The Automotive Carrier Division has 81 operating locations in 37 states throughout the United States and 8 operating locations in Canada; 29 locations are owned and the remainder are leased.

## **ITEM 3. LEGAL PROCEEDINGS**

The Company and its subsidiaries are involved in various claims, law suits, and administrative actions arising in the course of their businesses. Some involve claims for substantial amounts of money and/or claims for punitive damages. While any proceeding or litigation has an element of uncertainty, management believes that the disposition of such matters, in the aggregate, will not have a material impact on the consolidated financial condition, results of operation or liquidity of the Company and its subsidiaries.

## **ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS**

There were no matters submitted to a vote of security holders during the quarter ended December 31, 1993.

## **PART II**

### **ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS**

The information required by Item 5 is incorporated by reference from page 43 ("Common Stock Data") of the Ryder System, Inc. 1993 Annual Report to Shareholders.

### **ITEM 6. SELECTED FINANCIAL DATA**

The information required by Item 6 is incorporated by reference from pages 44 and 45 of the Ryder System, Inc. 1993 Annual Report to Shareholders.

### **ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS**

The information required by Item 7 is incorporated by reference from pages 24 through 28 of the Ryder System, Inc. 1993 Annual Report to Shareholders.

### **ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA**

The information required by Item 8 is incorporated by reference from pages 31 through 42 and page 43 ("Quarterly Data") of the Ryder System, Inc. 1993 Annual Report to Shareholders.

### **ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE**

No Form 8-K was filed by the Company in the 24 months prior to December 31, 1993, reporting (i) a change of accountants or (ii) a disagreement on matters of accounting principles, accounting practices or financial statement disclosure matters.

## **PART III**

### **ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT**

The information required by Item 10 regarding directors is incorporated by reference from pages (4 through 9) of the Ryder System, Inc. 1994 Proxy Statement.

The information required by Item 10 regarding executive officers is set out in Item 1 of Part I of this Form 10-K Annual Report.

### **ITEM 11. EXECUTIVE COMPENSATION**

The information required by Item 11 is incorporated by reference from pages (20 through 23) of the Ryder System, Inc. 1994 Proxy Statement.

### **ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT**

The information required by Item 12 is incorporated by reference from pages (16 and 17) of the Ryder System, Inc. 1994 Proxy Statement.

### **ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS**

The information required by Item 13 is incorporated by reference from page (10) of the Ryder System, Inc. 1994 Proxy Statement.

## PART IV

### **ITEM 14. EXHIBITS, FINANCIAL STATEMENT SCHEDULES, AND REPORTS ON FORM 8-K**

(a) 1. Financial Statements for Ryder System, Inc. and Consolidated Subsidiaries:

Items A through E are incorporated by reference from pages 30 through 42 of the Ryder System, Inc. 1993 Annual Report to Shareholders.

A) Consolidated Statements of Earnings for years ended December 31, 1993, 1992 and 1991.

B) Consolidated Balance Sheets for December 31, 1993 and 1992.

C) Consolidated Statements of Cash Flows for years ended December 31, 1993, 1992 and 1991.

D) Notes to Consolidated Financial Statements.

E) Independent Auditors' Report.

2. Financial Statement Schedules of Ryder System, Inc. and Consolidated Subsidiaries (filed herewith unless otherwise indicated):

A) Schedule II: Amounts Receivable from Related Parties and Underwriters, Promoters, and Employees Other than Related Parties.

B) Schedule V: Property and Equipment.

C) Schedule VI: Accumulated Depreciation of Property and Equipment.

D) Schedule VII: Guarantees of Securities of Other Issuers.

E) Schedule X: Supplementary Income Statement Information.

F) Independent Auditors' Report.

All other schedules and statements are omitted because they are not applicable or not required or because the required information is included in the consolidated financial statements or notes thereto.

Supplementary Financial Information consisting of selected quarterly financial data is incorporated by reference from page 43 of the Ryder System, Inc. 1993 Annual Report to Shareholders.

### 3. Exhibits:

The following exhibits are filed with this report or, where indicated, incorporated by reference (Forms 10-K, 10-Q and 8-K referenced herein have been filed under the Commission's file No. 1-4364). The Company will provide a copy of the exhibits filed with this report at a nominal charge to those parties requesting them.

#### EXHIBIT INDEX

Exhibit Number	Description	Page
3.1	The Ryder System, Inc. Restated Articles of Incorporation, dated November 8, 1985, as amended through May 18, 1990, previously filed with the Commission as an exhibit to the Company's Annual Report on Form 10-K for the year ended December 31, 1990, are incorporated by reference into this report.	
3.2	The Ryder System, Inc. By-Laws, as amended through November 23, 1993.	
4.1	The Company hereby agrees, pursuant to paragraph (b)(4)(iii) of Item 601 of Regulation S-K, to furnish the Commission with a copy of any instrument defining the rights of holders of long-term debt of the Company, where such instrument has not been filed as an exhibit hereto and the total amount of securities authorized thereunder does not exceed 10% of the total assets of the Company and its subsidiaries on a consolidated basis.	
4.2(a)	The Form of Indenture between Ryder System, Inc. and The Chase Manhattan Bank (National Association) dated as of June 1, 1984, filed with the Commission on November 19, 1985 as an exhibit to the Company's Registration Statement on Form S-3 (No. 33-1632), is incorporated by reference into this report.	
4.2(b)	The First Supplemental Indenture between Ryder System, Inc. and The Chase Manhattan Bank (National Association) dated October 1, 1987, previously filed with the Commission as an exhibit to the Company's Annual Report on Form 10-K for the year ended December 31, 1987, is incorporated by reference into this report.	
4.3	The Form of Indenture between Ryder System, Inc. and The Chase Manhattan Bank (National Association) dated as of May 1, 1987, and supplemented as of November 15, 1990 and June 24, 1992, filed with the Commission on July 30, 1992 as an exhibit to the Company's Registration Statement on Form S-3 (No. 33-50232), is incorporated by reference into this report.	
4.4	The Rights Agreement between Ryder System, Inc. and First Chicago Trust Company of New York (then named Morgan Guaranty Trust Company of New York) dated as of February 28, 1986, previously filed with the	



Commission as an exhibit to the Company's Registration Statement on Form 8-A dated March 7, 1986, is incorporated by reference into this report.

- 4.5 The Amendment to Rights Agreement between Ryder System, Inc. and First Chicago Trust Company of New York dated as of July 28, 1989, previously filed with the Commission as an exhibit to the Company's Amendment to Application or Report on Form 8 dated August 2, 1989 is incorporated by reference into this report.
- 10.1(a) The change of control severance agreement for the Company's chief executive officer dated as of January 1, 1992, and the severance agreement for the Company's chief executive officer dated as of January 1, 1992, previously filed with the Commission as an exhibit to the Company's Annual Report on Form 10-K for the year ended December 31, 1991, is incorporated by reference into this report.
- 10.1(b) Amendments dated as of August 20, 1993 to the change of control severance agreement for the Company's chief executive officer dated as of January 1, 1992, and the severance agreement for the Company's chief executive officer dated as of January 1, 1992.
- 10.2(a) The form of amended and restated change of control severance agreement for executive officers dated as of February 24, 1989, previously filed with the Commission as an exhibit to the Company's Annual Report on Form 10-K for the year ended December 31, 1988, is incorporated by reference into this report.
- 10.2(b) Amendment dated as of August 20, 1993 to the form of amended and restated change of control severance agreement for executive officers dated as of February 24, 1989.
- 10.3 The form of change of control severance agreement for executive officers effective as of July 1, 1993.
- 10.4(a) The form of amended and restated severance agreement for executive officers dated as of February 24, 1989, previously filed with the Commission as an exhibit to the Company's Annual Report on Form 10-K for the year ended December 31, 1988, is incorporated by reference into this report.
- 10.4(b) Amendment dated as of August 20, 1993 to the form of amended and restated severance agreement for executive officers dated as of February 24, 1989.
- 10.5 The form of severance agreement for executive officers effective as of July 1, 1993.
- 10.6(a) The form of Ryder System, Inc. incentive compensation deferral agreement dated as of November 30, 1992, previously filed with the Commission as an exhibit to the Company's Annual Report on Form 10-K for the year ended December 31, 1992, is incorporated by reference into this report.
- 10.6(b) The form of Ryder System, Inc. incentive compensation deferral agreement dated as of November 30, 1993.

- 10.7(a) The form of Ryder System, Inc. salary deferral agreement dated as of November 30, 1992, previously filed with the Commission as an exhibit to the Company's Annual Report on Form 10-K for the year ended December 31, 1992, is incorporated by reference into this report.
- 10.7(b) The form of Ryder System, Inc. salary deferral agreement dated as of November 30, 1993.
- 10.8(a) The form of Ryder System, Inc. director's fee deferral agreement dated as of December 31, 1992, previously filed with the Commission as an exhibit to the Company's Annual Report on Form 10-K for the year ended December 31, 1992, is incorporated by reference into this report.
- 10.8(b) The form of Ryder System, Inc. director's fee deferral agreement dated as of December 31, 1993.
- 10.9(a) The Ryder System, Inc. and Vehicle Leasing & Services Division 1993 Incentive Compensation Plan for Headquarters Executive Management, previously filed with the Commission as an exhibit to the Company's Annual Report on Form 10-K for the year ended December 31, 1992, is incorporated by reference into this report.
- 10.9(b) The Ryder System, Inc. and Vehicle Leasing & Services Division 1994 Incentive Compensation Plan for Headquarters Executive Management.
- 10.10(a) The Ryder System, Inc. 1993 Incentive Compensation Plan for Ryder System, Inc. Senior Executive Vice Presidents, previously filed with the Commission as an exhibit to the Company's Annual Report on Form 10-K for the year ended December 31, 1992, is incorporated by reference into this report.
- 10.10(b) The Ryder System, Inc. 1994 Incentive Compensation Plan for Ryder System, Inc. Senior Executive Vice Presidents.
- 10.11(a) The Ryder System, Inc. 1993 Incentive Compensation Plan for President-International Division and Chairman, Automotive Carrier Division, previously filed with the Commission as an exhibit to the Company's Annual Report on Form 10-K for the year ended December 31, 1992, is incorporated by reference into this report.
- 10.11(b) The Ryder System, Inc. 1994 Incentive Compensation Plan for Senior Vice President and General Manager of the International Division.
- 10.12(a) The Ryder System, Inc. 1993 Incentive Compensation Plan for President, Automotive Carrier Division, previously filed with the Commission as an exhibit to the Company's Annual Report on Form 10-K for the year ended December 31, 1992, is incorporated by reference into this report.
- 10.12(b) The Ryder System, Inc. 1994 Incentive Compensation Plan for President, Automotive Carrier Division.
- 10.13(a) The Ryder System, Inc. 1993 Incentive Compensation Plan for Chairman, President & Chief Executive Officer, Ryder System, Inc., previously filed

with the Commission as an exhibit to the Company's Annual Report on Form 10-K for the year ended December 31, 1992, is incorporated by reference into this report.

- 10.13(b) The Ryder System, Inc. 1994 Incentive Compensation Plan for Chairman, President & Chief Executive Officer, Ryder System, Inc.
- 10.14(a) The Ryder System, Inc. 1993 Incentive Compensation Plan for President-Commercial Leasing & Services, Vehicle Leasing & Services Division, previously filed with the Commission as an exhibit to the Company's Annual Report on Form 10-K for the year ended December 31, 1992, is incorporated by reference into this report.
- 10.14(b) The Ryder System, Inc. 1994 Incentive Compensation Plan for President-Commercial Leasing & Services, Vehicle Leasing & Services Division.
- 10.15(a) The Ryder System, Inc. 1993 Incentive Compensation Plan for President-Consumer Rental, Vehicle Leasing & Services Division, previously filed with the Commission as an exhibit to the Company's Annual Report on Form 10-K for the year ended December 31, 1992, is incorporated by reference into this report.
- 10.15(b) The Ryder System, Inc. 1994 Incentive Compensation Plan for President-Consumer Rental, Vehicle Leasing & Services Division.
- 10.16(a) The Ryder System, Inc. 1993 Incentive Compensation Plan for President-Ryder Dedicated Logistics, Vehicle Leasing & Services Division, previously filed with the Commission as an exhibit to the Company's Annual Report on Form 10-K for the year ended December 31, 1992, is incorporated by reference into this report.
- 10.16(b) The Ryder System, Inc. 1994 Incentive Compensation Plan for President-Ryder Dedicated Logistics, Vehicle Leasing & Services Division.
- 10.17(a) The Ryder System, Inc. 1980 Stock Incentive Plan, as amended through May 4, 1990, previously filed with the Commission as an exhibit to the Company's Annual Report on Form 10-K for the year ended December 31, 1992, is incorporated by reference into this report.
- 10.17(b) The Ryder System, Inc. 1980 Stock Incentive Plan, as amended and restated as of October 22, 1993.
- 10.18 The Ryder System, Inc. Directors Stock Plan, as amended and restated as of December 17, 1993.
- 10.19(a) The Ryder System Benefit Restoration Plan, effective January 1, 1985, previously filed with the Commission as an exhibit to the Company's Annual Report on Form 10-K for the year ended December 31, 1992, is incorporated by reference into this report.
- 10.19(b) The First Amendment to the Ryder System Benefit Restoration Plan, effective as of December 16, 1988, previously filed with the Commission as

an exhibit to the Company's Annual Report on Form 10-K for the year ended December 31, 1989, is incorporated by reference into this report.

- 10.20 Distribution and Indemnity Agreement dated as of November 23, 1993 between Ryder System, Inc. and Aviall, Inc.
- 10.21 Tax Sharing Agreement dated as of November 23, 1993 between Ryder System, Inc. and Aviall, Inc.
- 11.1 Statement regarding computation of per share earnings.
- 13.1 The Ryder System, Inc. 1993 Annual Report to Shareholders. Those portions of the Ryder System, Inc. 1993 Annual Report to Shareholders which are not incorporated by reference into this report are furnished to the Commission solely for information purposes and are not to be deemed "filed" as part of this report.
- 21.1 List of subsidiaries of the registrant, with the state or other jurisdiction of incorporation or organization of each and the name under which each subsidiary does business.
- 23.1 Auditors' consent to incorporation by reference in certain Registration Statements on Forms S-3 and S-8 of their reports on consolidated financial statements and schedules of Ryder System, Inc. and its consolidated subsidiaries.
- 24.1 Manually executed powers of attorney for each of:

- Arthur H. Bernstein
- Edward T. Foote II
- John A. Georges
- Vernon E. Jordan, Jr.
- Howard C. Kauffmann
- David T. Kearns
- Lynn M. Martin
- James W. McLamore
- Donald V. Seibert
- Hicks B. Waldron
- Alva O. Way
- Mark H. Willes

(b) Reports on Form 8-K:

A Report on Form 8-K dated December 8, 1993, was filed by the Company with respect to the distribution to its shareholders of the stock of Aviall, Inc. The report also included pro forma consolidated condensed financial information for the Company, after giving effect to the spin-off of Aviall, Inc.

(c) Executive Compensation Plans and Arrangements:

Please refer to the description of Exhibits 10.1 through 10.19(b) set forth under Item 14(a)3 of this report for a listing of all executive compensation plans and arrangements filed with this report pursuant to Item 601(b)(10) of Regulation S-K.

## SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Date: March 30, 1994

RYDER SYSTEM, INC.

By:

-----  
M. Anthony Burns  
Chairman, President and Chief  
Executive Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Date: March 30, 1994

By:

-----  
M. Anthony Burns  
Chairman, President and Chief  
Executive Officer  
(Principal Executive Officer)

Date: March 30, 1994

By:

-----  
Edwin A. Huston  
Senior Executive Vice President-Finance  
and Chief Financial Officer  
(Principal Financial Officer)

Date: March 30, 1994

By:

-----  
Anthony G. Tegnalia  
Senior Vice President and Controller  
(Principal Accounting Officer)

Date: March 30, 1994

By:

-----  
Arthur H. Bernstein  
Director

Date: March 30, 1994

By:

-----  
Edward T. Foote II  
Director

Date: March 30, 1994

By:

-----  
John A. Georges  
Director

Date: March 30, 1994

By:

-----  
Vernon E. Jordan, Jr.  
Director

Date: March 30, 1994

By:

-----  
Howard C. Kauffmann  
Director

Date: March 30, 1994

By:

-----  
David T. Kearns  
Director

Date: March 30, 1994

By:

-----  
James W. McLamore  
Director

Date: March 30, 1994

By:

-----  
Lynn M. Martin  
Director

Date: March 30, 1994

By:

-----  
Donald V. Seibert  
Director

Date: March 30, 1994

By:

-----  
Hicks B. Waldron  
Director

Date: March 30, 1994

By:

-----  
Alva O. Way  
Director

Date: March 30, 1994

By:

-----  
Mark H. Willes  
Director

\*By:

-----  
Serge G. Martin  
Attorney-in-Fact

**Schedule II**

**RYDER SYSTEM, INC. AND CONSOLIDATED SUBSIDIARIES**

Amounts Receivable from Related Parties and Underwriters, Promoters, and Employees Other than Related Parties Years ended December 31, 1993, 1992 and 1991

	Balance at beginning of year	Additions	Deductions		Balance at end of period	
			Amounts Collected	Amounts Written Off	Current	Long-term
Year ended December 31, 1991:						
Employee:						
Joshua High	\$ 401,626	35,570	(24,314)	-	412,882	-
Gregory G. Parsons	-	173,500	-	-	173,500	-
	-----	-----	-----	-----	-----	-----
	\$ 401,626	209,070	(24,314)	-	586,382	-
	=====	=====	=====	=====	=====	=====
Year ended December 31, 1992:						
Employee:						
Joshua High	\$ 412,882	35,363	-	-	448,245	-
Gregory G. Parsons	173,500	-	(173,500)	-	-	-
	-----	-----	-----	-----	-----	-----
	\$ 586,382	35,363	(173,500)	-	448,245	-
	=====	=====	=====	=====	=====	=====
Year ended December 31, 1993:						
Employee:						
Joshua High	\$ 448,245	35,267	(27,595)	-	455,917(1)	-
	=====	=====	=====	=====	=====	=====

(1) The receivable includes accrued interest (at an average rate of 9.2% per annum) of \$72,601 at December 31, 1993. The entire principal amount of \$383,316 was due prior to December 31, 1993.



Schedule V

**RYDER SYSTEM, INC. AND CONSOLIDATED SUBSIDIARIES**

Property and Equipment

Years Ended December 31, 1993, 1992 and 1991

(Thousands of Dollars)

Classifications -----	Balance at beginning of year -----	Additions at cost -----	Retirements or sales -----	Other changes-- add (deduct)(1) -----	Balance at end of year -----
Year ended December 31, 1991:					
Revenue earning equipment	\$4,316,210	457,475	654,431	45,114	4,164,368
Operating property and equipment:					
Land	105,021	25	1,019	2,900	106,927
Buildings and improvements	360,651	11,650	4,280	21,747	389,768
Other equipment and improve- ments to leased premises	285,926	36,267	24,428	10,140	307,905
Appropriations in process	29,314	31,899	--	(38,580)	22,633
-----					
Total operating property and equipment	780,912	79,841	29,727	(3,793)	827,233
-----					
Total	\$5,097,122	537,316	684,158	41,321	4,991,601
=====					
Year ended December 31, 1992:					
Revenue earning equipment	\$4,164,368	929,802	757,601	(38,100)	4,298,469
Operating property and equipment:					
Land	106,927	424	704	1,683	108,330
Buildings and improvements	389,768	8,478	3,452	3,597	398,391
Other equipment and improve- ments to leased premises	307,905	43,105	25,840	24,421	349,591
Appropriations in process	22,633	20,317	--	(32,459)	10,491
-----					
Total operating property and equipment	827,233	72,324	29,996	(2,758)	866,803
-----					
Total	\$4,991,601	1,002,126	787,597	(40,858)	5,165,272
=====					
Year ended December 31, 1993:					
Revenue earning equipment	\$4,298,469	1,092,179	611,279	4,753	4,784,122
Operating property and equipment:					
Land	108,330	535	900	244	108,209
Buildings and improvements	398,391	10,146	4,909	5,400	409,028
Other equipment and improve- ments to leased premises	349,591	48,876	27,538	5,219	376,148
Appropriations in process	10,491	22,863	1,111	(12,207)	20,036
-----					
Total operating property and equipment	866,803	82,420	34,458	(1,344)	913,421
-----					
Total	\$5,165,272	1,174,599(2)	645,737	3,409	5,697,543
=====					

RYDER SYSTEM, INC. AND CONSOLIDATED SUBSIDIARIES

Property and Equipment, Continued  
(Thousands of Dollars)

Notes:

(1) Other changes include property and equipment of businesses acquired as follows: 1991-\$7,584 and 1992-\$17,173. The balance comprises adjustments relating to foreign currency translation and transfers (a) to and from non-operating property and equipment and (b) to and from fixed asset classifications.

(2) Reconciliation of 1993 property and equipment additions on Schedule V with the consolidated statement of cash flows is as follows:

Property and equipment additions at cost	\$1,174,599
Purchases of vehicles for finance leases (as lessor) not included in property and equipment	62,922
Purchases of vehicles under capital leases not included in the statement of cash flows	(35)
	-----
Total purchases of vehicles and operating property per consolidated statement of cash flows	\$1,237,486
	=====

Method and depreciable lives as to Ryder System, Inc. and consolidated subsidiaries:

Provision for depreciation and amortization on substantially all depreciable assets is computed using the straight-line method over the following estimated useful asset lives:

Revenue earning equipment	3-10 years
Building and improvements	10-40 years
Other equipment and improvements to leased premises	3-12 years or lease term

**Schedule VI**

**RYDER SYSTEM, INC. AND CONSOLIDATED SUBSIDIARIES**

Accumulated Depreciation of Property and Equipment Years Ended December 31, 1993, 1992 and 1991

(Thousands of Dollars)

Classifications	Balance at beginning of year	Charge to costs and expenses	Retirements renewals and replacements	Other changes-- add (deduct)	Balance at end of year
Year ended December 31, 1991:					
Revenue earning equipment	\$1,699,740	534,207	349,380	8,825	1,893,392
Operating property and equipment:					
Buildings and improvements	127,976	16,700	1,716	(1,282)	141,678
Other equipment and improve- ments to leased premises	160,524	39,293	17,144	1,280	183,953
Total operating property and equipment	288,500	55,993	18,860	(2)	325,631
Total	\$1,988,240	590,200	368,240	8,823	2,219,023
	=====	=====	=====	=====	=====
Year ended December 31, 1992:					
Revenue earning equipment	\$1,893,392	521,982	381,378	(29,381)	2,004,615
Operating property and equipment:					
Buildings and improvements	141,678	17,782	1,914	(1,140)	156,406
Other equipment and improve- ments to leased premises	183,953	41,486	19,535	429	206,333
Total operating property and equipment	325,631	59,268	21,449	(711)	362,739
Total	\$2,219,023	581,250	402,827	(30,092)	2,367,354
	=====	=====	=====	=====	=====
Year ended December 31, 1993:					
Revenue earning equipment	\$2,004,615	533,335	451,552	21,677	2,108,075
Operating property and equipment:					
Buildings and improvements	156,406	18,091	2,964	(1,594)	169,939
Other equipment and improve- ments to leased premises	206,333	46,472	22,027	2,215	232,993
Total operating property and equipment	362,739	64,563	24,991	621	402,932
Total	\$2,367,354	597,898	476,543	22,298	2,511,007
	=====	=====	=====	=====	=====

Schedule VII

RYDER SYSTEM, INC. AND CONSOLIDATED SUBSIDIARIES

Guarantees of securities of other issuers

(Thousands of dollars)

Name of issuer of securities guaranteed by registrant	Type of issue	Amount guaranteed and outstanding	Nature of guarantee
----- Aviall, Inc.	Unsecured note payable by subsidiary to European Investment Bank	----- \$23,622	----- Principal and interest

**Schedule X**

**RYDER SYSTEM, INC. AND CONSOLIDATED SUBSIDIARIES**

Supplementary Income Statement Information Years ended December 31, 1993, 1992 and 1991

(Thousands of dollars)

	Charged to Costs and Expenses		
	1993	1992	1991
	-----	-----	-----
Maintenance and repairs	\$ 453,434	418,792	394,690
	=====	=====	=====
Taxes (other than income):			
Payroll	\$ 101,660	95,093	87,769
Licenses	83,430	78,569	77,703
Other	69,204	63,494	60,108
	-----	-----	-----
Total taxes	\$ 254,294	237,156	225,580
	=====	=====	=====
Advertising	\$ 51,417	45,472	45,864
	=====	=====	=====

## INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders  
Ryder System, Inc.:

Under date of February 7, 1994, we reported on the consolidated balance sheets of Ryder System, Inc. and subsidiaries as of December 31, 1993 and 1992, and the related consolidated statements of earnings and cash flows for each of the years in the three-year period ended December 31, 1993, as contained in the 1993 annual report to shareholders. These consolidated financial statements and our report thereon are incorporated by reference in the annual report on Form 10-K for the year 1993. In connection with our audits of the aforementioned consolidated financial statements, we also have audited the related financial statement schedules as listed in Part IV Item 14a(2). These financial statement schedules are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statement schedules based on our audits.

In our opinion, such financial statement schedules, when considered in relation to the basic consolidated financial statements taken as a whole, present fairly, in all material respects, the information set forth therein.

*/s/ KPMG PEAT MARWICK*

*Miami, Florida*

*February 7, 1994*



## TABLE OF CONTENTS

		Page
ARTICLE I	Name	1
ARTICLE II	Offices	1
ARTICLE III	Corporate Seal	1
ARTICLE IV	Stockholders	2
ARTICLE V	Directors	6
ARTICLE VI	Officers	11
ARTICLE VII	Stock Certificates	14
ARTICLE VIII	Depositories and Checks	15
ARTICLE IX	Fiscal Year	15
ARTICLE X	Dividends	16
ARTICLE XI	Waiver of Notice	16
ARTICLE XII	Indemnification of Officers, Directors, Employees and Agents	16
ARTICLE XIII	By-Law Amendment	19
ARTICLE XIV	Continuing Effect of By-Law Provisions	19



**BY-LAWS**

**OF**

**RYDER SYSTEM, INC.**

**ARTICLE I**

**Name**

**The name of this Corporation is RYDER SYSTEM, INC.**

**ARTICLE II**

**Offices**

Section 1. Principal Florida Office

The principal office of the Corporation in the State of Florida shall be in Miami, Dade County, Florida.

Section 2. Other Offices

The Corporation may also have offices in such other places, both within and without the State of Florida, as the Board of Directors or the Chairman of the Board may from time to time designate or as the business of the Corporation may require. The registered office of the Corporation, required by applicable law to be maintained in the State of Florida may be, but need not be, identical with the Corporation's principal office in the State of Florida, and the address of the registered office may be changed from time to time by the Board of Directors or the Chairman of the Board.

**ARTICLE III**

**Corporate Seal**

The corporate seal shall be circular in form and have inscribed thereon the following: "Ryder System, Inc., Incorporated Florida 1955".

## ARTICLE IV

### Stockholders

#### Section 1. Meetings of Stockholders

##### a. Annual Meeting

The annual meeting of stockholders of the Corporation shall be held at such time and place, within or without the State of Florida, as may be designated by the Board of Directors, at which meeting, in accordance with the Restated Articles of Incorporation and these By-Laws, the stockholders shall elect members of the Board of Directors and transact such other business as lawfully may come before it.

##### b. Special Meetings

(1) Special meetings of the stockholders may be called by the holders of not less than one-tenth of all the shares outstanding and entitled to vote at such meeting or by the Board of Directors; and such meetings shall be held at such time and place, within or without the State of Florida, as may be designated by the Board of Directors.

(2) Before a stockholder may request or demand that a special meeting of the stockholders be held for any purpose, the following procedure must be satisfied:

(A) Any stockholder seeking to request or demand, or to have the stockholders request or demand, a special meeting shall first, by written notice to the Secretary of the Corporation, request the Board of Directors to fix a record date, pursuant to Section 3.b. of Article V of these By-Laws, for the purpose of determining the stockholders entitled to request the special meeting. The Board of Directors shall promptly, but in all events within 10 days after the date upon which such a request is received, fix such a record date. Every request to fix a record date for determining the stockholders entitled to request a special meeting shall be in writing and shall set forth the purpose or purposes for which the special meeting is requested, the name and address, as they appear in the Corporation's books, of each stockholder making the request and the class and number of shares of the Corporation which are owned of record by each such stockholder, and shall bear the signature and date of signature of each such stockholder.

In the event of the delivery to the Corporation of any request(s) or demand(s) by stockholders with respect to a special meeting, and/or any related revocation or revocations, the Corporation shall engage nationally recognized independent inspectors of elections for the purpose of performing a prompt ministerial review of the validity of the request(s), demand(s) and/or revocation(s).

(B) No request or demand with respect to calling a special meeting of stockholders shall constitute a valid and effective stockholder request or demand for a special meeting (i) unless (A) within 60 days of the record date established in accordance with subsection b(2)(A) of this Section, written requests or demands signed by stockholders of record representing a sufficient number of shares as of such record date to request or demand a special

meeting pursuant to subsection b(1) of this Section are delivered to the Secretary of the Corporation and (B) each request or demand is made in accordance with and contains the information required by Section 5.b(2) of this Article IV and (ii) until such date as the independent inspectors engaged in accordance with this subsection b(2) certify to the Corporation that the requests or demands delivered to the Corporation in accordance with clause (i) of this subsection b(2)(B) represent at least the minimum number of shares that would be necessary to request such a meeting pursuant to subsection b(1) of this Section.

(3) If the Corporation determines that a stockholder or stockholders have satisfied the notice, information and other requirements specified in subsection b(2)(B)(i) of this Section, then the Board of Directors shall adopt a resolution calling a special meeting of the stockholders and fixing a record date, pursuant to Section 3.b. of Article V, for the purpose of determining the stockholders entitled to notice of and to vote at such special meeting. Notice of such special meeting shall be provided in accordance with Section 1.c. of this Article IV, provided that such notice shall be given within 60 days (or such longer period as from time to time may be permitted by law) after the date the request(s) or demand(s) for such special meeting is(are) delivered to the Corporation in accordance with subsection b(2)(B)(i) of this Section.

(4) In fixing a meeting date for the special meeting of stockholders, the Board of Directors may consider such factors as it deems relevant within the good faith exercise of its business judgment, including, without limitation, the nature of the action proposed to be taken, the facts and circumstances surrounding the request, and any plan of the Board of Directors to call a special or annual meeting of stockholders for the conduct of related business, provided that such meeting date shall be within 120 days (or such longer period as may from time to time be permitted by law) after the date the request(s) or demand(s) for such special meeting is(are) delivered to the Corporation in accordance with subsection b(2)(B)(i) of this Section.

(5) Nothing contained in this Section 1.b. shall in any way be construed to suggest or imply that the Board of Directors or any stockholder shall not be entitled to contest the validity of any request or demand or revocation thereof, or to take any other action (including, without limitation, the commencement, prosecution or defense of any litigation with respect thereto).

#### c. Notice of Meetings

Except as otherwise permitted by law, notice of all meetings of stockholders stating the time and place, and, in the case of special meetings, the purpose or purposes for which the meeting is called, shall be given by mailing the same to each stockholder entitled to vote not less than ten days nor more than sixty days before the date set for such meeting. Such notice shall be deemed to be delivered when deposited in the United States mail addressed to the stockholder at his address as it appears on the stock transfer books of the Corporation, with postage thereon prepaid.

#### d. Preparation of Voting List of Stockholders

The Secretary shall prepare and make, or cause to be prepared and made, at least ten days before each meeting of stockholders, a complete list of the stockholders entitled to vote

at such meeting or any adjournment thereof, with the address of and the number and class and series, if any, of shares held by each stockholder as such information appears on the stock transfer books of the Corporation. Such list shall be kept on file at the principal place of business of the Corporation, shall be open to the examination of any stockholder during normal business hours for said ten day period upon receipt by the Secretary of a written request to make such an examination, and shall be produced and kept at the time and place of the meeting during the whole time thereof subject to the inspection of any stockholder who may be present.

## Section 2. Quorum and Vote of Stockholders

The holders of a majority of the voting power of the total number of shares outstanding and entitled to vote, present in person or represented by proxy thereat, shall constitute a quorum at a meeting of stockholders for the transaction of business, except as otherwise provided by law or by the Restated Articles of Incorporation. If, however, a quorum does not exist at a meeting, the holders of a majority of the shares present or represented and entitled to vote at such meeting may adjourn the meeting from time to time, without notice other than by announcement at the meeting, until holders of the requisite number of shares entitled to vote shall be present. Except as otherwise required by law, at any such adjourned meeting at which a quorum exists, any business may be transacted which might have been transacted at the meeting as originally noticed. The stockholders present at a duly organized meeting may continue to transact business in accordance with these By-Laws until adjournment, notwithstanding the withdrawal of enough stockholders to leave less than a quorum.

If a quorum is present, action on a matter (including the election of directors) shall be approved by the stockholders of the Corporation if the matter receives the affirmative vote of the holders of a majority of the voting power of the total number of shares outstanding and entitled to vote on such matter, unless the matter is one upon which, by express provision of law a greater vote is required or from time to time permitted by action of the Board of Directors, or by the Restated Articles of Incorporation or these By-Laws a greater or different vote is required, in any which case such express provision shall govern and control the requisite vote requirement.

## Section 3. Voting by Stockholders

Each stockholder entitled to vote at any meeting may do so in person or by proxy appointed by instrument in writing, subscribed by such stockholder or his duly authorized attorney-in-fact and filed with the Secretary or the tabulator of the vote before or at the time of the meeting.

## Section 4. Stockholder Action

Any action required or permitted to be taken by the stockholders of the Corporation must be effected at a duly called annual or special meeting of such holders and may not be effected by any consent in writing by such holders.

## Section 5. Transaction of Business at Stockholder Meetings

### a. Annual Meetings of Stockholders

(1) The proposal of business (other than the nomination of persons for election to the Board of Directors, which is governed exclusively by Sections 1.b. and 2 of Article V of these By-Laws) for consideration by the stockholders may be made at an annual meeting of stockholders (a) pursuant to the Corporation's notice of meeting, (b) by or at the direction of the Board of Directors, or (c) by any stockholder of the Corporation who is a stockholder of record at the time of giving of the notice provided for in subsection a(2) of this Section, who shall be entitled to vote at the meeting, who is a stockholder at the time of such meeting and who complies with the notice procedures set forth in subsection a(2) of this Section.

(2)(A) For business to be properly brought before an annual meeting by a stockholder pursuant to clause (c) of subsection a(1) above, the stockholder must have given timely notice thereof in proper written form to the Secretary of the Corporation.

(B) To be timely, a stockholder's notice shall be delivered to the Secretary at the principal executive offices of the Corporation not less than 60 days prior to the date of such annual meeting.

(C) To be in proper written form, such stockholder's notice shall be in writing, shall be executed by the stockholder and shall set forth (i) as to any business that the stockholder proposes to bring before the meeting, a brief description of the business desired to be brought, the reasons for conducting such business at the meeting, and any material interest in such business of such stockholder or the beneficial owner, if any, on whose behalf the proposal is made; and (ii) as to the stockholder giving the notice and the beneficial owner, if any, on whose behalf the proposal is made, (A) the name and address of such stockholder, as they appear on the Corporation's books, and of such beneficial owner, and (B) the class and number of shares of the Corporation which are owned beneficially and of record by such stockholder and such beneficial owner.

### b. Special Meetings of Stockholders

(1) Only such business shall be conducted at a special meeting of stockholders as shall have been brought before the meeting pursuant to the Corporation's notice of meeting pursuant to Section 1.c. of this Article IV. Nominations of persons for election to the Board of Directors may be made at a special meeting of stockholders only in accordance with the provisions of Sections 1.b. and 2 of Article V of these By-Laws. Resolutions or other proposals for the transaction of business (other than the nomination of persons for election to the Board of Directors) may be proposed at a special meeting of stockholders (a) by or at the direction of the Board of Directors, or (b) in the event a stockholder of the Corporation satisfies the procedures set forth in Section 1.b(2) of this Article IV, by such stockholder of the Corporation who is a stockholder of record at the time of giving of the notice provided for in the second sentence of Section 1.b(3) of this Article IV, who shall be entitled to vote at the meeting, who is a stockholder at the time of such meeting and who complies with the notice procedures set forth in subsection b(2) of this Section.

(2) For business to be properly brought before a special meeting by a stockholder pursuant to clause (b) of subsection b(1) above, the stockholder must have delivered notice thereof in the form required by subsection a(2)(C) of this Section to the Secretary of the Corporation at the principal executive offices of the Corporation.

c. General

(1) Only such business shall be conducted at an annual or special meeting of stockholders as shall have been brought before the meeting in accordance with the procedures set forth in this Section. The Chairman of the meeting shall have the power and duty to determine whether any business proposed to be brought before the meeting was properly brought before such meeting in accordance with the procedures set forth in this Section and, if the Chairman shall determine that any proposed business is not so brought in compliance with this Section, to declare to the meeting that such defective proposal shall be disregarded.

(2) Notwithstanding the foregoing provisions of this Section, a stockholder shall also comply with all applicable requirements of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and the rules and regulations promulgated thereunder, with respect to the matters set forth in this Section. Nothing in this Section shall be deemed to affect any rights of stockholders to request inclusion of proposals in the Corporation's proxy statement pursuant to Rule 14a-8 under the Exchange Act.

## **ARTICLE V**

### **Directors**

#### Section 1. Board of Directors

##### a. Number, election and terms

Except as otherwise fixed by or pursuant to the provisions of Article III of the Restated Articles of Incorporation relating to the rights of the holders of any class or series of stock having a preference over the Common Stock as to dividends or upon liquidation to elect additional directors under specified circumstances, the number of the Directors of the Corporation shall be 13, but such number may be fixed from time to time at not less than three nor more than 21 by resolution of the Board of Directors. The Directors, other than those who may be elected by the holders of any class or series of stock having a preference over the Common Stock as to dividends or upon liquidation, shall be classified, with respect to the time for which they severally hold office, into three classes, as nearly equal in number as possible. Such classes shall originally consist of one class of four Directors who shall be elected at the annual meeting of stockholders held in 1984 for a term expiring at the annual meeting of stockholders to be held in 1985; a second class of three Directors who shall be elected at the annual meeting of stockholders held in 1984 for a term expiring at the annual meeting of stockholders to be held in 1986; and a third class of four Directors who shall be elected at the annual meeting of stockholders held in 1984 for a term expiring at the annual meeting of stockholders to be held in 1987. The Board of Directors shall increase or decrease the number of Directors in one or

more classes as may be appropriate whenever it increases or decreases the number of Directors pursuant to this Article V, in order to ensure that the three classes shall be as nearly equal in number as possible. At each annual meeting of the stockholders of the Corporation, the successors of the class of Directors whose term expires at that meeting shall be elected to hold office for a term expiring at the annual meeting of stockholders held in the third year following the year of their election.

b. Stockholder nomination of director candidates

Advance notice of stockholder nominations for the election of Directors shall be given in the manner provided in Section 2 of this Article V.

c. Newly created directorships and vacancies

Except as otherwise provided for or fixed by or pursuant to the provisions of Article III of the Restated Articles of Incorporation relating to the rights of the holders of any class or series of stock having a preference over the Common Stock as to dividends or upon liquidation to elect directors under specified circumstances, newly created directorships resulting from any increase in the number of Directors and any vacancies on the Board of Directors resulting from death, resignation, disqualification, removal or other cause shall be filled by the affirmative vote of a majority of the remaining Directors then in office, even though less than a quorum of the Board of Directors. Any Director elected in accordance with the preceding sentence shall hold office until the next election of directors by the stockholders and until such Director's successor shall have been elected and qualified. No decrease in the number of Directors constituting the Board of Directors shall shorten the term of any incumbent Director.

d. Removal

Subject to the rights of any class or series of stock having a preference over the Common Stock as to dividends or upon liquidation to elect Directors under specified circumstances, any Director may be removed from office, with or without cause, only by the affirmative vote of the holders of 75% the combined voting power of the then outstanding shares of stock entitled to vote generally in the election of Directors, voting together as a single class.

Section 2. Notification of Nominations

Subject to the rights of holders of any class or series of stock having a preference over the Common Stock as to dividends or upon liquidation, nominations for the election of directors may be made by the Board of Directors or a proxy committee appointed by the Board of Directors or by any stockholder entitled to vote in the election of directors generally. However, any stockholder entitled to vote in the election of directors generally may nominate one or more persons for election as directors at a meeting only if written notice of such stockholder's intent to make such nomination or nominations has been given, either by personal delivery or by United States mail, postage prepaid, to the Secretary of the Corporation not later than (i) with respect to an election to be held at an annual meeting of stockholders, 60 days in advance of such meeting, and (ii) with respect to an election to be held at a special meeting of stockholders for the election of directors, the close of business on the seventh day following the date on which

notice of such meeting is first given to stockholders. Each such notice shall set forth: (a) the name and address of the stockholder who intends to make the nomination and of the person or persons to be nominated; (b) a representation that the stockholder is a holder of record of stock of the Corporation entitled to vote at such meeting and intends to appear in person or by proxy at the meeting to nominate the person or persons specified in the notice; (c) a description of all arrangements or understandings between the stockholder and each nominee and any other person or persons (naming such person or persons) pursuant to which the nomination or nominations are to be made by the stockholder; (d) such other information regarding each nominee proposed by such stockholder as would be required to be included in a proxy statement filed pursuant to the proxy rules of the Securities and Exchange Commission, had the nominee been nominated, or intended to be nominated, by the Board of Directors; and (e) the consent of each nominee to serve as a director of the Corporation if so elected. The chairman of the meeting may refuse to acknowledge the nomination of any person not made in compliance with the foregoing procedure.

### Section 3. Powers of Directors

#### a. General Powers

The Board of Directors shall have authority over the entire management of the property, business, and affairs of this Corporation. In addition to such powers as are herein and in the Restated Articles of Incorporation expressly conferred upon it, the Board of Directors shall have and may exercise all the powers of the Corporation, subject to the provisions of law and the Restated Articles of Incorporation.

#### b. Establishment of Record Date

The Board of Directors shall fix in advance a date not exceeding sixty days (or such longer period as may from time to time be permitted by law) preceding the date of any meeting of stockholders, or any dividend payment date, or the date necessary to make a determination of stockholders for any purpose, nor less than ten days (or such shorter period as may from time to time be permitted by law) prior to the date of any meeting of stockholders, as a record date for the determination of the stockholders; and in such case only such stockholders as shall be stockholders of record on the date so fixed shall be considered stockholders for purposes of such determination, notwithstanding any transfer of stock on the books of the Corporation after any such record date fixed as aforesaid.

Except as otherwise provided by law, unless the Board of Directors fixes a new record date for any adjourned meeting of stockholders, the record date originally fixed pursuant to this Section 3.b. of Article V for such meeting shall remain the record date for such meeting.

The Board of Directors or any committee of the Board of Directors authorized to fix record dates and declare dividends shall fix in advance a date not exceeding sixty days (or such longer period, not inconsistent with the Restated Articles of Incorporation, as may from time to time be permitted by law) preceding the date of any Preferred Stock dividend payment date as a record date for the determination of the stockholders of such Preferred Stock; and in such case, only such stockholders as shall be holders of record of such Preferred Stock on the date so fixed shall be considered stockholders of the Preferred Stock for purposes of such determination,



notwithstanding any transfer of such Preferred Stock on the books of the Corporation after any such record date fixed as aforesaid.

c. Appointment of Committees

The Board of Directors may designate one or more committees, consisting of at least two directors each, to perform such duties as may be determined by the Board. The number of directors composing each such committee and the powers conferred upon each such committee shall be determined by resolution of the Board.

In the event that the Board of Directors shall designate a committee that shall have the power to recommend or approve changes in the compensation of executives of the Corporation or any subsidiary of the Corporation and/or a committee that shall have the power to recommend nominees for election as directors of the Corporation, the membership of each such committee shall consist solely of directors who are "independent directors" as defined in Section 7 of this Article V.

Section 4. Meetings of Directors

a. Regular Meetings

Regular meetings of the Board of Directors, or any committee thereof, shall be held at any time or place, within or without the State of Florida, as the Board, or such committee, may from time to time determine; and if so determined, no notice thereof need be given.

After each election of directors, the Board, including the newly elected directors, shall meet without notice for the purpose of electing officers and transacting such other business as lawfully may come before it.

b. Special Meetings

Special meetings of the Board of Directors, or any committee thereof, may be held at any time or place, within or without the State of Florida, whenever called by the Chairman of the Board, the President, or at the request of two or more directors or, for a special meeting of a committee, by the chairman of such committee.

Notice of special meetings of the Board, or any committee thereof, stating the time and place, shall be given by mailing the same to each director or committee member, as appropriate, at his residence or business address at least two days before the meeting, or by delivering the same to him personally or by telephoning or telegraphing the same to him at said residence or business address at least one day before the meeting. Such notice shall be deemed to have been given on the date of mailing, telephoning or telegraphing as the case may be.

c. Adjournments

A majority of the directors present, whether or not a quorum exists, may adjourn any meeting of the Board of Directors, or any committee thereof, to another time and place.

Notice of any such adjourned meeting shall be given to the directors who are not present at the time of the adjournment, and to the other directors.

#### d. Telephonic Participation at Meetings

Members of the Board of Directors may participate in a meeting of the Board, or any committee thereof, by means of a conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other at the same time. Participation by such means shall constitute presence in person at such meeting for all purposes.

#### e. Action Without a Meeting

Any action of the Board of Directors or of any committee thereof, which is required or permitted to be taken at a meeting, may be taken without a meeting if written consent to the action signed by all the members of the Board or of the committee, as the case may be, is filed in the minutes of the proceedings of the Board or of the committee.

### Section 5. Quorum of Directors

A majority of the number of directors fixed in accordance with Section 1 of this Article V shall constitute a quorum of the Board for the transaction of business, and one-half of the members of any committee shall constitute a quorum of such committee; but a smaller number may adjourn any meeting until a quorum is present.

When a quorum is present at any meeting of directors, a majority of the members present shall decide any question brought before such meeting, except as otherwise provided by law, the Restated Articles of Incorporation, or these By-Laws.

### Section 6. Compensation of Directors

Directors shall receive such compensation, including reimbursement of expenses, for serving as members of the Board of Directors and for attendance at each meeting of the Board of Directors, and members of committees of the Board of Directors shall receive such compensation, including reimbursement of expenses, for serving as members of a committee and for attendance at each meeting of a committee, as the Board of Directors shall from time to time prescribe.

### Section 7.

Except as otherwise provided for or fixed by or pursuant to the provisions of Article III of the Restated Articles of Incorporation relating to the rights of holders of any class or series of stock having a preference over the Common Stock as to dividends or upon liquidation to elect directors under specified circumstances, the majority of persons elected to the Board of Directors shall consist of persons who are independent directors. For purposes of this Article V, an "independent director" shall mean a director who: (i) has not been employed by the Corporation or any subsidiary of the Corporation in an executive capacity within the past five years; (ii) does

not have, and is not affiliated with a company, firm or institution that has, a significant economic relationship to the Corporation (other than through stock ownership or customary directors' fees); (iii) does not have a personal services contract with the Corporation or any subsidiary of the Corporation and (iv) is not a familial relative of any person described in (i) through (iii). Should the death, resignation, disqualification or removal of any director result in the failure of the requirement set forth in the preceding sentence to be met, such requirement shall not apply during the term of the vacancy caused by such death, resignation, disqualification or removal, and the remaining directors shall cause any such vacancy to be filled in accordance with Subsection 1(c) of this Article V within a reasonable period of time.

The Board of Directors shall have the exclusive right and power to interpret and apply the provisions of this Article V relating to independent directors and shall be entitled to rely upon the completeness and accuracy of director's responses to written questionnaires circulated for the purpose of enabling the Board of Directors to make the determinations of independence required by this Article V.

Information regarding a nominee for director provided by a stockholder pursuant to Section 2 of this Article V shall include such information as may be necessary to enable the Board of Directors to make an informed determination as to whether such nominee, if elected, would be an "independent director" as defined in this Section.

## **ARTICLE VI**

### **Officers**

#### Section 1. Numbers and Titles

The officers of the Corporation shall be a Chairman of the Board, a President, a Secretary, a Treasurer and a Controller and may also include one or more Senior Executive Vice Presidents, one or more Executive Vice Presidents, one or more Senior Vice Presidents, and one or more Vice Presidents; all of whom shall be elected by the Board of Directors. The Board of Directors may from time to time appoint such other officers, including one or more Assistant Secretaries, Assistant Treasurers, and Assistant Controllers as they shall deem necessary.

The Chairman of the Board and the President shall be members of the Board of Directors, but the other officers need not be members of the Board.

#### Section 2. Tenure of Office/Removal of Officers

Officers of the Corporation shall hold their respective offices until their successors are chosen and qualified, provided, however, that any officer may be removed from such office during such term by the Board of Directors whenever in its judgment the best interests of the Corporation will be served thereby.

### Section 3. Duties of Officers

#### a. Chairman of the Board

The Chairman of the Board shall preside at meetings of the Board of Directors and of the stockholders.

He and the President shall, subject to the approval of the Board of Directors, submit a report to the stockholders of the Corporation for each fiscal year.

He shall perform such other duties as the Board of Directors may from time to time prescribe.

#### b. President

The President shall be the Chief Executive Officer of the Corporation and shall have overall supervision of the Corporation. He shall see that the provisions of the By-Laws, all votes of the stockholders and all orders and resolutions of the Board of Directors are carried into effect.

He shall preside at meetings of the stockholders in the absence of the Chairman of the Board and he shall preside at meetings of the Board of Directors in the absence of the Chairman of the Board.

He shall have power to appoint proxies to vote stock of other corporations owned by this Corporation.

He shall perform such other duties as the Board of Directors may from time to time prescribe.

#### c. Senior Executive Vice Presidents

The Senior Executive Vice Presidents shall have such powers and perform such duties as the Board of Directors or the President may from time to time prescribe.

#### d. Executive Vice Presidents

The Executive Vice Presidents shall have such powers and perform such duties as the Board of Directors or the President may from time to time prescribe.

#### e. Senior Vice Presidents

The Senior Vice Presidents shall have such powers and perform such duties as the Board of Directors or the President may from time to time prescribe.

f. Vice Presidents

The Vice Presidents shall have such powers and perform such duties as the Board of Directors or the President may from time to time prescribe.

g. Secretary

The Secretary shall be Secretary of and shall attend, or a person designated by him shall attend, all meetings of the stockholders, the Board of Directors and all committees thereof. He, or such designated person, shall record all of the proceedings of such meetings in books kept for that purpose.

He shall be custodian of the corporate seal and shall have the power to affix it to any instrument requiring it and to attest the same.

He shall cause to be maintained a stock transfer book and such other books as the Board of Directors may from time to time determine.

He shall serve all notices required by law, by these By-Laws, or by resolution of the Board of Directors.

He shall, together with the President, sign certificates for shares of the Corporation.

He shall perform such other duties as the Board of Directors or the President may from time to time prescribe.

h. Treasurer

The Treasurer shall have the management and custody of the funds and securities of the Corporation and he or persons designated by him, or by others so authorized by the Board of Directors, shall deposit all monies and other valuable effects in the name and to the credit of the Corporation in such depositories as may be designated by the Board of Directors or by persons authorized by the Board of Directors to make such designations.

He shall receive and disburse the funds of the Corporation for corporate purposes and shall render to the Board of Directors and the President, whenever they may require it, an account of all his transactions as Treasurer.

He shall perform such other duties as the Board of Directors or the President may from time to time prescribe.

i. Controller

The Controller shall keep full and accurate accounts of all assets, liabilities, commitments, receipts, disbursements, and other financial transactions of the Corporation, including those of subsidiaries of the Corporation, in books belonging to the Corporation, and

shall perform all other duties required of the accounting officer of the Corporation, and shall render to the Board of Directors and the President, whenever they may require it, an account of the financial condition of the Corporation.

He shall perform such other duties as the Board of Directors or the President may from time to time prescribe.

j. Assistant Secretaries

The Assistant Secretaries shall perform such of the duties of the Secretary as the President or the Secretary may from time to time prescribe and such other duties as the Board of Directors may from time to time prescribe.

k. Assistant Treasurers

The Assistant Treasurers shall perform such of the duties of the Treasurer as the President or the Treasurer may from time to time prescribe and such other duties as the Board of Directors may from time to time prescribe.

l. Assistant Controllers

The Assistant Controllers shall perform such duties of the Controller as the President or the Controller may from time to time prescribe and such other duties as the Board of Directors may from time to time prescribe.

Section 4. Delegation of Duties of Officers

The Board of Directors may delegate the powers or duties of any officer of the Corporation in case of his absence, disability, death or removal, or for any other reason, to any other officer or to any director.

## **ARTICLE VII**

### **Stock Certificates**

Section 1. Stock Certificates

Except as otherwise provided by resolution of the Board of Directors or the Restated Articles of Incorporation or as permitted by law, every holder of stock in the Corporation shall be entitled to have a certificate, representing all shares to which he is entitled, in such form as may be prescribed by the Board of Directors in accordance with the provisions of law. Such Certificates shall be signed by the President and by the Secretary or an Assistant Secretary; provided, however, that where any such certificate is signed by a party other than an officer of the Corporation, such as a transfer agent or transfer clerk, and by a registrar, the signatures of the President, Secretary, or Assistant Secretary may be facsimiles. All certificates shall be counter-signed and registered in such manner as the Board of Directors from time to time may

prescribe, and there shall be impressed thereon the seal of the Corporation or imprinted thereon a facsimile of such seal.

In case any officer who signed or whose facsimile signature has been placed upon such certificate shall have ceased to be such officer before such certificate is issued, such signature shall be deemed to be valid and such certificate may be issued by the Corporation with the same effect as if he were such officer at the date of its issuance.

## Section 2. Transfer of Stock

Shares of stock of the Corporation may be transferred by delivery of the stock certificate, accompanied either by an assignment in writing on the back of the certificate or by a written power of attorney to sell, assign, and transfer the shares on the books of the Corporation, signed by the person appearing on the certificate to be the owner of the shares represented thereby; and such shares shall be transferable on the books of the Corporation upon surrender thereof so assigned or endorsed. In the case of a series of Preferred Stock, shares of Preferred Stock may be transferred by delivery of the stock certificate, as described above, or by such other method as may be set forth in a statement of resolution establishing such series of Preferred Stock. The person registered on the books of the Corporation as the owner of any shares of stock shall be deemed by the Corporation to be the owner thereof for all purposes exclusively and shall be entitled as the owner of such shares, to receive dividends and to vote as such owner with respect thereto.

## Section 3. Treasury Stock

Any shares of stock in the Corporation which may be redeemed, purchased, or otherwise acquired by the Corporation after the issuance thereof, shall have no voting rights and shall not participate in any dividends or allotments of rights while such stock is held by the Corporation.

# ARTICLE VIII

## Depositories and Checks

Depositories of the funds of the Corporation shall be designated by the Board of Directors or a duly authorized committee thereof; and all checks on funds shall be signed by such officers or other employees of the Corporation as the Board, or a duly authorized committee thereof, from time to time may designate.

# ARTICLE IX

## Fiscal Year

The fiscal year of the Corporation shall begin on the first day of January and end on the 31st day of December in each year.

## **ARTICLE X**

### **Dividends**

The Board of Directors may from time to time declare, and the Corporation may pay, dividends on its outstanding shares in the manner and upon the terms and conditions provided by law and the Restated Articles of Incorporation.

## **ARTICLE XI**

### **Waiver of Notice**

Any notice required to be given by law, by the Restated Articles of Incorporation, or by these By-Laws may be waived in writing signed by the person entitled to such notice and delivered to the Corporation, whether before or after the time stated therein, except that attendance of a person at a meeting shall constitute a waiver of notice of such meeting unless such attendance is for the express purpose of objecting, at the beginning of the meeting, to the transaction of any business because the meeting is not lawfully called or convened.

A director of the Corporation who is present at a meeting of the Board of Directors (or a committee thereof) at which action on any corporate matter is taken shall be presumed to have assented to the action taken unless he votes against such action or abstains from voting in respect thereto because of an asserted conflict of interest.

## **ARTICLE XII**

### **Indemnification of Officers, Directors, Employees and Agents**

#### **Section 1. Indemnification**

The Corporation shall, and does hereby, indemnify to the fullest extent permitted or authorized by current or future legislation or current or future judicial or administrative decisions (but, in the case of any such future legislation or decisions, only to the extent that it permits the Corporation to provide broader indemnification rights than permitted prior to such legislation or decisions), each person (including here and hereinafter the heirs, executors, administrators or the estate of such person) who was or is a party, or is threatened to be made a party, or was or is a witness, to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (a "Proceeding"), against any liability (which for purposes of this Article shall include any judgment, settlement, penalty or fine) or cost, charge or expense (including attorneys' fees) asserted against him or incurred by him by reason of the fact that such indemnified person (1) is or was a director, officer or employee of the Corporation or (2) is or was an agent of the Corporation as to whom the Corporation has agreed to grant such indemnity or (3) is or was serving, at the request of the Corporation, as a director, officer,



employee of another corporation, partnership, joint venture, trust or other enterprise (including serving as a fiduciary of any employee benefit plan) or is serving as an agent of such other corporation, partnership, joint venture, trust or other enterprise as to whom the Corporation has agreed to grant such indemnity. Each director, officer, employee or agent of the Corporation to whom indemnification rights under this Section 1 of this Article have been granted shall be referred to as an "Indemnified Person".

Notwithstanding the foregoing, except as specified in Section 3 of this Article, the Corporation shall not be required to indemnify an Indemnified Person in connection with a Proceeding (or any part thereof) initiated by such Indemnified Person unless such authorization for such Proceeding (or any part thereof) was not denied by the Board of Directors of the Corporation prior to sixty (60) days after receipt of notice thereof from such Indemnified Person stating his intent to initiate such Proceeding and only upon such terms and conditions as the Board of Directors may deem appropriate.

## Section 2. Advance of Costs, Charges and Expenses

Costs, charges and expenses (including attorneys' fees) incurred by an officer, director or employee who is an Indemnified Person in defending a Proceeding shall be paid by the Corporation to the fullest extent permitted or authorized by current or future legislation or current or future judicial or administrative decisions (but, in the case of any such future legislation or decisions only to the extent that it permits the Corporation to provide broader rights to advance costs, charges and expenses than permitted prior to such legislation or decisions) in advance of the final disposition of such Proceeding, upon receipt of an undertaking by or on behalf of the Indemnified Person to repay all amounts so advanced in the event that it shall ultimately be determined that such person is not entitled to be indemnified by the Corporation as authorized in this Article and upon such other terms and conditions, in the case of agents as to whom the Corporation has agreed to grant such indemnity, as the Board of Directors may deem appropriate. The Corporation may, upon approval of the Indemnified Person, authorize the Corporation's counsel to represent such person in any Proceeding, whether or not the Corporation is a party to such Proceeding. Such authorization may be made by the Chairman of the Board, unless he is a party to such Proceeding, or by the Board of Directors by majority vote, including directors who are parties to such Proceeding.

## Section 3. Procedure For Indemnification

Any indemnification or advance under this Article shall be made promptly and in any event within sixty (60) days upon the written request of the Indemnified Person. The right to indemnification or advances as granted by this Article shall be enforceable by the Indemnified Person in any court of competent jurisdiction, if the Corporation denies such request under this Article, in whole or in part, or if no disposition thereof is made within sixty (60) days. Such Indemnified Person's costs and expenses incurred in connection with successfully establishing his right to indemnification, in whole or in part, in any such action shall also be indemnified by the Corporation. It shall be a defense to any such action that the claimant has not met the standard of conduct, if any, required by current or future legislation or by current or future judicial or administrative decisions for indemnification (but, in the case of any such future legislation or decisions, only to the extent that it does not impose a more stringent standard of conduct than

permitted prior to such legislation or decisions), but the burden of proving such defense shall be on the Corporation. Neither the failure of the Corporation (including its Board of Directors or any committee thereof, its independent legal counsel, and its stockholders) to have made a determination prior to the commencement of such action that indemnification of the claimant is proper in the circumstances because he has met the applicable standard of conduct, if any, nor the fact that there has been an actual determination by the Corporation (including its Board of Directors or any committee thereof, its independent legal counsel, or its stockholders) that the claimant has not met such applicable standard of conduct, shall be a defense to the action or create a presumption that the claimant has not met the applicable standard of conduct.

#### Section 4. Survival of Indemnification

The indemnification provided by this Article shall not be deemed exclusive of any other rights to which those indemnified may be entitled under any agreement, vote of stockholders or disinterested directors or recommendation of counsel or otherwise, both as to actions in such person's official capacity and as to actions in another capacity while holding such office, and shall continue as to an Indemnified Person who has ceased to be a director, officer, employee or agent and shall inure to the benefit of the heirs, executors, administrators and the estate of such person. All rights to indemnification under this Article shall be deemed to be a contract between the Corporation and each Indemnified Person who serves or served in such capacity at any time while this Article is in effect. Any repeal or modification of this Article or any repeal or modification of relevant provisions of Florida corporation law or any other applicable laws shall not in any way diminish any rights to indemnification of such Indemnified Person, or the obligations of the Corporation arising hereunder, for claims relating to matters occurring prior to such repeal or modification.

#### Section 5. Insurance

The Corporation may purchase and maintain insurance on behalf of any person who is or was a director, officer, employee or agent of the Corporation, or is or was serving at the request of the Corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise (including serving as a fiduciary of an employee benefit plan), against any liability asserted against him and incurred by him in any such capacity or arising out of his status as such, whether or not the Corporation would have the power to indemnify him against such liability under the provisions of this Article XII or the applicable provisions of Florida law.

#### Section 6. Savings Clause

If this Article or any portion hereof shall be invalidated on any ground by any court of competent jurisdiction, then the Corporation shall nevertheless indemnify each Indemnified Person as to costs, charges and expenses (including attorneys' fees), judgments, fines and amounts paid in settlement with respect to any Proceeding, including an action by or in the right of the Corporation, to the full extent permitted by any applicable portion of this Article that shall not have been invalidated and as permitted by applicable law.

## **ARTICLE XIII**

### **By-Law Amendment**

Except as otherwise provided in the Restated Articles of Incorporation, the Board of Directors shall have the power to adopt, alter, amend and repeal the By-Laws of the Corporation (except insofar as the By-Laws of the Corporation adopted by the stockholders shall otherwise provide). Any By-Laws made by the stockholders may prescribe that they may not be altered, amended or repealed by the Board of Directors. Any By-Laws made by the Board of Directors under the powers conferred hereby and by the Restated Articles of Incorporation may be altered, amended or repealed by the Board of Directors or by the stockholders. Amendments to the By-Laws (including any amendment to this Article XIII) shall be effected as follows:

#### **a. By Action of the Board of Directors**

Unless a greater vote is specifically required by the laws of the State of Florida, or a greater or different vote or a vote of stockholders is required by the provisions of the Restated Articles of Incorporation, the Board of Directors may alter, amend or repeal these By-Laws, or adopt such other By-Laws as in their judgment may be advisable for the administration or regulation of the management and affairs of the Corporation, to the extent not inconsistent with the laws of the State of Florida or the Restated Articles of Incorporation, only upon the affirmative vote of at least 75% of the total number of directors as fixed in accordance with Section 1 of Article V of these By-Laws.

#### **b. By Action of the Stockholders**

Unless a greater vote is specifically required by the laws of the State of Florida, or a greater or different vote is required by the provisions of the Restated Articles of Incorporation, the stockholders may alter, amend or repeal these By-Laws, or adopt such other By-Laws as in their judgment may be advisable for the administration or regulation of the management and affairs of the Corporation, to the extent not inconsistent with the laws of the State of Florida or the Restated Articles of Incorporation, at any regular meeting of the stockholders (or at any special meeting thereof duly called for that purpose in accordance with the provisions of these By-Laws), only upon the affirmative vote of at least 75% of the voting power of all the shares of the Corporation entitled to vote generally in the election of directors, voting together as a single class.

## **ARTICLE XIV**

### **Continuing Effect of By-Law Provisions**

Any provision contained in these By-Laws which, at the time of its adoption, was authorized or permitted by applicable law shall continue to remain in full force and effect until such time as such provision is specifically amended in accordance with these By-Laws, notwithstanding any subsequent modification of such applicable law (except to the extent such By-Law provision expressly provides for its modification by or as a result of any such subsequently enacted law).

EXHIBIT 10.1(b) Amendments dated as of August 20, 1993 to the change of control severance agreement for the Company's chief executive officer dated as of January 1, 1992, and the severance agreement for the Company's chief executive officer dated as of January 1, 1992.

**Amendment No. 1**

THIS AMENDMENT, dated as of August 20, 1993, is to amend, change and modify the provisions of a certain Change of Control Severance Agreement between Ryder System, Inc., a Florida corporation (the "Corporation"), and M. Anthony Burns (the "Executive"), dated as of January 1, 1992 (the "Change of Control Severance Agreement").

**WITNESSETH:**

WHEREAS, the Corporation and the Executive have previously entered into the Change of Control Severance Agreement; and

WHEREAS, the Corporation and the Executive now desire to amend the Change of Control Severance Agreement;

NOW, THEREFORE, the Change of Control Severance Agreement is hereby amended as follows:

1. Section 2(c) is replaced by the following:

(c) there is a liquidation or dissolution of the Corporation or a sale of all or substantially all of the assets of the Corporation.

2. The chart set forth in Section 3(f) is replaced by the following:

Mgmt. Level 19 or above	Three (3) years
Mgmt. Level 15-18	Two (2) years
Mgmt. Level 14	One (1) year and six (6) months
Mgmt. Level 13	One (1) year
Mgmt. Level 12	Nine (9) months
Mgmt. Level 11	Six (6) months

3. The chart set forth in Section 4(a)(iii)(I)b is replaced by the following:

Mgmt. Level 19 or above	3
Mgmt. Level 15-18	2
Mgmt. Level 14	1.5
Mgmt. Level 13	1
Mgmt. Level 12	.75
Mgmt. Level 11	.5

4. This Amendment shall be effective as of August 20, 1993.

IN WITNESS WHEREOF, the Corporation has caused this Amendment to be executed by its duly authorized officer and the Executive has hereunto set his hand, all as of the day and year first above written.

**RYDER SYSTEM, INC.**  
(the "Corporation")



**M. Anthony Burns**

# Severance Agreement

## Amendment No. 1

THIS AMENDMENT, dated as of August 20, 1993, is to amend, change and modify the provisions of a certain Severance Agreement between Ryder System, Inc., a Florida corporation (the "Corporation"), and M. Anthony Burns (the "Executive"), dated as of January 1, 1992 (the "Severance Agreement").

### WITNESSETH:

WHEREAS, the Corporation and the Executive have previously entered into the Severance Agreement; and

WHEREAS, the Corporation and the Executive now desire to amend the Severance Agreement;

NOW, THEREFORE, the Severance Agreement is hereby amended as follows:

1. Section 2(c) is replaced by the following:

(c) there is a liquidation or dissolution of the Corporation or a sale of all or substantially all of the assets of the Corporation.

2. The chart set forth in Section 3(e) is replaced by the following:

Mgmt. Level 19 or above	Three (3) years
Mgmt. Level 15-18	Two (2) years
Mgmt. Level 14	One (1) year and six (6) months
Mgmt. Level 13	One (1) year
Mgmt. Level 12	Nine (9) months
Mgmt. Level 11	Six (6) months

3. The chart set forth in Section 4(a)(iii)(III)d is replaced by the following:

Mgmt. Level 19 or above	3
Mgmt. Level 15-18	2
Mgmt. Level 14	1.5
Mgmt. Level 13	1
Mgmt. Level 12	.75
Mgmt. Level 11	.5

4. This Amendment shall be effective as of August 20, 1993.

IN WITNESS WHEREOF, the Corporation has caused this Amendment to be executed by its duly authorized officer and the Executive has hereunto set his hand, all as of the day and year first above written.

**RYDER SYSTEM, INC.**  
(the "Corporation")

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M. Anthony Burns



EXHIBIT 10.2(b) Amendment dated as of August 20, 1993 to the form of amended and restated change of control severance agreement for executive officers dated as of February 24, 1989.

**Amendment No. 1**

THIS AMENDMENT, dated as of August 20, 1993, is to amend, change and modify the provisions of a certain Amended and Restated Change of Control Severance Agreement between Ryder System, Inc., a Florida corporation (the "Corporation"), and \_\_\_\_\_ (the "Executive"), dated as of February 24, 1989 (the "Change of Control Severance Agreement").

**WITNESSETH:**

WHEREAS, the Corporation and the Executive have previously entered into the Change of Control Severance Agreement; and

WHEREAS, the Corporation and the Executive now desire to amend the Change of Control Severance Agreement;

NOW, THEREFORE, the Change of Control Severance Agreement is hereby amended as follows:

1. Section 2(c) is replaced by the following:

(c) there is a liquidation or dissolution of the Corporation or a sale of all or substantially all of the assets of the Corporation.

2. The chart set forth in Section 3(f) is replaced by the following:

Mgmt. Level 19 or above	Three (3) years
Mgmt. Level 15-18	Two (2) years
Mgmt. Level 14	One (1) year and six (6) months
Mgmt. Level 13	One (1) year
Mgmt. Level 12	Nine (9) months
Mgmt. Level 11	Six (6) months

3. The chart set forth in Section 4(a)(iii)(I)b is replaced by the following:

Mgmt. Level 19 or above	3
Mgmt. Level 15-18	2
Mgmt. Level 14	1.5
Mgmt. Level 13	1
Mgmt. Level 12	.75
Mgmt. Level 11	.5

4. This Amendment shall be effective as of August 20, 1993.

IN WITNESS WHEREOF, the Corporation has caused this Amendment to be executed by its duly authorized officer and the Executive has hereunto set his hand, all as of the day and year first above written.

**RYDER SYSTEM, INC.**  
(the "Corporation")

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**Executive**

EXHIBIT 10.3 The form of change of control severance agreement for executive officers effective as of July 1, 1993.

Change of Control Severance Agreement

THIS AGREEMENT between RYDER SYSTEM, INC., a Florida corporation (the "Corporation"), and \_\_\_\_\_ (the "Executive"), dated as of the \_\_\_\_\_ day of \_\_\_\_\_, 19\_\_\_\_\_.

**WITNESSETH:**

WHEREAS, the Executive is an officer and/or key employee of the Corporation and/or its subsidiaries or affiliates and an integral part of its management; and

WHEREAS, in order to retain the Executive and to assure both the Executive and the Corporation of the continuity of management in the event of any actual or threatened Change of Control (as defined in Section 2) of the Corporation, the Corporation desires to provide severance benefits to the Executive if the Executive's employment with the Corporation and/or its subsidiaries or affiliates terminates as provided herein concurrent with or subsequent to a Change of Control;

NOW, THEREFORE, in consideration of the premises and mutual covenants herein contained, it is hereby agreed by and between the Corporation and the Executive as follows:

1. Term of Agreement. This Agreement shall become effective as of the date hereof and shall terminate upon the occurrence of the earliest of the events specified below; provided, however, that Section 5 shall survive termination of this Agreement:

(a) the last day of the Severance Period (as defined in Section 3(f));

(b) the termination of the Executive's employment by the Corporation or its subsidiaries or affiliates for Death, Disability or Cause, or by the Executive other than for Good Reason (as defined in Section 3(b), (a), and (c) respectively);

(c) one (1) year following the date of receipt of a mailing (by overnight express mail or registered or certified mail, return receipt requested) or hand delivery to the Executive by the Corporation of written notice of its intent to terminate this Agreement; provided, however, that such written notice shall have been received by the Executive prior to the date of a Change of Control (as defined in Section 2);

(d) three (3) years following the date of a Change of Control (as defined in Section 2) if the Executive's employment with the Corporation or its subsidiaries or affiliates has not been terminated as of such time;

(e) the material breach by the Executive of the provisions of Section 5.

Additionally, notwithstanding anything in this Agreement to the contrary, if the Executive should die while receiving severance pay or benefits pursuant to Section 4 as a result of the termination of the Executive's employment by the Corporation or its subsidiaries or

affiliates other than for Death, Disability or Cause, or by the Executive for Good Reason (as defined in Sections 3(b), (a), and (c) respectively), this Agreement shall terminate immediately upon the Executive's death and both parties shall be released from all obligations under this Agreement other than those under Section 5(b)(II) and those relating to amounts or benefits which are payable under this Agreement within five (5) business days after the Executive's Date of Termination (if not already paid), are vested under any plan, program, policy or practice, or the Executive is otherwise entitled to receive upon his death, including but not limited to, life insurance. Any payment due pursuant to the preceding sentence upon the Executive's death shall be made to the estate of the deceased Executive, unless the plan, program, policy, practice or law provides otherwise.

2. Change of Control. For the purpose of this Agreement, a "Change of Control" shall be deemed to have occurred if:

(a) a third person, including a "group" as defined in Section 13(d)(3) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), but excluding any employee benefit plan or plans of the Corporation and its subsidiaries and affiliates, becomes the beneficial owner, directly or indirectly, of twenty percent (20%) or more of the combined voting power of the Corporation's outstanding voting securities ordinarily having the right to vote for the election of directors of the Corporation; or

(b) the individuals who, as of June 26, 1987, constituted the Board of Directors of the Corporation (the "Board" generally and as of June 26, 1987 the "Incumbent Board") cease for any reason to constitute at least two-thirds (2/3) of the Board, or in the case of a merger or consolidation of the Corporation, do not constitute or cease to constitute at least two-thirds (2/3) of the board of directors of the surviving company (or in a case where the surviving corporation is controlled, directly or indirectly, by another corporation or entity do not constitute or cease to constitute at least two-thirds (2/3) of the board of such controlling corporation or do not have or cease to have at least two-thirds (2/3) of the voting seats on any body comparable to a board of directors of such controlling entity or, if there is no body comparable to a board of directors, at least two-thirds (2/3) voting control of such controlling entity), provided that any person becoming a director (or, in the case of a controlling non-corporate entity, obtaining a position comparable to a director or obtaining a voting interest in such entity) subsequent to June 26, 1987 whose election, or nomination for election, was approved by a vote of the persons comprising at least two-thirds (2/3) of the Incumbent Board (other than an election or nomination of an individual whose initial assumption of office is in connection with an actual or threatened election contest, as such terms are used in Rule 14a-11 of Regulation 14A promulgated under the Exchange Act) shall be, for purposes of this Agreement, considered as though such person were a member of the Incumbent Board; or

(c) there is a liquidation or dissolution of the Corporation or a sale of all or substantially all of its assets.

If the Corporation enters into an agreement or series of agreements or the Board passes a resolution which will result in the occurrence of any of the matters described in Subsections (a), (b) or (c), and the Executive's employment is terminated subsequent to the date of execution of such agreement or series of agreements or the passage of such resolution, but prior to the occurrence of any of the matters described in Subsections (a), (b) or (c), then, upon the occurrence of any of the matters described in Subsections (a), (b) or (c), a Change of Control shall be deemed to have retroactively occurred on the date of the execution of the earliest of such agreement(s) or the passage of such resolution.

### 3. Certain Definitions.

(a) Cause. The Executive's employment may be terminated for Cause only if a majority of the Incumbent Board determines that Cause (as defined below) exists. For purposes of this Agreement, "Cause" means (i) an act or acts of fraud, misappropriation, or embezzlement on the Executive's part which result in or are intended to result in his or another's personal enrichment at the expense of the Corporation or its subsidiaries or affiliates, (ii) conviction of a felony, (iii) conviction of a misdemeanor involving moral turpitude, or (iv) willful failure to report to work for more than thirty (30) continuous days not attributable to eligible vacation or supported by a licensed physician's statement.

#### (b) Death or Disability.

(i) The Executive's employment will be terminated by the Corporation or its subsidiaries or affiliates automatically upon the Executive's death ("Death").

(ii) After having established the Executive's Disability (as defined below), the Corporation may give to the Executive written notice of the Corporation's and/or its subsidiaries' or affiliates' intention to terminate the Executive's employment for Disability. The Executive's employment will terminate for Disability effective on the thirtieth (30th) day after the Executive's receipt of such notice (the "Disability Effective Date") if within such thirty (30) day period after such receipt the Executive shall fail to return to full-time performance of his duties. For purposes of this Agreement, "Disability" means disability which after the expiration of more than twenty-six (26) weeks after its commencement is determined to be total and permanent by an independent licensed physician mutually agreeable to the parties.

In the event of the Executive's termination for Death or Disability, the Executive and, to the extent applicable, his legal representatives, executors, heirs, legatees and beneficiaries, shall have no rights under this Agreement and their sole recourse, if any, shall be under the death or disability provisions of the plans, programs, policies and practices of the Corporation and/or its subsidiaries and affiliates, as appropriate.

(c) Good Reason. For purposes of this Agreement, "Good Reason" means:

(i) any failure by the Corporation and/or its subsidiaries or affiliates to furnish the Executive and/or where applicable, his family, with (A) total annual cash compensation (including annual incentive compensation), (B) total aggregate value of perquisites, (C) total aggregate value of benefits, or (D) total aggregate value of long term compensation, including but not limited to, stock options, in each case at least equal to or otherwise comparable to in the aggregate or exceeding the highest level received by the Executive from the Corporation and/or its subsidiaries or affiliates during the six (6) month period (or the one (1) year period for compensation, perquisites and benefits which are paid less frequently than every six (6) months) immediately preceding the Change of Control, other than an inadvertent failure remedied by the Corporation within five (5) business days after receipt of notice thereof given by the Executive;

(ii) the Corporation's and/or its subsidiaries' or affiliates' requiring the Executive to be based or to perform services at any site or location more than fifteen (15) miles from the site or location at which the Executive is based at the time of the Change of Control, except for travel reasonably required in the performance of the Executive's responsibilities (which does not materially exceed the level of travel required of the Executive in the six (6) month period immediately preceding the Change of Control);

(iii) any failure by the Corporation to obtain the assumption and agreement to perform this Agreement by a successor as contemplated by Section 8(b);

(iv) any failure by the Corporation to pay into the Trust(s) (as defined in Section 4(c)) the amounts and at the time or times as are required pursuant to the terms of such Trust(s);

(v) any purported termination by the Corporation or its subsidiaries or affiliates of the Executive's employment that is not effected pursuant to a Notice of Termination satisfying the requirements of Section 3(d), which purported termination shall not be effective for purposes of this Agreement; or

(vi) if the Executive is in management level 14 or above immediately prior to the Change of Control, (A) any assignment to the Executive of duties inconsistent in any material respect with the highest level of the Executive's position (including titles and reporting relationships), authority, responsibilities or status as in effect at any time during the six (6) month period immediately preceding the Change of Control without the express prior written consent of the Executive (which consent the Executive has the absolute right to withhold), or (B) any other material adverse change in such position, authority, responsibilities or status without the express prior written consent of the Executive (which consent the Executive has the absolute right to withhold).

For the purposes of this Section 3(c), any good faith interpretation by the Executive of the foregoing definitions of "Good Reason" shall be conclusive on the Corporation. Additionally, the Executive's continued employment shall not constitute consent to, or a waiver of rights with respect to, any circumstance constituting Good Reason hereunder.



(d) Notice of Termination. Any termination of the Executive's employment by the Executive for Good Reason or by the Corporation or its subsidiaries or affiliates for any reason other than Death shall be communicated by a Notice of Termination to the other party, with a copy to the Trustee (as defined in Section 4(c)) hereto given in accordance with Section 9(b). For purposes of this Agreement, a "Notice of Termination" means a written notice which (i) indicates the specific termination provision in this Agreement relied upon, (ii) sets forth in reasonable detail the facts and circumstances claimed to provide a basis for termination of the Executive's employment under the provision so indicated, and (iii) if the Date of Termination (as defined below) is other than the date of receipt of such notice, specifies the termination date (which date shall be not more than fifteen (15) days after the giving of such notice or, in the event of Disability, the Disability Effective Date).

(e) Date of Termination. Date of Termination means the date of receipt by the Executive or the Corporation or its subsidiaries or affiliates of the Notice of Termination or any later date specified therein, as the case may be; provided, however, that if the Executive's employment is terminated by reason of Death or Disability, the Date of Termination shall be the date of Death of the Executive or the Disability Effective Date, as the case may be.

(f) Severance Period. Unless terminated sooner pursuant to Section 1, the Severance Period means the period set forth below depending on the Executive's management level immediately prior to the Change of Control, which period shall begin on the day following the Executive's Date of Termination:

Mgmt. Level 19 or above	Three (3) years
Mgmt. Level 15-18	Two (2) years
Mgmt. Level 14	One (1) year and six (6) months
Mgmt. Level 13	One (1) year
Mgmt. Level 12	Nine (9) months
Mgmt. Level 11	Six (6) months

#### 4. Obligations of the Corporation.

##### (a) Circumstances of Termination.

(i) If, within the three (3) year period commencing on a Change of Control of the Corporation, (A) the Corporation or its subsidiaries or affiliates shall terminate the Executive's employment for any reason other than for Death, Disability or Cause, or (B) the Executive shall terminate his employment with the Corporation or its subsidiaries or affiliates for Good Reason, the Corporation agrees to provide the Executive with compensation, benefits and perquisites in accordance with the terms and provisions set forth in Subsection (iii) below and the other provisions of this Agreement, and the Executive agrees that he shall be subject to such terms and provisions. The Executive shall not be deemed to have terminated his employment with the Corporation or any of its subsidiaries or affiliates if he leaves the employ of the

Corporation or any of its subsidiaries or affiliates for immediate reemployment with the Corporation or any of its subsidiaries or affiliates.

(ii) If during the term of this Agreement, (A) the Corporation or its subsidiaries or affiliates shall terminate the Executive's employment for Death, Disability or Cause or (B) the Executive shall terminate his employment with the Corporation or its subsidiaries or affiliates other than for Good Reason, then the Executive shall not be entitled to any of the benefits set forth in Subsection (iii) below or in any other section of this Agreement, except to the extent of the amounts which represent vested benefits or which the Executive is otherwise entitled to receive under any plan, program, policy or practice of the Corporation or any of its subsidiaries or affiliates at or subsequent to the Executive's Date of Termination.

(iii) If the Executive is entitled to receive severance pay and benefits under Subsection (i) above, the Corporation agrees to provide the Executive with the following compensation, benefits and perquisites, subject to Section 5(b):

(I) Cash Entitlement. The Corporation and/or the Trustee (as defined in Section 4(c)) shall pay to the Executive the aggregate of the amounts determined pursuant to clauses a through f below:

a. Unpaid Salary and Vacation. If not already paid, the Executive's base salary and unused vacation entitlement through the Executive's Date of Termination at the rate in effect at the time the Notice of Termination was given, or if greater, at the highest rate in effect during the six (6) month period immediately preceding the Change of Control.

b. Salary Multiple. The Executive's annual base salary at the rate in effect at the time the Notice of Termination was given, or if greater, at the highest rate in effect during the six (6) month period immediately preceding the Change of Control ("Annual Base Salary"), multiplied by the following salary multiple depending on the Executive's management level immediately preceding the Change of Control:

Mgmt. Level 19 or above	3
Mgmt. Level 15-18	2
Mgmt. Level 14	1.5
Mgmt. Level 13	1
Mgmt. Level 12	.75
Mgmt. Level 11	.5

c. Bonus Multiple. An amount equal

to the product of (i) the Executive's Annual Base Salary multiplied by (ii) the stated maximum bonus opportunity percentage available to the Executive under the respective incentive compensation plan immediately preceding either the Notice of Termination or, if greater, the Change of Control multiplied by (iii) the "Executive's Three Year Average Bonus Percentage" (as defined below) (the

product of (i), (ii), and (iii) hereinafter referred to as the "Bonus Opportunity") multiplied by (iv) the following multiple depending on the Executive's management level immediately preceding either the Notice of Termination or, if greater, the Change of Control:

Mgmt. Level 17 or above 1 Mgmt. Level 11-16 0

The "Executive's Three Year Average Bonus Percentage" is the sum of the bonus percentages paid to the Executive divided by the stated maximum bonus opportunity percentages available to the Executive rounded to one decimal place (e.g., 86.3%) for each of the three (3) fiscal years immediately preceding either the Notice of Termination or, if greater, the Change of Control divided by three (3).

If the Executive has been employed by the Corporation and/or its subsidiaries or affiliates for less than three (3) fiscal years prior to the Change of Control, or if the Executive was not eligible to receive an incentive compensation award pursuant to an incentive compensation plan of the Corporation and/or its subsidiaries or affiliates for one (1) or more of the three (3) fiscal years immediately preceding either the Change of Control or the Notice of Termination, the bonus percentage to be applied in the "Executive's Three Year Bonus Percentage" calculation for any year in which the Executive was not employed or eligible to receive an incentive award will be the average bonus percentage paid for such year to all executives in the Corporation or the Executive's respective division, as appropriate, with a stated maximum bonus opportunity level similar to that of the Executive immediately preceding either the Notice of Termination or, if greater, the Change of Control divided by the average stated maximum bonus opportunity available to these executives rounded to one decimal place (e.g., 86.3%).

**CALCULATION EXAMPLE OF EXECUTIVE'S THREE YEAR AVERAGE  
BONUS PERCENTAGE**

Year	(1) Bonus Percentage Paid	(2) Stated Maximum Bonus Opportunity	(1)/(2) Bonus Opportunity Percent
-----	-----	-----	-----
1	55.1%	60.0%	91.8%
2	71.8%	80.0%	89.8%
3	102.0%	100.0%	102.0%
Sum			----- 283.6%

Executive's Three Year Average Bonus Percentage (Sum divided by 3) 94.5%

d. Tenure - Related Bonus. An amount equal to the product of the Bonus Opportunity determined in clause c above multiplied by the number of the Executive's full and prorated partial years of service with the Corporation and/or its subsidiaries or affiliates, subject to a maximum of twelve (12) years, divided by twelve (12).

e. Change of Control Year Bonus. If the Executive has not yet been paid an incentive compensation award for the calendar year in which the Change of Control occurred in accordance with the terms of the respective incentive compensation plan in effect immediately preceding the Change of Control, the Executive shall receive an amount equal to the product of (i) the actual salary earned by the Executive during the calendar year in which the Change of Control occurred multiplied by (ii) the sum of (a) the greater of actual company performance or eighty percent (80%) of maximum company performance opportunity for such calendar year under the respective incentive compensation plan as in effect immediately preceding the Change of Control plus (b) the greater of actual individual performance or eighty percent (80%) of maximum individual performance opportunity for the Executive for such calendar year under the respective incentive compensation plan as in effect immediately preceding the Change of Control; provided, however, if a "Big Six" accounting firm chosen by the Corporation does not verify the actual company and individual performance in accordance with the terms of the respective incentive compensation plan in effect immediately preceding the Change of Control, the Executive shall receive an amount equal to the product of (i) above multiplied by the sum of (a) one hundred percent (100%) of maximum company performance opportunity for such calendar year under the respective incentive compensation plan as in effect immediately preceding the Change of Control plus (b) one hundred percent (100%) of maximum individual performance opportunity for the Executive for such calendar year under the respective incentive compensation plan as in effect immediately preceding the Change of Control.

f. Prior Year Bonus. If bonuses for the calendar year prior to the Executive's Date of Termination (other than those payable pursuant to clause e above) have been distributed and the Executive is entitled to and has not yet been paid his incentive compensation award for such calendar year, and his Date of Termination is subsequent to the incentive compensation award payment date for such calendar year, then the Executive shall receive an additional amount equal to the product of the actual salary earned by the Executive during the prior calendar year multiplied by the actual bonus percentage approved for the Executive for such calendar year under the respective incentive compensation plan.

The Corporation and/or the Trustee (as defined in Section 4(c)) shall pay to the Executive the aggregate of the amounts determined pursuant to clauses a through d and clause f above in a lump sum by cashier's check within five (5) business days after the later of the Executive's Date of Termination or the date of receipt by the Corporation and the Trustee (as defined in Section 4(c)) of the Executive's written demand for payment accompanied by notarized copies of the Notice of Termination, release and, to the extent applicable, letter of resignation (as described in Section 5(b)(II)). The Corporation and/or the Trustee (as defined in Section 4(c)) shall

pay to the Executive the amount determined pursuant to clause e above by cashier's check no later than (i) the first March 15th following the calendar year in which the Change of Control occurred or (ii) five (5) business days after the later of the Executive's Date of Termination or the date of receipt by the Corporation and the Trustee (as defined in Section 4(c)) of the Executive's written demand for payment accompanied by notarized copies of the Notice of Termination, release and, to the extent applicable, letter of resignation (as described in Section 5(b)(II)), whichever is the last to occur.

(II) Medical, Dental, Disability, Life Insurance and Other Similar Plans and Programs. Until the earliest to occur of (i) the last day of the Severance Period, (ii) the date on which the Executive becomes eligible for the designated or comparable coverage as an employee of another employer which provides or offers such coverage to its employees, or (iii) in the case of benefits requiring employee contributions, the date the Executive fails to make such contributions pursuant to the Corporation's or the plan's instructions (which instructions shall be reasonable and given to the Executive by the Corporation within five (5) business days following the Executive's Date of Termination) or otherwise cancels his coverage in accordance with plan provisions (the "Benefits Continuation Period"), the Corporation shall continue to provide all benefits which the Executive and/or his family is or would have been entitled to receive under all medical, dental, disability, supplemental life, group life, and accidental death and dismemberment insurance plans and programs, and other similar plans and programs of the Corporation and/or its subsidiaries or affiliates not otherwise provided for in this Agreement, in each case on a basis providing the Executive and/or his family with the opportunity to receive benefits at least equal to the greatest level of benefits provided by the Corporation and/or its subsidiaries or affiliates for the Executive under such plans and programs if and as in effect at any time during the six (6) month period immediately preceding either the Notice of Termination or, if greater, the Change of Control whether or not such plans or programs were in effect at the time of the execution of this Agreement. The non-contributory benefits will be paid for by the Corporation. The medical and dental plan benefits, to the extent applicable, will be provided in accordance with the provisions of the Consolidated Omnibus Budget Reconciliation Act of 1985, as amended ("COBRA"), except that the Corporation shall pay the COBRA premiums for the standard medical and dental plan benefits during the Benefits Continuation Period. If the Executive's participation in any such plan or program is barred by COBRA or for any other reason, the Corporation shall pay or provide for payment of such benefits or substantially similar benefits to the Executive and/or his family. Upon termination of his coverage under this paragraph, the Executive may be eligible under COBRA to continue some of his benefits for an additional period of time. Additionally, the Executive has thirty-one (31) days from the last day of coverage in which to convert his group life insurance to an individual policy. The Executive must arrange for conversion through an agent of The Prudential Insurance Company of America, or such other insurance company as is then providing coverage.

(III) Car. a. If, immediately prior to the Change of Control, the Executive was assigned a car and was in management level 14 or above, within five (5)

business days after the Executive's Date of Termination, the Corporation shall transfer to the Executive free and clear title to the car assigned to the Executive on the Executive's Date of Termination, if any, or if the Executive chooses, to a car comparable to that assigned to the Executive at any time during the six (6) month period immediately preceding the Change of Control.

b. If, immediately prior to the Change of Control, the Executive was assigned a car and was in management level 13 or below, then the following provisions will apply:

If the Executive has less than one (1) full year of service with the Corporation and/or its subsidiaries or affiliates, the Executive may purchase from the Corporation free and clear title to the car assigned to the Executive on the Executive's Date of Termination, if any, or if the Executive chooses, to a car comparable to that assigned to the Executive at any time during the six (6) month period immediately preceding the Change of Control, for the average retail value of the car listed in the National Automobile Dealer's Association, Official Used Car Guide as of the date of the purchase.

If the Executive has one (1) or more but fewer than five (5) full years of service with the Corporation and/or its subsidiaries or affiliates, the Executive may purchase from the Corporation free and clear title to the car assigned to the Executive on the Executive's Date of Termination, if any, or if the Executive chooses, to a car comparable to that assigned to the Executive at any time during the six (6) month period immediately preceding the Change of Control, for fifty percent (50%) of the average retail value of the car listed in the National Automobile Dealer's Association, Official Used Car Guide as of the date of the purchase.

If the Executive has completed five (5) or more full years of service with the Corporation and/or its subsidiaries or affiliates, the Corporation shall transfer to the Executive free and clear title to the car assigned to the Executive on the Executive's Date of Termination, if any, or if the Executive chooses, to a car comparable to that assigned to the Executive at any time during the six (6) month period immediately preceding the Change of Control.

Purchase arrangements and title transfer must be completed within five (5) business days after the Executive's Date of Termination.

c. The Executive shall not be entitled to any car telephone provided by the Corporation or its subsidiaries or affiliates and such car telephone, if applicable, shall be returned to the Corporation immediately upon title transfer. The Executive will be responsible for the sales tax on transfer as well as for all insurance, maintenance, taxes and other liabilities associated with the car after title transfer. Additionally, the Corporation shall assign to the Executive all claims for breach of warranty and other similar matters against the vendor and manufacturer of the car. The Executive agrees to accept such car in an "As Is" condition. **THE EXECUTIVE WAS SOLELY RESPONSIBLE FOR THE SELECTION AND MAINTENANCE OF THE CAR AND**

THEREFORE ACKNOWLEDGES THAT THE CORPORATION DOES NOT MAKE ANY WARRANTY OR REPRESENTATION, EITHER EXPRESS OR IMPLIED, WITH RESPECT TO THE CAR, INCLUDING, BUT NOT LIMITED TO THE CONDITION OR DESIGN OF THE CAR, ANY LATENT DEFECTS OF THE CAR, THE MERCHANTABILITY OF THE CAR OR ITS FITNESS FOR ANY PARTICULAR PURPOSE.

d. Notwithstanding the Executive's management level, if the Executive was receiving a car allowance immediately preceding the Change of Control, the Corporation and/or the Trustee (as defined in Section 4(c)) shall pay to the Executive, in a lump sum by cashier's check within five (5) business days after the later of the Executive's Date of Termination or the date of receipt by the Corporation and the Trustee (as defined in Section 4(c)) of the Executive's written demand for payment accompanied by notarized copies of the Notice of Termination, release and, to the extent applicable, letter of resignation (as described in Section 5(b)(II)), an amount equal to the product of the Executive's monthly car allowance in effect at the time the Notice of Termination was given, or if greater, the highest monthly car allowance in effect for the Executive during the six (6) month period immediately preceding the Change of Control, multiplied by the salary multiple for the Executive set forth in clause (I)b above multiplied by 12.

(IV) Outplacement. The Corporation and/or the Trustee (as defined in Section 4(c)) shall pay to the Executive, in a lump sum by cashier's check within five (5) business days after the later of the Executive's Date of Termination or the date of receipt by the Corporation and the Trustee (as defined in Section 4(c)) of the Executive's written demand for payment accompanied by notarized copies of the Notice of Termination, release and, to the extent applicable, letter of resignation (as described in Section 5(b)(II)), an amount equal to twenty percent (20%) of the aggregate of the Executive's Annual Base Salary and Bonus Opportunity (as defined in clauses (I)b and (I)c above respectively), subject to a maximum cost of \$50,000 if the Executive was in management level 11-19 immediately prior to either the Notice of Termination, or if greater, the Change of Control and a maximum cost of \$75,000 if the Executive was above management level 19 immediately prior to either the Notice of Termination, or if greater, the Change of Control, which amount may be used by the Executive as he sees fit and, at his sole discretion, in seeking new employment, including outplacement services.

(V) Perquisite, Country Club and Financial Planning/Tax Preparation Allowances. The Corporation and/or the Trustee (as defined in Section 4(c)) shall pay to the Executive, in a lump sum by cashier's check within five (5) business days after the later of the Executive's Date of Termination or the date of receipt by the Corporation and the Trustee (as defined in Section 4(c)) of the Executive's written demand for payment accompanied by notarized copies of the Notice of Termination, release and, to the extent applicable, letter of resignation (as described in Section 5(b)(II)), an amount equal to the perquisite, country club and financial planning/tax preparation allowances, as appropriate, the Executive would have been entitled to receive under the plans, programs, policies and practices of the Corporation and/or its subsidiaries or affiliates for the twelve (12) month perquisite and financial

planning/tax preparation payment period of the Corporation or the Executive's respective division, as appropriate (i.e., January - December or September - August), in which the Notice of Termination was given, if not yet paid, and one

(1) additional twelve (12) month period thereafter, but in no event for longer than the Severance Period, in each case on a basis providing the Executive with benefits at least equal to the greatest level of benefits provided by the Corporation and/or its subsidiaries or affiliates for the Executive under such plans, programs, policies and practices if and as in effect at any time during the six (6) month period immediately preceding either the Notice of Termination, or if greater, the Change of Control.

(VI) Split-Dollar Life Insurance and Deferred Compensation. Notwithstanding anything in the applicable agreements, plans or policies to the contrary, if the Executive is covered by the Corporation's split-dollar life insurance with its attendant deferred compensation benefit on his Date of Termination, and the Executive wishes to retain both the life insurance coverage and its future deferred compensation benefit, the Executive may purchase the policy from the Corporation by paying the Corporation an amount equal to the cash value of the policy. If the Executive elects to purchase the policy from the Corporation, the Executive will have all the benefits inherent in ownership of the whole-life policy, including the cash value of the policy.

If the Executive wishes to retain the life insurance coverage only, the Executive may convert the policy by forfeiting the deferred compensation benefit. If the Executive chooses this alternative, the Corporation will transfer ownership of the policy to the Executive, and contemporaneously the Executive will execute an agreement relinquishing the deferred compensation benefit. This alternative transfers the entire cash value of the policy to the Executive and relieves the Corporation of the administrative record-keeping associated with the Executive's deferred compensation benefit.

The Executive must notify the Corporation of his election for the transfer of his split-dollar life insurance policy and deferred compensation benefit within thirty (30) days following the Executive's Date of Termination and the Corporation shall complete the transfer immediately upon receipt of such notice and the required payment or executed agreement.

(b) Gross-Up for Excise Tax. In the event that it shall be determined that any payment or benefit by the Corporation to or for the benefit of the Executive pursuant to the terms of this Agreement or any other payments or benefits received or to be received by the Executive in connection with or as a result of the Change of Control or the Executive's termination of employment or any event which is deemed by the Internal Revenue Service or any other taxing authority to constitute a change in the ownership or effective control of the Corporation, or in the ownership of a substantial portion of the assets of the Corporation ("Change of Control Payments") shall be subject to the tax (the "Excise Tax") imposed by Section 4999 (or any successor section) of the Internal Revenue Code of 1986, as it may be amended from time to time (the "Code"), the Corporation and/or the Trustee (as defined in Paragraph 4(c)) shall pay to the Executive an additional amount (the "Gross-Up Payment") such that the net amount retained by the Executive, after (i) payment of any Excise Tax on the Change of Control Payments and (ii) payment of any federal and state and local income tax and



Excise Tax upon the Gross-Up Payment, shall be equal to the Change of Control Payments. The determination of whether the Executive is subject to the Excise Tax and the amount of the Gross-Up Payment, if any, shall be made by a "Big Six" accounting firm chosen by the Trustee (as defined in Section 4(c)) and reasonably agreeable to the Executive, which determination shall be binding upon the Executive and the Corporation. For purposes of determining the amount of the Gross-Up Payment, the Executive shall be deemed to pay federal income taxes at the highest marginal rate of federal income taxation in the calendar year in which the Gross-Up Payment is to be made and state and local income taxes at the highest marginal rate of taxation in the calendar year in which the Gross-Up Payment is to be made in the state or locality of the Executive's residence on the Executive's Date of Termination. The Gross-Up Payment shall be paid to the Executive by cashier's check within five (5) business days following the receipt by the Trustee (as defined in Section 4(c)) of the Gross-Up Payment determination from the selected "Big Six" accounting firm.

(c) Trust(s).

(i) In order to ensure in the event of a Change of Control that timely payment will be made of certain obligations of the Corporation to the Executive provided for under this Agreement, the Corporation shall pay into one or more trust(s) (the "Trust(s)") established between the Corporation and any financial institution with assets in excess of \$100 million selected by the Corporation prior to the Change of Control, as trustee (the "Trustee"), such amounts and at such time or times as are required in order to fully pay all amounts due the Executive pursuant to Section 4 that are payable in cash or by cashier's check, or as are otherwise required pursuant to the terms of the Trust(s). Thereafter, all such payments required to be paid hereunder shall be made out of the Trust(s); provided, however, that the Corporation shall retain liability for and pay the Executive any amounts or provide for such other benefits due the Executive under this Agreement for which there are insufficient funds in the Trust(s), for which no funding of the Trust(s) is required or in the event that the Trustee fails to make such payment to the Executive within the time frames set forth in this Agreement. Prior to the Change of Control, and to the extent necessary because of a change in the Trustee, after the Change of Control, the Corporation shall provide the Executive with the name and address of the Trustee.

(ii) For purposes of this Agreement, the term "the Corporation and/or the Trustee" shall mean the Trustee to the extent the Corporation has put funds in the Trust(s) and the Corporation to the extent the Corporation has not funded or fully funded the Trust(s); provided, however, that in accordance with Subsection (i) above, the Corporation shall retain liability for and pay the Executive any amounts or provide for such other benefits due the Executive under this Agreement for which the Trustee fails to make adequate payment to the Executive within the time frames set forth in this Agreement.

## 5. Obligations of the Executive.

(a) Covenant of Confidentiality. All documents, records, techniques, business secrets and other information of the Corporation, its subsidiaries and affiliates, which have or will come into the Executive's possession from time to time during the Executive's affiliation with the Corporation and/or any of its subsidiaries or affiliates and which the Corporation treats

as confidential and proprietary to the Corporation and/or any of its subsidiaries or affiliates shall be deemed as such by the Executive and, shall be the sole and exclusive property of the Corporation, its subsidiaries and affiliates. The Executive agrees that the Executive will keep confidential and not divulge to any other party any of the Corporation's or its subsidiaries' or affiliates' confidential information and business secrets, including, but not limited to, such matters as costs, profits, markets, sales, products, product lines, key personnel, pricing policies, operational methods, customers, customer requirements, suppliers, plans for future developments, and other business affairs and methods and other information not readily available to the public. Additionally, the Executive agrees that upon his termination of employment, the Executive shall promptly return to the Corporation any and all confidential and proprietary information of the Corporation and/or its subsidiaries or affiliates that is in his possession.

(b) If, within the three (3) year period commencing on a Change of Control of the Corporation, (i) the Corporation or its subsidiaries or affiliates shall terminate the Executive's employment for any reason other than for Death, Disability or Cause, or (ii) the Executive shall terminate his employment with the Corporation or its subsidiaries or affiliates for Good Reason, and the Executive shall elect to receive severance pay and benefits in accordance with Section 4, the Executive shall be subject to the following additional provisions:

(I) Covenant Against Competition. During the Severance Period or the one (1) year period following the Executive's Date of Termination, whichever is shorter, the Executive shall not, without the prior written consent of the Corporation's Chief Executive Officer, directly or indirectly engage or become a partner, director, officer, principal, employee, consultant, investor, creditor or stockholder in any business, proprietorship, association, firm or corporation not owned or controlled by the Corporation or its subsidiaries or affiliates which is engaged or proposes to engage or hereafter engages in a business competitive directly with the business conducted by the Corporation or any of its subsidiaries or affiliates immediately prior to the Change of Control in any geographic area where such business of the Corporation or its subsidiaries or affiliates is conducted; provided, however, that the Executive is not prohibited from owning one percent (1%) or less of the outstanding capital stock of any corporation whose stock is listed on a national securities exchange.

During the Severance Period or the one (1) year period following the Executive's Date of Termination, whichever is shorter, the Executive shall not, either on the Executive's own account or for any person, firm or company, solicit, interfere with or induce, or attempt to induce, any employee of the Corporation or any of its

subsidiaries or affiliates to leave his employment or to breach his employment agreement, if any.

(II) Release. Upon the Executive's termination of employment, the Executive and the Corporation shall execute a release agreement in the form attached as Exhibit A; provided, however, that the only condition to the Executive's receipt of any payments or benefits pursuant to this Agreement shall be his tender of such release, executed by him, to the Corporation, and the Executive's obligations and limitations under such release as executed by him shall be conditioned upon the execution of such release by the Corporation and delivery to the Executive within thirty (30) days of the Executive's tender thereof to the Corporation. In addition, to the extent applicable, upon the Executive's termination of employment, the Executive shall execute a resignation letter in the form attached as Exhibit B.

(c) Specific Remedy. The Executive acknowledges and agrees that if the Executive commits a material breach of the Covenant of Confidentiality (Subsection (a) above) or the Covenant Against Competition (clause (I) of Subsection (b) above), the Corporation shall have the right to have the covenant specifically enforced by any court having appropriate jurisdiction on the grounds that any such breach will cause irreparable injury to the Corporation, and that money damages will not provide an adequate remedy to the Corporation. The Executive further acknowledges and agrees that the Covenant of Confidentiality and, if applicable, the Covenant Against Competition contained in this Agreement are fair, do not unreasonably restrict the Executive's future employment and business opportunities, and are commensurate with the compensation arrangements set out in this Agreement. In addition, once the Executive makes an election to receive severance pay and benefits pursuant to Section 4 and is subject to Subsection (b) above, the Executive shall have no right to return any amounts or benefits that are already paid or to refuse to accept any amounts or benefits that are payable in the future in lieu of his specific performance of his obligations under Subsection (b) above.

6. Non-exclusivity of Rights. Nothing in this Agreement shall prevent or limit the Executive's continuing or future participation in any benefit, bonus, incentive or other plans, programs, policies or practices provided by the Corporation or any of its subsidiaries or affiliates and for which the Executive may qualify, nor shall anything herein limit or otherwise affect such rights as the Executive may have under such plans, programs, policies or practices or under any stock option or other agreements with the Corporation or any of its subsidiaries or affiliates, specifically including but not limited to the Ryder System, Inc. 1980 Stock Incentive Plan, the deferred compensation agreements, the Corporation's and/or its subsidiaries' or affiliates' retirement, 401(k) and profit sharing plans, the Ryder System, Inc. Benefit Restoration Plan supplemental disability and retiree life insurance. In the event there are any amounts which represent vested benefits or which the Executive is otherwise entitled to receive under these or any other plans, programs, policies or practices, including any plan, program, policy or practice adopted after the execution of this Agreement, of the Corporation or any of

its subsidiaries or affiliates at or subsequent to the Executive's Date of Termination, the Corporation shall pay or cause the relevant plan, program, policy or practice to pay such amounts, to the extent not already paid, in accordance with the provisions of such plan, program, policy or practice. The phrase "Termination Date" as used in the Ryder System, Inc. 1980 Stock Incentive Plan shall mean the end of the Severance Period with respect to Non-Qualified Stock Options granted to the Executive, if any, pursuant to such plan, and the Executive's Date of Termination with respect to Incentive Stock Options and Restricted Stock Rights granted to the Executive, if any, thereunder. The last day of the Severance Period will be considered to be the Executive's termination date for purposes of the Executive's deferred compensation agreement(s), if any.

7. Full Settlement. Except as specifically provided otherwise in this Agreement, the Corporation's obligation to make the payments provided for in this Agreement and otherwise to perform its obligations hereunder shall not be affected by any circumstances, including, without limitation, any setoff, counterclaim, recoupment, defense or other right which the Corporation may have against the Executive or others. The Executive shall not be obligated to seek other employment by way of mitigation of the amounts payable to the Executive under any of the provisions of this Agreement nor, except as specifically provided otherwise in this Agreement, shall the amount of any payment provided for under this Agreement be reduced by any compensation or benefits earned by the Executive as the result of employment by another employer after the Date of Termination, or otherwise. The Corporation agrees to pay all legal fees and expenses which the Executive may reasonably incur as a result of any contest (regardless of the outcome thereof) by the Corporation or others of the validity or enforceability of, or liability under any provision of this Agreement or any guarantee of performance thereof, in each case plus interest, compounded daily, on the total unpaid amount determined to be payable under this Agreement, such interest to be calculated on the basis of the greater of (a) two percent (2%) over the base or prime commercial lending rate announced by the First National Bank of Boston in effect from time to time during the period of such nonpayment or (b) eighteen percent (18%), but in no event greater than the highest interest rate permitted by law for such payments.

8. Successors. (a) This Agreement is personal to the Executive and the Executive does not have the right to assign this Agreement or any interest herein.

(b) This Agreement shall inure to the benefit of and be binding upon the Corporation and its successors. The Corporation shall require any successor to all or substantially all of the business and/or assets of the Corporation, whether directly or indirectly, by purchase, merger, consolidation, acquisition of stock, or otherwise, expressly to assume and agree to perform this Agreement in the same manner and to the same extent as the Corporation would be required to perform if no such succession had taken place, by a written agreement in form and substance reasonably satisfactory to the Executive, delivered to the Executive within five (5) business days after such succession. As used in this Agreement, "Corporation" shall mean the Corporation as hereinbefore defined and any successor to its business and/or assets as aforesaid which assumes and agrees to perform this Agreement by operation of law, or otherwise.

9. Miscellaneous. (a) The parties agree to submit to the non-exclusive jurisdiction of the courts in the state of Florida. The captions of this Agreement are not part of the provisions hereof and shall have no force or effect. This Agreement may not be amended or modified otherwise than by a written agreement executed by the parties hereto or their respective successors and legal representatives.

(b) All notices and other communications hereunder shall be in writing and shall be given by hand delivery to the other party and/or the Trustee, as applicable, by overnight express mail or by registered or certified mail, return receipt requested, postage prepaid, addressed as follows:

If to the Executive: at the Executive's last address appearing in the payroll/personnel records of the Corporation;

**If to the Corporation:**

Ryder System, Inc.  
3600 N.W. 82nd Avenue  
Miami, Florida 33166  
Attention: General Counsel

If to the Trustee: at the address provided pursuant to

Section 4(c);

or to such other address as either party or the Trustee shall have furnished to the other in writing in accordance herewith. Notice and communications shall be effective when actually received by the addressee.

(c) The invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement. The Executive's failure to insist upon strict compliance with any provision hereof shall not be deemed to be a waiver of such provision or any other provision thereof.

(d) The Executive understands and acknowledges that the payment and benefits provided to the Executive pursuant to this Agreement may be unsecured obligations of the Corporation. The Executive further understands and acknowledges that the payments and benefits under this Agreement, including but not limited to the cash payments, the car, the outplacement, and the split-dollar life insurance, may be compensation and as such may be included in either the Executive's W-2 earnings statements or 1099 statements. The Corporation may withhold from any amounts payable under this Agreement such federal, state or local taxes as shall be required to be withheld pursuant to any applicable law or regulation, as well as any other deductions consented to in writing by the Executive.

(e) This Agreement, including its attached Exhibits, contains the entire understanding of the Corporation and the Executive with respect to the subject matter hereof. No agreements or representations, oral or written, express or implied, with respect to the subject matter hereof have been made by either party which are not set forth expressly in this Agreement and its attached Exhibits.

(f) The employment of the Executive by the Corporation or its subsidiaries or affiliates may be terminated by either the Executive or the Corporation or its subsidiaries or affiliates at any time and for any reason. Nothing contained in this Agreement shall affect such rights to terminate; provided, however, that nothing in this Section 9(f) shall prevent the terms and provisions of this Agreement from being enforced in the event of a termination described in Section 4(a).

(g) Whenever used in this Agreement, the masculine gender shall include the feminine or neuter wherever necessary or appropriate and vice versa and the singular shall include the plural and vice versa.

(h) This Agreement may be executed in one or more counterparts, each of which shall be deemed to be an original but all of which together will constitute one and the same instrument.

IN WITNESS WHEREOF, the Executive has hereunto set his hand and the Corporation has caused these presents to be executed in its name on its behalf, and its corporate seal to be hereunto affixed and attested by its assistant secretary, all as of the day and year first above written.

-----  
Witness

-----  
Executive

-----  
Witness

-----  
Social Security Number

ATTEST:

RYDER SYSTEM, INC.  
(the "Corporation")

-----  
Assistant Secretary

By: -----  
Executive Vice President

(Seal)

**EXHIBIT A**

**MUTUAL RELEASE AGREEMENT**

FOR AND IN CONSIDERATION OF (A) THE PAYMENT TO (Executive's Name) OF THE SEVERANCE BENEFITS PURSUANT TO THE CHANGE OF CONTROL SEVERANCE AGREEMENT BETWEEN RYDER SYSTEM, INC. ("RSI") AND (Executive's Name) DATED \_\_\_\_\_, 19\_\_ (THE "CHANGE OF CONTROL SEVERANCE AGREEMENT") AND (B) THE EXECUTION OF THIS MUTUAL RELEASE AGREEMENT BY BOTH RSI AND (Executive's Name), WITH THE EXECUTION OF THIS AGREEMENT BY RSI AND THE DELIVERY THEREOF TO (Executive's Name) OCCURRING WITHIN THIRTY (30) DAYS OF (Executive's Name)'S TENDER OF THIS AGREEMENT TO RSI, (Executive's Name), ON BEHALF OF HIMSELF/HERSELF, HIS/HER HEIRS, SUCCESSORS AND ASSIGNS (COLLECTIVELY THE "EXECUTIVE"), AND RSI, ON BEHALF OF ITSELF, AND AS AGENT FOR ALL OF ITS SUBSIDIARIES AND AFFILIATES, THEIR AGENTS, EMPLOYEES, OFFICERS, DIRECTORS, SUCCESSORS AND ASSIGNS (COLLECTIVELY THE "CORPORATION"), HEREBY RELEASE AND FOREVER DISCHARGE EACH OTHER FROM ANY AND ALL CLAIMS, DEMANDS, ACTIONS, AND CAUSES OF ACTION, AND ALL LIABILITY WHATSOEVER, WHETHER KNOWN OR UNKNOWN, FIXED OR CONTINGENT, WHICH THEY HAVE OR MAY HAVE AGAINST EACH OTHER AS A RESULT OF THE EXECUTIVE'S EMPLOYMENT BY AND SUBSEQUENT TERMINATION AS AN EMPLOYEE OF THE CORPORATION, UP TO THE DATE OF THIS AGREEMENT. THIS INCLUDES BUT IS NOT LIMITED TO CLAIMS AT LAW OR EQUITY OR SOUNDING IN CONTRACT (EXPRESS OR IMPLIED) OR TORT ARISING UNDER FEDERAL, STATE, OR LOCAL LAWS PROHIBITING AGE, SEX, RACE, DISABILITY, VETERAN OR ANY OTHER FORMS OF DISCRIMINATION (INCLUDING THE AGE DISCRIMINATION IN EMPLOYMENT ACT, THE AMERICANS WITH DISABILITIES ACT OF 1990 AND TITLE VII OF THE CIVIL RIGHTS ACT OF 1964) OR CLAIMS GROWING OUT OF ANY LEGAL RESTRICTIONS ON THE CORPORATION'S RIGHT TO TERMINATE ITS EMPLOYEES.

This Agreement does not release the Corporation or the Executive from any of their current, future or ongoing obligations under the Change of Control Severance Agreement, specifically including but not limited to cash payments and benefits due the Executive in the case of the Corporation, and the Covenant of Confidentiality and, to the extent applicable, the Covenant Against Competition in the case of the Executive.

The Executive and the Corporation understand and agree that this Agreement and the Change of Control Severance Agreement shall not in any way be construed as an admission by the Corporation or the Executive of any unlawful or wrongful acts whatsoever against each other or any other person, and both the Corporation and the Executive specifically disclaim any liability to or wrongful acts against each other or any other person.

The Corporation and the Executive agree that the terms and provisions of this Agreement and the Change of Control Severance Agreement, as well as any and all incidents leading to or resulting from this Agreement and the Change of Control Severance Agreement, are confidential and may not be discussed with anyone without the prior written consent of the other party, except as required by law; provided, however, that the Executive and RSI or its successor agree to immediately give the other party notice of any request to discuss this Agreement or the Change of Control Severance Agreement and to provide the other party with the opportunity to contest such request prior to their response.

This Agreement shall be governed by and construed in accordance with the laws of the state of Florida, without reference to principles of conflict of laws. This Agreement may not be amended or modified otherwise than by a written agreement executed by the parties hereto or their respective successors and legal representatives.

The invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement.

The Executive understands and acknowledges that the Executive has seven (7) calendar days following the Executive's execution of this Agreement to revoke the Executive's acceptance of this Agreement and that this Agreement shall not become effective or enforceable until the revocation period has expired.

**WE CERTIFY THAT WE HAVE FULLY READ, HAVE RECEIVED AN EXPLANATION OF, HAVE NEGOTIATED AND COMPLETELY UNDERSTAND THE PROVISIONS OF THIS AGREEMENT, THAT WE HAVE HAD SUFFICIENT TIME AND THE OPPORTUNITY TO SEEK LEGAL ADVICE FROM AN ATTORNEY BEFORE ENTERING INTO THIS AGREEMENT, AND THAT WE ARE SIGNING THIS AGREEMENT FREELY AND VOLUNTARILY, WITHOUT DURESS, COERCION OR UNDUE INFLUENCE.**

Dated this \_\_\_\_ day of \_\_\_\_\_, 19\_\_.

-----  
Witness

-----  
Executive

-----  
Witness

-----  
Social Security Number

ATTEST:

RYDER SYSTEM, INC., on behalf of  
itself and as agent for the Corporation

-----  
Secretary  
(Seal)

By: -----  
Its: -----

Executive's Date of Termination: \_\_\_\_\_



STATE OF \_\_\_\_\_ )  
 ) ss:  
COUNTY OF \_\_\_\_\_ )

Before me personally appeared \_\_\_\_\_, to me well known and known to me to be the person described in and who executed the foregoing instrument, and acknowledged to and before me that he/she executed said instrument for the purposes therein expressed.

WITNESS my hand and official seal this \_\_\_\_ day of \_\_\_\_\_, 19\_\_.

-----  
Notary Public

My Commission Expires:  
-----

(Seal)

STATE OF \_\_\_\_\_ )  
 ) ss:  
COUNTY OF \_\_\_\_\_ )

Before me personally appeared \_\_\_\_\_ and \_\_\_\_\_, to me well known and known to me to be the \_\_\_\_\_ and \_\_\_\_\_ of Ryder System, Inc. who executed the foregoing instrument, and acknowledged to and before me that they executed said instrument for the purposes therein expressed.

WITNESS my hand and official seal this \_\_\_\_ day of \_\_\_\_\_, 19\_\_.

-----  
**Notary Public**

**My Commission Expires:**

----- (Seal)

**EXHIBIT B**

**Resignation Letter**

**TO THE BOARD OF DIRECTORS  
OF RYDER SYSTEM, INC.**

Gentlemen:

Effective immediately, I hereby resign as an officer and/or director of Ryder System, Inc. and/or its subsidiaries and affiliates and, to the extent applicable, from all committees of which I am a member.

Sincerely,

---

**Executive's Name**

---

**Date**

22

EXHIBIT 10.4(b) Amendment dated as of August 20, 1993 to the form of amended and restated severance agreement for executive officers dated as of February 24, 1989.

**Amendment No. 1**

THIS AMENDMENT, dated as of August 20, 1993, is to amend, change and modify the provisions of a certain Amended and Restated Severance Agreement between Ryder System, Inc., a Florida corporation (the "Corporation"), and \_\_\_\_\_ (the "Executive"), dated as of February 24, 1989 (the "Severance Agreement").

**WITNESSETH:**

WHEREAS, the Corporation and the Executive have previously entered into the Severance Agreement; and

WHEREAS, the Corporation and the Executive now desire to amend the Severance Agreement;

NOW, THEREFORE, the Severance Agreement is hereby amended as follows:

1. Section 2(c) is replaced by the following:

(c) there is a liquidation or dissolution of the Corporation or a sale of all or substantially all of the assets of the Corporation.

2. The chart set forth in Section 3(e) is replaced by the following:

Mgmt. Level 19 or above	Three (3) years
Mgmt. Level 15-18	Two (2) years
Mgmt. Level 14	One (1) year and six (6) months
Mgmt. Level 13	One (1) year
Mgmt. Level 12	Nine (9) months
Mgmt. Level 11	Six (6) months

3. The chart set forth in Section 4(a)(iii)(III)d is replaced by the following:

Mgmt. Level 19 or above	3
Mgmt. Level 15-18	2
Mgmt. Level 14	1.5
Mgmt. Level 13	1
Mgmt. Level 12	.75
Mgmt. Level 11	.5

4. This Amendment shall be effective as of August 20, 1993.

IN WITNESS WHEREOF, the Corporation has caused this Amendment to be executed by its duly authorized officer and the Executive has hereunto set his hand, all as of the day and year first above written.

**RYDER SYSTEM, INC.**  
(the "Corporation")

---

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**Executive**

EXHIBIT 10.5 The form of severance agreement for executive officers effective as of July 1, 1993.

## Severance Agreement

THIS AGREEMENT between RYDER SYSTEM, INC., a Florida corporation (the "Corporation"), and \_\_\_\_\_ (the "Executive"), dated as of the \_\_\_\_\_ day of \_\_\_\_\_, 19\_\_\_\_\_.

### WITNESSETH:

WHEREAS, the Executive is an officer and/or key employee of the Corporation and/or its subsidiaries or affiliates and an integral part of its management; and

WHEREAS, in order to retain the Executive, the Corporation desires to provide severance benefits to the Executive if the Executive's employment with the Corporation or its subsidiaries or affiliates terminates as provided herein prior to a Change of Control (as defined in Section 2);

NOW, THEREFORE, in consideration of the premises and mutual covenants herein contained, it is hereby agreed by and between the Corporation and the Executive as follows:

1. Term of Agreement. This Agreement shall become effective as of the date hereof and shall terminate upon the occurrence of the earliest of the events specified below; provided, however, that Section 5 shall survive termination:

(a) the last day of the Severance Period (as defined in Section 3(e));

(b) the termination of the Executive's employment by the Executive for any reason or by the Corporation or its subsidiaries or affiliates for Death, Disability or Cause (as defined in Sections 3(b) and (a) respectively);

(c) one (1) year following the date of receipt of a mailing (by registered or certified mail, return receipt requested) or hand delivery to the Executive by the Corporation of written notice of its intent to terminate this Agreement, provided that the Executive is not then receiving severance pay and benefits pursuant to Section 4 as a result of his termination by the Corporation or its subsidiaries or affiliates other than for Death, Disability or Cause (as defined in Sections 3(b) and (a) respectively) prior to the end of the one (1) year period;

(d) a Change of Control of the Corporation (as defined in Section 2), provided that the Executive is not then receiving severance pay and benefits pursuant to Section 4 as a result of his termination by the Corporation or its subsidiaries or affiliates other than for Death, Disability or Cause (as defined in Sections 3(b) and (a) respectively) prior to the Change of Control;

(e) the material breach by the Executive of the provisions of Section 5;

(f) the termination of this Agreement pursuant to Section 4(a)(i) or Section 4(a)(iii)(II).

Additionally, notwithstanding anything in this Agreement to the contrary, if the Executive should die while receiving severance pay or benefits pursuant to Section 4 as a result of his termination by the Corporation or its subsidiaries or affiliates other than for Death, Disability or Cause (as defined in Sections 3(b) and (a) respectively), this Agreement shall terminate immediately upon the Executive's death and both parties shall be released from all obligations under this Agreement other than those under Section 5(b)(II) and those relating to amounts or benefits which are payable under this Agreement within five (5) business days after the Executive's Date of Termination (if not yet paid), are vested under any plan, program, policy or practice or which the Executive is otherwise entitled to receive upon his death, including but not limited to, life insurance. Any payment due pursuant to the preceding sentence upon the Executive's death shall be made to the estate of the deceased Executive, unless the plan, program, policy, practice or law provides otherwise.

2. Change of Control. For the purpose of this Agreement, a "Change of Control" shall be deemed to have occurred if:

(a) a third person, including a "group" as defined in Section 13(d)(3) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), but excluding any employee benefit plan or plans of the Corporation and its subsidiaries and affiliates, becomes the beneficial owner, directly or indirectly, of twenty percent (20%) or more of the combined voting power of the Corporation's outstanding voting securities ordinarily having the right to vote for the election of directors of the Corporation; or

(b) the individuals who, as of June 26, 1987, constituted the Board of Directors of the Corporation (the "Board" generally and as of June 26, 1987, the "Incumbent Board") cease for any reason to constitute at least two-thirds (2/3) of the Board, or in the case of a merger or consolidation of the Corporation, do not constitute or cease to constitute at least two-thirds (2/3) of the board of directors of the surviving company (or in a case where the surviving corporation is controlled, directly or indirectly, by another corporation or entity do not constitute or cease to constitute at least two-thirds (2/3) of the board of such controlling corporation or do not have or cease to have at least two-thirds (2/3) of the voting seats on any body comparable to a board of directors of such controlling entity or, if there is no body comparable to a board of directors, at least two-thirds (2/3) voting control of such controlling entity), provided that any person becoming a director (or, in the case of a controlling non-corporate entity, obtaining a position comparable to a director or obtaining a voting interest in such entity) subsequent to June 26, 1987 whose election, or nomination for election, was approved by a vote of the persons comprising at least two-thirds (2/3) of the Incumbent Board (other than an election or nomination of an individual whose initial assumption of office is in connection with an actual or threatened election contest, as such terms are used in Rule 14a-11 of Regulation 14A promulgated under the Exchange Act) shall be, for purposes of this Agreement, considered as though such person were a member of the Incumbent Board; or

(c) there is a liquidation or dissolution of the Corporation or a sale of all or substantially all of its assets.



If the Corporation enters into an agreement or series of agreements or the Board passes a resolution which will result in the occurrence of any of the matters described in Subsections (a), (b) or (c), and the Executive's employment is terminated subsequent to the date of execution of such agreement or series of agreements or the passage of such resolution, but prior to the occurrence of any of the matters described in Subsections (a), (b) or (c), then, upon the occurrence of any of the matters described in Subsections (a), (b) or (c), a Change of Control shall be deemed to have retroactively occurred on the date of the execution of the earliest of such agreement(s) or the passage of such resolution.

### 3. Certain Definitions.

(a) Cause. The Executive's employment may be terminated for Cause only if the Corporation's Chief Executive Officer determines that Cause (as defined below) exists. For purposes of this Agreement, "Cause" means (i) an act or acts of fraud, misappropriation, or embezzlement on the Executive's part which result in or are intended to result in his or another's personal enrichment at the expense of the Corporation or its subsidiaries or affiliates, (ii) conviction of a felony, (iii) conviction of a misdemeanor involving moral turpitude, or (iv) willful failure to report to work for more than thirty (30) continuous days not attributable to eligible vacation or supported by a licensed physician's statement. For the purposes of this Section 3(a), any good faith interpretation by the Corporation of the foregoing definition of "Cause" shall be conclusive on the Executive.

#### (b) Death or Disability.

(i) The Executive's employment will be terminated by the Corporation or its subsidiaries or affiliates automatically upon the Executive's death ("Death").

(ii) After having established the Executive's Disability (as defined below), the Corporation may give to the Executive written notice of the Corporation's and/or its subsidiaries' or affiliates' intention to terminate the Executive's employment for Disability. The Executive's employment will terminate for Disability effective on the thirtieth (30th) day after the Executive's receipt of such notice (the "Disability Effective Date") if within such thirty (30) day period after such receipt the Executive shall fail to return to full-time performance of his duties. For purposes of this Agreement, "Disability" means disability which after the expiration of more than twenty-six (26) weeks after its commencement is determined to be total and permanent by a licensed physician selected by the Corporation or its insurers and reasonably acceptable to the Executive or his legal representative.

In the event of the Executive's termination for Death or Disability, the Executive and, to the extent applicable, his legal representatives, executors, heirs, legatees and beneficiaries shall have no rights under this Agreement and their sole recourse, if any, shall be under the death or disability provisions of the plans, programs, policies and practices of the Corporation and/or its subsidiaries and affiliates, as appropriate.

(c) Notice of Termination. Any termination by the Corporation or its subsidiaries or affiliates other than for Death shall be communicated by a Notice of Termination to the Executive hereto given in accordance with Section 9(b). For purposes of this Agreement, a "Notice of Termination" means a written notice which (i) indicates the specific termination provision in this Agreement relied upon, (ii) sets forth in reasonable detail the facts and circumstances claimed to provide a basis for termination of the Executive's employment under the provision so indicated, and (iii) if the Date of Termination (as defined below) is other than the date of receipt of such notice, specifies the termination date (which date shall be not more than fifteen (15) days after the giving of such notice or, in the event of Disability, the Disability Effective Date).

(d) Date of Termination. Date of Termination means the date of receipt of the Notice of Termination or any later date specified therein, as the case may be; provided, however, that if the Executive's employment is terminated by reason of Death or Disability, the Date of Termination shall be the date of Death of the Executive or the Disability Effective Date, as the case may be.

(e) Severance Period. Unless terminated sooner pursuant to Section 1, the Severance Period means the period set forth below depending on the Executive's management level at the time the Notice of Termination was given, which period shall begin on the day following the Executive's Date of Termination:

Mgmt. Level 19 or above	Three (3) years
Mgmt. Level 15-18	Two (2) years
Mgmt. Level 14	One (1) year and six (6) months
Mgmt. Level 13	One (1) year
Mgmt. Level 12	Nine (9) months
Mgmt. Level 11	Six (6) months

4. Obligations of the Corporation.

(a) Circumstances of Termination.

(i) If, during the term of this Agreement prior to a Change of Control, the Corporation or its subsidiaries or affiliates shall terminate the Executive's employment for any reason other than for Death, Disability or Cause, the Corporation agrees to provide the Executive with compensation, benefits and perquisites in accordance with the terms and provisions set forth in Subsection (iii) below and the other provisions of this Agreement, and the Executive agrees that he shall be subject to such terms and provisions. The Executive shall not be deemed to have terminated his employment with the Corporation or any of its subsidiaries or affiliates, and thus shall not be entitled to any amounts or benefits pursuant to this Agreement, if he leaves the employ of the Corporation or any of its subsidiaries or affiliates for immediate reemployment with the Corporation or any of its subsidiaries or affiliates. Additionally, notwithstanding anything in this Agreement to the contrary, the Executive shall

not be entitled to any amounts or benefits pursuant to this Agreement if, as a result of the sale of all or substantially all of the stock or assets of one or more of the Corporation's subsidiaries or affiliates not constituting a Change of Control, the Executive continues as an employee of any of the companies whose stock or assets were sold or the Executive leaves the employ of the Corporation or any of its subsidiaries or affiliates and the Executive (A) is offered employment with the purchasing company or any of its subsidiaries or affiliates, or (B) is offered continuing employment with the Corporation or any of its remaining subsidiaries or affiliates. In the event of the occurrence of any of the events set forth in the preceding sentence, this Agreement shall terminate immediately and the Executive shall not be entitled to any amounts or benefits hereunder; provided, however, that this Agreement shall continue in effect if the Executive accepts the offer of continuing employment with the Corporation or any of its remaining subsidiaries or affiliates.

(ii) If during the term of this Agreement, the Executive shall terminate his employment with the Corporation or its subsidiaries or affiliates for any reason, or the Corporation or its subsidiaries or affiliates shall terminate the Executive's employment for Death, Disability or Cause, then the Executive shall not be entitled to any of the benefits set forth in Subsection (iii) below or in any other provision of this Agreement, except to the extent of the amounts which represent vested benefits or which the Executive is otherwise entitled to receive under any plan, program, policy or practice of the Corporation or any of its subsidiaries or affiliates at or subsequent to the Executive's Date of Termination.

(iii) If the Executive is entitled to receive severance pay and benefits under Subsection (i) above, the Corporation agrees to provide the Executive with the following compensation, benefits and perquisites, subject to Section 5(b):

(I) Cash Entitlement. The Corporation shall pay to the Executive the aggregate of the amounts determined pursuant to clauses a through e below:

a. Unpaid Salary and Vacation. If not already paid, the Executive's base salary and unused vacation entitlement through the Executive's Date of Termination at the rate in effect at the time the Notice of Termination was given.

b. Salary Multiple. A continuation of the Executive's annual base salary at the rate in effect at the time the Notice of Termination was given ("Annual Base Salary") for the Executive's applicable Severance Period (as defined in Section 3(e)).

c. Bonus Multiple. An amount equal to the product of (i) the Executive's Annual Base Salary multiplied by (ii) the stated maximum bonus opportunity percentage available to the Executive under the respective incentive compensation plan immediately preceding the Notice of Termination multiplied by (iii) the "Executive's Three Year Average Bonus Percentage" (as defined below) (the product of (i), (ii) and (iii) hereinafter referred to as the "Bonus Opportunity") multiplied by (iv) the following

multiple depending on the Executive's management level at the time the Notice of Termination was given:

Mgmt. Level 17 or above 1 Mgmt. Level 11-16 0

The "Executive's Three Year Average Bonus Percentage" is the sum of the bonus percentages paid to the Executive divided by the stated maximum bonus opportunity percentages available to the Executive rounded to one decimal place (e.g., 86.3%) for each of the three (3) fiscal years immediately preceding the date the Notice of Termination was given divided by three (3).

If the Executive has been employed by the Corporation and/or its subsidiaries or affiliates for less than three (3) fiscal years at the time the Notice of Termination was given, or if the Executive was not eligible to receive an incentive compensation award pursuant to an incentive compensation plan of the Corporation and/or its subsidiaries or affiliates for one (1) or more of the three (3) fiscal years immediately preceding the date the Notice of Termination was given, the bonus percentage to be applied in the "Executive's Three Year Bonus Percentage" calculation for any year in which the Executive was not employed or eligible to receive an incentive award will be the average bonus percentage paid for such year to all executives in the Corporation or the Executive's respective division, as appropriate, with a stated maximum bonus opportunity level similar to that of the Executive at the date the Notice of Termination was given divided by the average stated maximum bonus opportunity percentage available to these executives for such year rounded to one decimal place (e.g., 86.3%).

CALCULATION EXAMPLE OF EXECUTIVE'S THREE YEAR AVERAGE  
BONUS PERCENTAGE

Year	(1) Bonus Percentage Paid	(2) Stated Maximum Bonus Opportunity	(1)/(2) Bonus Opportunity Percent
-----	-----	-----	-----
1	55.1%	60.0%	91.8%
2	71.8%	80.0%	89.8%
3	102.0%	100.0%	102.0%
Sum			----- 283.6%
Executive's Three Year Average Bonus Percentage (Sum divided by 3)			94.5%

d. Tenure - Related Bonus. An amount equal to the product of the Bonus Opportunity determined in clause c above multiplied by the number of the Executive's full and prorated partial years of service with the Corporation and/or its subsidiaries or affiliates, subject to a maximum of twelve (12) years, divided by twelve (12).

e. Prior Year Bonus. If bonuses for the calendar year prior to the Executive's Date of Termination have been distributed and the Executive has not yet been paid his incentive compensation award for such calendar year, and his Date of Termination is subsequent to the incentive compensation award payment date for such calendar year, then the Executive shall receive an additional amount equal to the product of the actual salary earned by the Executive during the prior calendar year multiplied by the actual bonus percentage approved for the Executive for such calendar year under the respective incentive compensation plan.

The Executive agrees that he shall not be eligible for or entitled to any other incentive compensation award, including any pro rata incentive compensation award, pursuant to the Corporation's and/or its subsidiaries' or affiliates' incentive compensation plans. The Executive's agreement to this provision is a material consideration for the Corporation's executing this Agreement.

The Corporation shall pay to the Executive the amounts determined in clauses a through e above as follows:

Clause a: In a lump sum no later than the next normal pay period for the Executive, unless otherwise required by law.

Clause b: In equal semi-monthly installments on the fifteenth and last day of each month during the Severance Period.

Clause c: No later than the first March 1st following the Executive's Date of Termination.

Clauses d and e: In a lump sum within five (5) business days after the Executive's Date of Termination.

(II) Medical, Dental, Disability, Life Insurance and Other Similar Plans and Programs. Until the earliest to occur of (i) the last day of the Severance Period,

(ii) the date on which the Executive becomes eligible for the designated coverage as an employee of another employer which provides or offers such coverage to its employees, or (iii) in the case of benefits requiring employee contributions, the date the Executive fails to make such contributions pursuant to the Corporation's or the plan's instructions or otherwise cancels his coverage in accordance with plan provisions (the "Benefits Continuation Period"), the Corporation shall continue to provide all benefits which the

Executive and/or his family is or would have been entitled to receive under all medical, dental, disability, supplemental life, group life, and accidental death and dismemberment insurance plans and programs, and other similar plans and programs of the Corporation and/or its subsidiaries or affiliates not otherwise provided for in this Agreement, in each case on a basis providing the Executive and/or his family with the opportunity to receive benefits at least equal to those benefits provided by the Corporation and/or its subsidiaries or affiliates for the Executive under such plans and programs if and as in effect at the time the Notice of Termination was given whether or not such plans or programs were in effect at the time of the execution of this Agreement. The non-contributory benefits will be paid for by the Corporation. The medical and dental plan benefits, to the extent applicable, will be provided in accordance with the provisions of the Consolidated Omnibus Budget Reconciliation Act of 1985, as amended ("COBRA"), except that the Corporation shall pay the COBRA premiums for the standard medical and dental plan benefits during the Benefits Continuation Period. If the Executive's participation in any such plan or program is barred by COBRA or for any other reason, the Corporation shall pay or provide for payment of such benefits or substantially similar benefits to the Executive and/or his family. Failure of the Executive to accept available coverage from another employer or to notify the Corporation, in writing, within thirty (30) days of the Executive's eligibility for coverage under another employer's plan shall terminate the Severance Period and this Agreement immediately, and the Corporation shall have no further obligations to the Executive under this Agreement; provided, however, that the Executive will, if applicable, continue to be subject to the provisions of Section 5 of this Agreement. Upon termination of his coverage under this paragraph, the Executive may be eligible under COBRA to continue some of his benefits for an additional period of time. Additionally, the Executive has thirty-one (31) days from the last day of coverage in which to convert his group life insurance to an individual policy. The Executive must arrange for conversion through an agent of The Prudential Insurance Company of America, or such other insurance company as is then providing coverage.

(III) Car. a. If, at the time the Notice of Termination was given, the Executive was assigned a car and was in management level 14 or above, within five (5) business days after the Executive's Date of Termination, the Corporation shall transfer to the Executive free and clear title to the car assigned to the Executive at the time the Notice of Termination was given.

b. If, at the time the Notice of Termination was given, the Executive was assigned a car and was in management level 13 or below, then the following provisions will apply:

If the Executive has less than one (1) full year of service with the Corporation and/or its subsidiaries or affiliates, the Executive shall have no right to purchase or receive from the Corporation the car assigned to the Executive at the time the Notice

of Termination was given since the Executive shall have no rights under this Agreement pursuant to Section 4(c).

If the Executive has one (1) or more but fewer than five

(5) full years of service with the Corporation and/or its subsidiaries or affiliates, the Executive may purchase from the Corporation free and clear title to the car assigned to the Executive at the time the Notice of Termination was given for fifty percent (50%) of the average retail value of the car listed in the National Automobile Dealer's Association, Official Used Car Guide as of the date of the purchase.

If the Executive has completed five (5) or more full years of service with the Corporation and/or its subsidiaries or affiliates, the Corporation shall transfer to the Executive free and clear title to the car assigned to the Executive at the time the Notice of Termination was given.

Purchase arrangements and title transfer must be completed within five (5) business days after the Executive's Date of Termination.

c. The Executive shall not be entitled to any car telephone provided by the Corporation or its subsidiaries or affiliates and such car telephone, if applicable, shall be returned to the Corporation immediately upon title transfer. The Executive will be responsible for the sales tax on transfer as well as for all insurance, maintenance, taxes and other liabilities associated with the car after title transfer. Additionally, the Corporation shall assign to the Executive all claims for breach of warranty and other similar matters against the vendor and manufacturer of the car. The Executive agrees to accept such car in an "As-Is" condition. **THE EXECUTIVE WAS SOLELY RESPONSIBLE FOR THE SELECTION AND MAINTENANCE OF THE CAR AND THEREFORE ACKNOWLEDGES THAT THE CORPORATION DOES NOT MAKE ANY WARRANTY OR REPRESENTATION, EITHER EXPRESS OR IMPLIED, WITH RESPECT TO THE CAR, INCLUDING, BUT NOT LIMITED TO THE CONDITION OR DESIGN OF THE CAR, ANY LATENT DEFECTS OF THE CAR, THE MERCHANTABILITY OF THE CAR OR ITS FITNESS FOR ANY PARTICULAR PURPOSE.**

d. Notwithstanding the Executive's management level, if the Executive was receiving a car allowance at the time the Notice of Termination was given, the Corporation shall pay to the Executive, in a lump sum within five (5) business days after the Executive's Date of Termination, an amount equal to the product of the Executive's monthly car allowance in effect at the time the Notice of Termination was given multiplied by 12 multiplied by the following multiple depending on the Executive's management level at the time the Notice of Termination was given:

Mgmt. Level 19 or above 3 Mgmt. Level 15-18 2

Mgmt . Level 14	1 . 5
Mgmt . Level 13	1
Mgmt . Level 12	. 75
Mgmt . Level 11	. 5

(IV) Outplacement. Until the end of the Severance Period or until the Executive obtains another full-time job, whichever occurs first, the Corporation shall provide the Executive with professional outplacement services of the Corporation's choice and shall reimburse the Executive for documented incidental outplacement expenses directly related to job search such as resume mailing, interviewing trips, and clerical support, subject to a maximum cost of the lesser of (i) ten percent (10%) of the Executive's Annual Base Salary (as defined in clause (I)b above), or (ii) \$20,000 if the Executive was in management level 11-19 at the time the Notice of Termination was given or \$30,000 if the Executive was above management level 19 at the time the Notice of Termination was given. The Executive shall not be entitled to receive cash in lieu of the professional outplacement services provided by the Corporation.

(V) Perquisite, Country Club and Financial Planning/Tax Preparation Allowances. For the twelve (12) month perquisite, country club and financial planning/tax preparation payment period of the Corporation or the Executive's respective division, as appropriate (i.e., January - December or September - August), in which the Notice of Termination was given, if not yet paid, and one (1) additional twelve (12) month period thereafter, but in no event for longer than the Severance Period, the Corporation shall continue to provide the Executive with the perquisite, country club and financial planning/tax preparation allowances, as appropriate, the Executive would have been entitled to receive under the plans, programs, policies and practices of the Corporation and/or its subsidiaries or affiliates (subject to the Corporation's receipt of appropriate documented evidence of such expenses), in each case on a basis providing the Executive with an opportunity to receive benefits at least equal to those provided by the Corporation and/or its subsidiaries or affiliates for the Executive under such plans, programs, policies and practices if and as in effect at the time the Notice of Termination was given.

(VI) Split-Dollar Life Insurance and Deferred Compensation. Notwithstanding anything in the applicable agreements, plans or policies to the contrary, if the Executive is covered by the Corporation's split-dollar life insurance with its attendant deferred compensation benefit at the time the Notice of Termination is given, and the Executive wishes to retain both the life insurance coverage and its future deferred compensation benefit, the Executive may purchase the policy from the Corporation by paying the Corporation an amount equal to the cash value of the policy. If the Executive elects to purchase the policy from the Corporation, the Executive will have all the benefits inherent in ownership of the whole-life policy, including the cash value of the policy.



If the Executive wishes to retain the life insurance coverage only, the Executive may convert the policy by forfeiting the deferred compensation benefit. If the Executive chooses this alternative, the Corporation will transfer ownership of the policy to the Executive, and contemporaneously the Executive will execute an agreement relinquishing the deferred compensation benefit. This alternative transfers the entire cash value of the policy to the Executive and relieves the Corporation of the administrative record-keeping associated with the Executive's deferred compensation benefit.

The Executive must notify the Corporation of his election for the transfer of his split-dollar life insurance policy and deferred compensation benefit within thirty (30) days following the Executive's Date of Termination and the Corporation shall complete the transfer immediately upon receipt of such notice and the required payment or executed agreement.

(b) If a Change of Control occurs and the Executive is then receiving severance pay and benefits pursuant to Section 4(a) as a result of his termination by the Corporation or its subsidiaries or affiliates other than for Death, Disability or Cause prior to the Change of Control, the Corporation shall pay to the Executive in a lump sum, within five (5) business days after the Change of Control, an amount (in lieu of future periodic payments) equal to the present value of all future cash payments due to the Executive under this Agreement (including the maximum outplacement and perquisite, country club and financial planning/tax preparation allowances, as appropriate) using the First National Bank of Boston's base or prime commercial lending rate then in effect for such computation. The Corporation and the Executive shall continue to be liable to each other for all of their other respective obligations under this Agreement.

(c) Notwithstanding anything in this Agreement to the contrary, no amount shall be paid or payable under this Agreement unless the Executive has been employed by the Corporation and/or its subsidiaries or affiliates for at least twelve (12) consecutive months at the time of his termination. In the event the Executive is employed for less than twelve (12) consecutive months, the Executive hereby agrees that he shall not receive or be entitled to anything under this Agreement.

#### 5. Obligations of the Executive.

(a) Covenant of Confidentiality. All documents, records, techniques, business secrets and other information of the Corporation, its subsidiaries and affiliates which have or will come into the Executive's possession from time to time during the Executive's affiliation with the Corporation and/or any of its subsidiaries or affiliates and which the Corporation treats as confidential and proprietary to the Corporation and/or any of its subsidiaries or affiliates shall be deemed as such by the Executive and, shall be the sole and exclusive property of the Corporation, its subsidiaries and affiliates. The Executive agrees that the Executive will keep confidential and not divulge to any other party any of the Corporation's or its subsidiaries' or

affiliates' confidential information and business secrets, including, but not limited to, such matters as costs, profits, markets, sales, products, product lines, key personnel, pricing policies, operational methods, customers, customer requirements, suppliers, plans for future developments, and other business affairs and methods and other information not readily available to the public. Additionally, the Executive agrees that upon his termination of employment, the Executive shall promptly return to the Corporation any and all confidential and proprietary information of the Corporation and/or its subsidiaries or affiliates that is in his possession.

(b) If, at any time during the term of this Agreement, the Corporation or its subsidiaries or affiliates shall terminate the Executive's employment for any reason other than for Death, Disability or Cause, and the Executive shall elect to receive severance pay and benefits in accordance with Section 4, the Executive shall be subject to the following additional provisions:

(I) **Covenant Against Competition.** During the Severance Period, the Executive shall not, without the prior written consent of the Corporation's Chief Executive Officer, directly or indirectly engage or become a partner, director, officer, principal, employee, consultant, investor, creditor or stockholder in any business, proprietorship, association, firm or corporation not owned or controlled by the Corporation or its subsidiaries or affiliates which is engaged or proposes to engage or hereafter engages in a business competitive directly with the business conducted by the Corporation or any of its subsidiaries or affiliates in any geographic area where such business of the Corporation or its subsidiaries or affiliates is conducted; provided, however, that the Executive is not prohibited from owning one percent (1%) or less of the outstanding capital stock of any corporation whose stock is listed on a national securities exchange.

During the Severance Period, the Executive shall not, either on the Executive's own account or for any person, firm or company, solicit, interfere with or induce, or attempt to induce, any employee of the Corporation or any of its subsidiaries or affiliates to leave his employment or to breach his employment agreement, if any.

(II) Release. Upon his termination of employment, the Executive shall execute a release agreement in the form attached as Exhibit A and, to the extent applicable, a resignation letter in the form attached as Exhibit B, prior to and as a condition to receiving any payments or benefits pursuant to this Agreement.

(c) Specific Remedy. The Executive acknowledges and agrees that if the Executive commits a material breach of the Covenant of Confidentiality (Subsection (a) above) or the Covenant Against Competition (clause (I) of Subsection (b) above), the Corporation shall have the right to have the covenant specifically enforced by any court having appropriate jurisdiction on the grounds that any such breach will cause irreparable injury to the Corporation, and that money damages will not provide an adequate remedy to the Corporation. The Executive further acknowledges and agrees that the Covenant of Confidentiality and, if applicable, the Covenant Against Competition contained in this Agreement are fair, do not unreasonably restrict the Executive's future employment and business opportunities, and are commensurate with the compensation arrangements set out in this Agreement. In addition, once the Executive makes an election to receive severance pay and benefits pursuant to Section 4 and is subject to Subsection (b) above, the Executive shall have no right to return any amounts or benefits that are already paid or to refuse to accept any amounts or benefits that are payable in the future in lieu of his specific performance of his obligations under Subsection (b) above.

6. Non-exclusivity of Rights. Nothing in this Agreement shall prevent or limit the Executive's continuing or future participation in any benefit, bonus, incentive or other plans, programs, policies or practices provided by the Corporation or any of its subsidiaries or affiliates and for which the Executive may qualify, nor shall anything herein limit or otherwise affect such rights as the Executive may have under such plans, programs, policies or practices or under any stock option or other agreements with the Corporation or any of its subsidiaries or affiliates, specifically including but not limited to the Ryder System, Inc. 1980 Stock Incentive Plan, the deferred compensation agreements, the Corporation's and/or its subsidiaries' or affiliates' retirement, 401(k) and profit sharing plans, the Ryder System, Inc. Benefit Restoration Plan, supplemental disability and retiree life insurance. In the event there are any amounts which represent vested benefits or which the Executive is otherwise entitled to receive under these or any other plans, programs, policies or practices, including any plan, program, policy or practice adopted after the execution of this Agreement, of the Corporation or any of its subsidiaries or affiliates at or subsequent to the Executive's Date of Termination, the Corporation shall cause the relevant plan, program, policy or practice to pay such amount, to the extent not already paid, in accordance with the provisions of such plan, program, policy or practice. The phrase "Termination Date" as used in the Ryder System, Inc. 1980 Stock Incentive Plan shall mean the end of the Severance Period with respect to Non-Qualified Stock Options granted to the Executive, if any, pursuant to such plan, and the Executive's Date of Termination with respect to Incentive Stock Options and Restricted Stock Rights granted to the Executive, if any, thereunder. The last day of the Severance Period will be considered to be the Executive's termination date for purposes of the Executive's deferred compensation agreement(s), if any.

7. No Mitigation. In no event shall the Executive be obligated to seek other employment by way of mitigation of the amounts payable to the Executive under any of the provisions of this Agreement nor, except as specifically provided otherwise in this Agreement, shall the amount of any payment provided for under this Agreement be reduced by any compensation or benefits earned by the Executive as the result of employment by another employer after the Date of Termination, or otherwise.

8. Assignment. This Agreement is personal to the Executive and the Executive does not have the right to assign this Agreement or any interest herein. This Agreement shall inure to the benefit of and be binding upon the Corporation and its successors.

9. Miscellaneous. (a) This Agreement shall be governed by and construed in accordance with the laws of the state of Florida, without reference to principles of conflict of laws. The captions of this Agreement are not part of the provisions hereof and shall have no force or effect. This Agreement may not be amended or modified otherwise than by a written agreement executed by the parties hereto or their respective successors and legal representatives.

(b) All notices and other communications hereunder shall be in writing and shall be given by hand delivery to the other party or by registered or certified mail, return receipt requested, postage prepaid, addressed as follows:

If to the Executive: at the Executive's last address appearing in the payroll/personnel records of the Corporation.

**If to the Corporation:**

Ryder System, Inc.  
3600 N.W. 82nd Avenue  
Miami, Florida 33166  
Attention: General Counsel

or to such other address as either party shall have furnished to the other in writing in accordance herewith. Notice and communications shall be effective when actually received by the addressee.

(c) The invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement.

(d) The Executive understands and acknowledges that the payments and benefits provided to the Executive pursuant to this Agreement may be unsecured, unfunded obligations of the Corporation. The Executive further understands and acknowledges that the payments and benefits under this Agreement, including but not limited to the cash payments, the car, the outplacement, and the split-dollar life insurance, may be compensation and as such may be included in either the Executive's W-2 earnings statements or 1099 statements. The Corporation may withhold from any amounts payable under this Agreement such federal, state or local taxes as shall be required to be withheld pursuant to any applicable law or regulation, as well as any other deductions consented to in writing by the Executive.

(e) This Agreement, including its attached Exhibits, contains the entire understanding of the Corporation and the Executive with respect to the subject matter hereof. No agreements or representations, oral or written, express or implied, with respect to the subject matter hereof have been made by either party which are not set forth expressly in this Agreement and its attached Exhibits.

(f) The employment of the Executive by the Corporation or its subsidiaries or affiliates may be terminated by either the Executive or the Corporation or its subsidiaries or affiliates at any time and for any reason. Nothing contained in this Agreement shall affect such rights to terminate; provided, however, that nothing in this Section 9(f) shall prevent the terms and provisions of this Agreement from being enforced in the event of a termination described in Section 4(a).

(g) Whenever used in this Agreement, the masculine gender shall include the feminine or neuter wherever necessary or appropriate and vice versa and the singular shall include the plural and vice versa.

(h) This Agreement may be executed in one or more counterparts, each of which shall be deemed to be an original but all of which together will constitute one and the same instrument.

IN WITNESS WHEREOF, the Executive has hereunto set his hand and the Corporation has caused these presents to be executed in its name on its behalf, and its corporate seal to be hereunto affixed and attested by its assistant secretary, all as of the day and year first above written.

-----  
Witness

-----  
Executive

-----  
Witness

-----  
Social Security Number

ATTEST:

RYDER SYSTEM, INC.  
(the "Corporation")

-----  
Assistant Secretary

By: -----  
Executive Vice President

(Seal)

## Severance Agreement

### EXHIBIT A

#### RELEASE AGREEMENT

FOR AND IN CONSIDERATION OF THE PAYMENT TO ME OF THE SEVERANCE BENEFITS PURSUANT TO THE SEVERANCE AGREEMENT BETWEEN RYDER SYSTEM, INC. ("RSI") AND ME DATED \_\_\_\_\_, 19\_\_ (THE "SEVERANCE AGREEMENT"), I, (Executive's Name), ON BEHALF OF MYSELF, MY HEIRS, SUCCESSORS AND ASSIGNS (COLLECTIVELY "I" OR "ME"), HEREBY RELEASE AND FOREVER DISCHARGE RSI AND ALL OF ITS SUBSIDIARIES AND AFFILIATES, THEIR AGENTS, EMPLOYEES, OFFICERS, DIRECTORS, SUCCESSORS AND ASSIGNS (COLLECTIVELY THE "CORPORATION"), FROM ANY AND ALL CLAIMS, DEMANDS, ACTIONS, AND CAUSES OF ACTION, AND ALL LIABILITY WHATSOEVER, WHETHER KNOWN OR UNKNOWN, SUSPECTED OR UNSUSPECTED, FIXED OR CONTINGENT, WHICH I HAVE OR MAY HAVE AGAINST THE CORPORATION AS A RESULT OF MY EMPLOYMENT BY AND SUBSEQUENT TERMINATION AS AN EMPLOYEE OF THE CORPORATION, UP TO THE DATE OF THIS AGREEMENT. THIS INCLUDES BUT IS NOT LIMITED TO CLAIMS AT LAW OR EQUITY OR SOUNDING IN CONTRACT (EXPRESS OR IMPLIED) OR TORT ARISING UNDER FEDERAL, STATE, OR LOCAL LAWS PROHIBITING AGE, SEX, RACE, DISABILITY, VETERAN OR ALL OTHER FORMS OF DISCRIMINATION (INCLUDING THE AGE DISCRIMINATION IN EMPLOYMENT ACT, THE AMERICANS WITH DISABILITIES ACT OF 1990 AND TITLE VII OF THE CIVIL RIGHTS ACT OF 1964, AS AMENDED) OR CLAIMS GROWING OUT OF ANY LEGAL RESTRICTIONS ON THE CORPORATION'S RIGHT TO TERMINATE ITS EMPLOYEES.

This Agreement does not release the Corporation from any of its current, future or ongoing obligations under the Severance Agreement, specifically including but not limited to cash payments and benefits due me.

I understand and agree that this Agreement and the Severance Agreement shall not in any way be construed as an admission by the Corporation of any unlawful or wrongful acts whatsoever against me or any other person, and the Corporation specifically disclaims any liability to or wrongful acts against me or any other person.

I agree that the terms and provisions of this Agreement and the Severance Agreement, as well as any and all incidents leading to or resulting from this Agreement and the Severance Agreement, are confidential and that I may not discuss them with anyone without the prior written consent of RSI's or its successor's Chief Executive Officer, except as required by law; provided, however, that I agree to immediately give RSI or its successor notice of any request to discuss this Agreement or the Severance Agreement and to provide RSI or its successor with the opportunity to contest such request prior to my response. Additionally, I agree that during the Severance Period (as defined in the Severance Agreement), I shall not make any remarks disparaging the conduct or character of the Corporation and that I will cooperate with the Corporation, at no extra cost, in any litigation and administrative proceedings (e.g. EEOC charges) involving any matters with which I was involved during my employment with the Corporation.

This Agreement shall be governed by and construed in accordance with the laws of the state of Florida, without reference to principles of conflict of laws. This Agreement may not be amended or modified otherwise than by a written agreement executed by RSI and me or our respective successors and legal representatives.

The invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement.

I UNDERSTAND AND ACKNOWLEDGE THAT I HAVE SEVEN (7) CALENDAR DAYS FOLLOWING MY EXECUTION OF THIS AGREEMENT TO REVOKE MY ACCEPTANCE OF THIS AGREEMENT AND THAT THIS AGREEMENT SHALL NOT BECOME EFFECTIVE OR ENFORCEABLE UNTIL THE REVOCATION PERIOD HAS EXPIRED.

I CERTIFY THAT I HAVE FULLY READ, HAVE RECEIVED AN EXPLANATION OF, HAVE NEGOTIATED AND COMPLETELY UNDERSTAND THE PROVISIONS OF THIS AGREEMENT, AND THAT I HAVE BEEN ADVISED BY THE CORPORATION THAT I SHOULD CONSULT WITH AN ATTORNEY BEFORE SIGNING THIS AGREEMENT. I FURTHER CERTIFY THAT I HAVE HAD ADEQUATE TIME TO REVIEW AND CONSIDER THE PROVISIONS OF THIS AGREEMENT AND THAT I AM SIGNING THIS AGREEMENT FREELY AND VOLUNTARILY, WITHOUT DURESS, COERCION OR UNDUE INFLUENCE.

Dated this \_\_\_\_ day of \_\_\_\_\_, 19\_\_.

-----  
Witness

-----  
Executive

-----  
Witness

-----  
Social Security Number

Executive's Date of Termination:\_\_\_\_\_

STATE OF \_\_\_\_\_)

) ss:

COUNTY OF \_\_\_\_\_)

Before me personally appeared \_\_\_\_\_, to me well known and known to me to be the person described in and who executed the foregoing instrument, and acknowledged to and before me that he/she executed said instrument for the purposes therein expressed.

WITNESS my hand and official seal this \_\_\_\_\_ day of \_\_\_\_\_, 19\_\_

---

**Notary Public**

**Commission Expires:**

- - - - - (Seal)



**Severance Agreement**

**EXHIBIT B**

**Resignation Letter**

**TO THE BOARD OF DIRECTORS  
OF RYDER SYSTEM, INC.**

Gentlemen:

Effective immediately, I hereby resign as an officer and/or director of Ryder System, Inc. and/or its subsidiaries and affiliates and, to the extent applicable, from all committees of which I am a member.

Sincerely,

---

**Executive's Name**

---

**Date**

19

EXHIBIT 10.6(b) The form of Ryder System, Inc. incentive compensation deferral agreement dated as of November 30, 1993.

**INCENTIVE COMPENSATION DEFERRAL AGREEMENT**

THIS AGREEMENT, dated as of November 30, 1993, between Ryder System, Inc. (the "Company") and \_\_\_\_\_  
(the "Executive").

**WITNESSETH:**

WHEREAS, the Company has established an incentive compensation plan, with respect to the performance of the Executive and the Company during 1993, in which the Executive is eligible to participate; and

WHEREAS, the Executive and the Company desire to enter into an arrangement with respect to the deferred payment of a portion of such incentive compensation upon the terms and conditions set forth herein;

NOW, THEREFORE, in consideration of the mutual covenants and benefits set forth herein, the Company and the Executive hereby agree as follows:

1. \$ \_\_\_\_\_ or \_\_\_\_\_%, whichever is less, of the Executive's 1993 incentive compensation award to be made in 1994, less any deductions consented to in writing by the Executive, shall be deferred by the Company.

2. The deferred incentive compensation is subject to FICA tax at the time the incentive compensation award is made. Therefore, the Executive and the Company agree that the FICA tax will be paid in the manner determined by the Company. Interest will be computed as set forth in Article 3 hereof on the amount of the incentive compensation award deferred pursuant to Article 1 hereof.

The deferred incentive compensation plus interest computed as set forth in Article 3 hereof (the "Deferred Compensation") shall be payable to the Executive, the Executive's designated beneficiary, or the Executive's estate as set forth in this Agreement.

3. Interest will be credited to the Executive's account at December 31st of each year. Interest will accrue at a rate equal to the average annual base rate charged by the First National Bank of Boston, compounded annually, provided, however, that such annual interest rate will not exceed 12% nor be less than 5%. Interest will accrue on the average daily balance of the Executive's account beginning with the date on which the deferred compensation or accrued interest is credited to the Executive's account and ending with the date on which the deferred compensation or accrued interest is actually paid.

**Executive Initials** \_\_\_\_\_

The Executive may elect payment of the account balance either in installments or in a lump sum. Installment payments will be computed by dividing the combined total of deferred compensation and credited interest, as of the prior year end, by the number of installments remaining. Lump sum and final installment payments will include principal and interest credited to the Executive's account as of the prior year end and all interest accrued subsequently in the year of payment.

4. Deferred Compensation shall be paid to the Executive after the first to occur of the listed events and in accordance with the method of payment and commencement date selected by the Executive on the attached Exhibit A which is made a part of this Agreement. Notwithstanding the foregoing, in the event of a Change of Control of the Company as defined by the Company's Board of Directors on August 20, 1993, the Company shall immediately pay the Deferred Compensation in a lump sum to the Executive.

The Executive should notify the Director of Corporate Accounting immediately upon the occurrence of the triggering event to ensure timely payment. For purposes of Exhibit A, the term "effective date" means the Executive's last day of employment or the last day of the Executive's severance period, if applicable, whichever occurs later.

For purposes of this Article 4, the Executive shall be deemed to be continuously employed by the Company or any affiliate of the Company if the Executive is re-employed by the Company or an affiliate of the Company within four weeks of the date the Executive's employment first ceased.

5. The Executive shall have the right to designate a beneficiary who, in the event of the Executive's death prior to the payment of any or all of the Deferred Compensation pursuant to this Agreement, shall receive the unpaid Deferred Compensation. Such designation shall be made by the Executive on the form attached hereto. The Executive may, at any time, change or revoke such designation by written notice to the Director of Compensation.

6. (a) If the Executive dies prior to receipt of any or all of the Deferred Compensation, no Deferred Compensation shall be paid for a period of thirty days from the date the Director of Compensation receives written notice of the Executive's death.
- (b) If the Executive has designated a beneficiary pursuant to Article 5 hereof, on the first day of the month following such thirty day period, the unpaid Deferred Compensation shall be paid to the designated beneficiary in a lump sum, unless the Executive's beneficiary elects within such thirty day period, by written notice to the Director of Compensation that the Deferred Compensation be paid to such beneficiary in annual (2-10) installments or not be paid at all.
- (c) If the Executive does not designate a beneficiary or the designated beneficiary predeceases the Executive or elects not to receive the unpaid Deferred

Compensation, the unpaid Deferred Compensation plus accrued interest shall be paid to the Executive's estate in a lump sum on the first day of the month following the thirty day period.

(d) If the designated beneficiary dies after the Executive but prior to the payment of the Deferred Compensation and has not elected not to receive such Deferred Compensation, no Deferred Compensation shall be paid for a period of thirty days from the date the Director of Compensation receives written notice of the death of the designated beneficiary. The Deferred Compensation plus accrued interest shall then be paid to the estate of the designated beneficiary in a lump sum on the first day of the month following such thirty day period.

7. The Company shall pay to the Executive during the term of the Executive's employment that portion of the Deferred Compensation which shall be necessary in the case of an unforeseeable emergency. For purposes of this Article 7 an unforeseeable emergency shall mean an unanticipated emergency that is caused by an event beyond the control of the Executive and that would result in severe financial hardship to the Executive if early withdrawal were not permitted. The Compensation Committee of the Board of Directors of the Company (the "Compensation Committee") shall limit any early withdrawal to the amount necessary to meet the emergency. The Executive shall apply to the Compensation Committee for any emergency payment under this Article 7 and shall furnish to the Compensation Committee such information as the Executive deems appropriate and as the Company and counsel for the Company deem necessary and appropriate to make such determination. The determination of the Compensation Committee as to whether a payment is warranted under this Article 7, and the amount of such payment, shall be conclusive and binding on the Executive and the Company.

8. The Deferred Compensation shall be paid out of the general funds of the Company and no funds shall be set aside therefor. The Executive shall have the status of a general unsecured creditor of the Company and this Agreement constitutes a mere promise by the Company to make benefit payments in the future. It is the intention of the parties that the arrangements be unfunded for tax purposes and for purposes of Title I of the Employee Retirement Income Security Act of 1974, as amended ("ERISA").

9. Any rights to receive Deferred Compensation payments under this Agreement are not subject in any manner to anticipation, alienation, sale, transfer, assignment, pledge, encumbrance, attachment, or garnishment by creditors of the Executive or the Executive's beneficiary. Any such attempted action shall be null and void and shall extinguish the Company's obligation under this Agreement to pay Deferred Compensation.

10. For purposes of determining deferrals or entitlements under certain other benefit programs maintained by the Company in which the Executive participates including, but not limited to, the Company's Retirement Plan and the Company's Employee Savings Plan, any amount of incentive compensation deferred pursuant to this Agreement will not be

included in the Executive's compensation base unless and until such deferred amount is paid to the Executive while the Executive is employed by the Company or any affiliate of the Company.

11. The Executive and the Company acknowledge that this Agreement is not an employment agreement between the Executive and the Company, and that the Company and the Executive each has the right to terminate the Executive's employment at any time for any reason unless there is a written employment contract to the contrary.

12. This Agreement shall be binding upon any successor to the Company by merger, consolidation, purchase or otherwise.

13. This Agreement, together with the Executive's beneficiary designation, constitutes the entire agreement between the Company and the Executive regarding the Deferred Compensation and shall not be modified except upon the written agreement of the Company and the Executive.

14. This Agreement shall be governed in accordance with the laws of the State of Florida.

IN WITNESS WHEREOF, the parties hereto have executed and delivered this Agreement as of the day and year first above written.

\_\_\_\_\_  
(Executive)  
\_\_\_\_\_

**Social Security Number**

**RYDER SYSTEM, INC.**

By:

James M. Herron Senior Executive Vice President and General Counsel

In accordance with Article 5 of the Incentive Compensation Deferral Agreement set forth above, I hereby designate \_\_\_\_\_ my beneficiary.

\_\_\_\_\_  
(Executive)

included in the Executive's compensation base unless and until such deferred amount is paid to the Executive while the Executive is employed by the Company or any affiliate of the Company.

11. The Executive and the Company acknowledge that this Agreement is not an employment agreement between the Executive and the Company, and that the Company and the Executive each has the right to terminate the Executive's employment at any time for any reason unless there is a written employment contract to the contrary.

12. This Agreement shall be binding upon any successor to the Company by merger, consolidation, purchase or otherwise.

13. This Agreement, together with the Executive's beneficiary designation, constitutes the entire agreement between the Company and the Executive regarding the Deferred Compensation and shall not be modified except upon the written agreement of the Company and the Executive.

14. This Agreement shall be governed in accordance with the laws of the State of Florida.

IN WITNESS WHEREOF, the parties hereto have executed and delivered this Agreement as of the day and year first above written.

\_\_\_\_\_  
(Executive)  
\_\_\_\_\_

**Social Security Number**

**RYDER SYSTEM, INC.**

By:

M. Anthony Burns Chairman of the Board, President and Chief Executive Officer

In accordance with Article 5 of the Incentive Compensation Deferral Agreement set forth above, I hereby designate \_\_\_\_\_ my beneficiary.

\_\_\_\_\_  
(Executive)

included in the Executive's compensation base unless and until such deferred amount is paid to the Executive while the Executive is employed by the Company or any affiliate of the Company.

11. The Executive and the Company acknowledge that this Agreement is not an employment agreement between the Executive and the Company, and that the Company and the Executive each has the right to terminate the Executive's employment at any time for any reason unless there is a written employment contract to the contrary.

12. This Agreement shall be binding upon any successor to the Company by merger, consolidation, purchase or otherwise.

13. This Agreement, together with the Executive's beneficiary designation, constitutes the entire agreement between the Company and the Executive regarding the Deferred Compensation and shall not be modified except upon the written agreement of the Company and the Executive.

14. This Agreement shall be governed in accordance with the laws of the State of Florida.

IN WITNESS WHEREOF, the parties hereto have executed and delivered this Agreement as of the day and year first above written.

---

(Executive)

---

**Social Security Number**

**RYDER SYSTEM, INC.**

By:

C. Robert Campbell Executive Vice President - Human Resources and Administration

In accordance with Article 5 of the Incentive Compensation Deferral Agreement set forth above, I hereby designate  
\_\_\_\_\_ my beneficiary.

---

(Executive)



EXHIBIT A

TO INCENTIVE COMPENSATION DEFERRAL AGREEMENT
DATED AS OF NOVEMBER 30, 1993

INSTRUCTIONS: Indicate your selections by circling one (1) Method of Payment and one (1) Commencement Date for each event listed. If you select installments or a specific month or date for payment, fill in the appropriate information. Then initial or sign this Exhibit, as appropriate, where indicated. The "FIXED DATE" event is optional and should not be completed unless some form of distribution is desired prior to retirement or termination.

Event Triggering Payment

I. Early Retirement

METHOD OF PAYMENT
- Lump Sum = deferred amount plus accrued interest.
- Annual Installments
Select 2-10: =
account balance plus interest credited thereto divided by number of installments outstanding.

COMMENCEMENT DATE
- January 1st following effective date of early retirement.
- First day of month following effective date of early retirement.
- First day of month that you elect following effective date of early retirement. Specify month:

II. Normal Retirement

METHOD OF PAYMENT
- Lump Sum = deferred amount plus accrued interest.
- Annual Installments
Select 2-10: =
account balance plus interest credited thereto divided by number of installments outstanding.

COMMENCEMENT DATE
- January 1st following effective date of normal retirement.
- First day of month following effective date of normal retirement.
- First day of month that you elect following effective date of normal retirement. Specify month:

Executive Initials \_\_\_\_\_

**Exhibit A (continued)**

**Event Triggering Payment**

**III. Voluntary or Involuntary Termination**

METHOD OF PAYMENT	COMMENCEMENT DATE
- Lump Sum = deferred amount plus accrued interest.	- January 1st following effective date of voluntary or involuntary termination.
- Annual Installments Select 2-10: _____ = account balance plus interest credited thereto divided by number of installments outstanding.	- First day of month following effective date of voluntary or involuntary termination.

**IV. Disability Termination  
(prior to eligibility for retirement)**

METHOD OF PAYMENT	COMMENCEMENT DATE
- Lump Sum = deferred plus accrued interest.	- January 1st following effective date of disability termination.
- Annual Installments Select 2-10: _____ = account balance plus interest credited thereto divided by number of installments outstanding.	- First day of month following effective date of disability termination.

**Executive Initials** \_\_\_\_\_

THE TERM "EFFECTIVE DATE" MEANS THE EXECUTIVE'S LAST DAY OF EMPLOYMENT OR THE LAST DAY OF THE EXECUTIVE'S SEVERANCE PERIOD, IF APPLICABLE, WHICHEVER OCCURS LATER.

Exhibit A (continued)

Event Triggering Payment

V. Fixed Date Full Payment (Optional)

METHOD OF PAYMENT

- Lump Sum = deferred amount plus accrued interest.

- Annual Installments
Select 2-10: =
account balance plus interest credited thereto divided by number of installments outstanding.

COMMENCEMENT DATE

- First day of month of fixed date. Specify month and year:

VI. Fixed Date Partial Payment (Optional)

METHOD OF PAYMENT

- Lump Sum = partial payment amount with the remainder to be paid as indicated by the first appropriate event triggering payment.

- Annual Installments
Select 2-10: =
partial payment amount divided by number of installments outstanding with the remainder to be paid as indicated by the first appropriate event triggering payment.

COMMENCEMENT DATE

- First day of month of fixed date. Specify month and year:

Amount \$ or %

(Executive)



**SALARY DEFERRAL AGREEMENT**

THIS AGREEMENT, dated as of November 30, 1993, between Ryder System, Inc. (the "Company") and \_\_\_\_\_ (the "Executive").

**WITNESSETH:**

WHEREAS, the Executive is serving as an executive of the Company at an annual rate of \$\_\_\_\_\_ as of November 30, 1993; and

WHEREAS, the Executive and the Company desire to enter into an arrangement with respect to the deferred payment of a portion of the Executive's salary upon the terms and conditions set forth herein;

NOW, THEREFORE, in consideration of the mutual covenants and benefits set forth herein, the Company and the Executive hereby agree as follows:

1. \$\_\_\_\_\_ of the Executive's 1994 annual salary shall be deferred by the Company, in equal installments, from the semi-monthly salary payments paid to the Executive during such year. The deferred salary is subject to FICA tax at the time the salary payments are made. Therefore, the Executive and the Company agree that the FICA tax will be paid in the manner determined by the Company. Such deferred salary plus interest computed and accrued as set forth in Article 2 hereof (the "Deferred Compensation") shall be payable to the Executive, the Executive's designated beneficiary, or the Executive's estate as set forth in this Agreement.

2. Interest will be credited to the Executive's account at December 31st of each year. Interest will accrue at a rate equal to the average annual base rate charged by the First National Bank of Boston, compounded annually, provided, however, that such annual interest rate will not exceed 12% nor be less than 5%. Interest will accrue on the average daily balance of the Executive's account beginning with the date on which the deferred compensation or accrued interest is credited to the Executive's account and ending with the date on which the deferred compensation or accrued interest is actually paid.

The Executive may elect payment of the account balance either in installments or in a lump sum. Installment payments will be computed by dividing the combined total of deferred compensation and credited interest, as of the prior year end, by the number of installments remaining. Lump sum and final installment payments will include principal and interest credited to the Executive's account as of the prior year end and all interest accrued subsequently in the year of payment.

**Executive Initials** \_\_\_\_\_

3. Deferred Compensation shall be paid to the Executive after the first to occur of the listed events and in accordance with the method of payment and commencement date selected by the Executive on the attached Exhibit A which is made a part of this Agreement. Notwithstanding the foregoing, in the event of a Change of Control of the Company as defined by the Company's Board of Directors on August 20, 1993, the Company shall immediately pay the Deferred Compensation in a lump sum to the Executive.

The Executive should notify the Director of Corporate Accounting immediately upon the occurrence of the triggering event to ensure timely payment. For purposes of Exhibit A, the term "effective date" means the Executive's last day of employment or the last day of the Executive's severance period, if applicable, whichever occurs later.

For purposes of this Article 3, the Executive shall be deemed to be continuously employed by the Company or any affiliate of the Company if the Executive is re-employed by the Company or an affiliate of the Company within four weeks of the date the Executive's employment first ceased.

4. The Executive shall have the right to designate a beneficiary who, in the event of the Executive's death prior to the payment of any or all of the Deferred Compensation pursuant to this Agreement, shall receive the unpaid Deferred Compensation. Such designation shall be made by the Executive on the form attached hereto. The Executive may, at any time, change or revoke such designation by written notice to the Director of Compensation.

5. (a) If the Executive dies prior to receipt of any or all of the Deferred Compensation, no Deferred Compensation shall be paid for a period of thirty days from the date the Director of Compensation receives written notice of the Executive's death.
- (b) If the Executive has designated a beneficiary pursuant to Article 4 hereof, on the first day of the month following such thirty day period, the unpaid Deferred Compensation shall be paid to the designated beneficiary in a lump sum, unless the Executive's beneficiary elects within such thirty day period, by written notice to the Director of Compensation, that the Deferred Compensation be paid to such beneficiary in annual (2 - 10) installments or not be paid at all.
- (c) If the Executive does not designate a beneficiary or the designated beneficiary predeceases the Executive or elects not to receive the unpaid Deferred Compensation, the unpaid Deferred Compensation plus accrued interest shall be paid to the Executive's estate in a lump sum on the first day of the month following the thirty day period.

(d) If the designated beneficiary dies after the Executive but prior to the payment of the Deferred Compensation and has not elected not to receive such Deferred Compensation, no Deferred Compensation shall be paid for a period of thirty days from the date the Director of Compensation receives written notice of the death of the designated beneficiary. The Deferred Compensation plus accrued interest shall then be paid to the estate of the designated beneficiary in a lump sum on the first day of the month following such thirty day period.

6. The Company shall pay to the Executive during the term of the Executive's employment that portion of the Deferred Compensation which shall be necessary in the case of an unforeseeable emergency. For purposes of this Article 6 an unforeseeable emergency shall mean an unanticipated emergency that is caused by an event beyond the control of the Executive and that would result in severe financial hardship to the Executive if early withdrawal were not permitted. The Compensation Committee of the Board of Directors of the Company (the "Compensation Committee") shall limit any early withdrawal to the amount necessary to meet the emergency. The Executive shall apply to the Compensation Committee for any emergency payment under this Article 6 and shall furnish to the Compensation Committee such information as the Executive deems appropriate and as the Company and counsel for the Company deem necessary and appropriate to make such determination. The determination of the Compensation Committee as to whether a payment is warranted under this Article 6, and the amount of such payment, shall be conclusive and binding on the Executive and the Company.

7. The Deferred Compensation shall be paid out of the general funds of the Company and no funds shall be set aside therefor. The Executive shall have the status of a general unsecured creditor of the Company and this Agreement constitutes a mere promise by the Company to make benefit payments in the future. It is the intention of the parties that the arrangements be unfunded for tax purposes and for purposes of Title I of the Employee Retirement Income Security Act of 1974, as amended ("ERISA").

8. Any rights to receive Deferred Compensation payments under this Agreement are not subject in any manner to anticipation, alienation, sale, transfer, assignment, pledge, encumbrance, attachment, or garnishment by creditors of the Executive or the Executive's beneficiary. Any such attempted action shall be null and void and shall extinguish the Company's obligation under this Agreement to pay Deferred Compensation.

9. For purposes of determining deferrals or entitlements under certain other benefit programs maintained by the Company in which the Executive participates including, but not limited to, the Company's Retirement Plan and the Company's Employee Savings Plan, any amount of salary deferred pursuant to this Agreement will not be included in the Executive's compensation base unless and until such deferred amount is paid to the Executive while the Executive is employed by the Company or any affiliate of the Company.

10. The Executive and the Company acknowledge that this Agreement is not an employment agreement between the Executive and the Company, and the Company and the Executive each has the right to terminate the Executive's employment at any time for any reason unless there is a written employment agreement to the contrary.

11. This Agreement shall be binding upon any successor to the Company by merger, consolidation, purchase or otherwise.

12. This Agreement, together with the Executive's beneficiary designation, constitutes the entire agreement between the Company and the Executive regarding the Deferred Compensation and shall not be modified except upon the written agreement of the Company and the Executive.

13. This Agreement shall be governed in accordance with the laws of the State of Florida.

IN WITNESS WHEREOF, the parties hereto have executed and delivered this Agreement as of the day and year first above written.

---

(Executive)

---

**Social Security Number**

**RYDER SYSTEM, INC.**

By:

M. Anthony Burns Chairman of the Board President and Chief Executive Officer

In accordance with Article 4 of the Salary Deferral Agreement set forth above, I hereby designate  
\_\_\_\_\_ my beneficiary.

---

(Executive)



10. The Executive and the Company acknowledge that this Agreement is not an employment agreement between the Executive and the Company, and the Company and the Executive each has the right to terminate the Executive's employment at any time for any reason unless there is a written employment agreement to the contrary.

11. This Agreement shall be binding upon any successor to the Company by merger, consolidation, purchase or otherwise.

12. This Agreement, together with the Executive's beneficiary designation, constitutes the entire agreement between the Company and the Executive regarding the Deferred Compensation and shall not be modified except upon the written agreement of the Company and the Executive.

13. This Agreement shall be governed in accordance with the laws of the State of Florida.

IN WITNESS WHEREOF, the parties hereto have executed and delivered this Agreement as of the day and year first above written.

---

(Executive)

---

**Social Security Number**

**RYDER SYSTEM, INC.**

By:

James M. Herron Senior Executive Vice President and General Counsel

In accordance with Article 4 of the Salary Deferral Agreement set forth above, I hereby designate  
\_\_\_\_\_ my beneficiary.

---

(Executive)

10. The Executive and the Company acknowledge that this Agreement is not an employment agreement between the Executive and the Company, and the Company and the Executive each has the right to terminate the Executive's employment at any time for any reason unless there is a written employment agreement to the contrary.

11. This Agreement shall be binding upon any successor to the Company by merger, consolidation, purchase or otherwise.

12. This Agreement, together with the Executive's beneficiary designation, constitutes the entire agreement between the Company and the Executive regarding the Deferred Compensation and shall not be modified except upon the written agreement of the Company and the Executive.

13. This Agreement shall be governed in accordance with the laws of the State of Florida.

IN WITNESS WHEREOF, the parties hereto have executed and delivered this Agreement as of the day and year first above written.

---

(Executive)

---

**Social Security Number**

**RYDER SYSTEM, INC.**

By:

C. Robert Campbell Executive Vice President - Human Resources and Administration

In accordance with Article 4 of the Salary Deferral Agreement set forth above, I hereby designate  
\_\_\_\_\_ my beneficiary.

---

(Executive)

EXHIBIT A

TO SALARY DEFERRAL AGREEMENT  
DATED AS OF NOVEMBER 30, 1993

INSTRUCTIONS: Indicate your selections by circling one (1) Method of Payment and one (1) Commencement Date for each event listed. If you select installments or a specific month or date for payment, fill in the appropriate information. Then initial or sign this Exhibit, as appropriate, where indicated. The "FIXED DATE" event is optional and should not be completed unless some form of distribution is desired prior to retirement or termination.

Event Triggering Payment

I. Early Retirement

METHOD OF PAYMENT  
-----  
 - Lump Sum = deferred amount plus accrued interest.  
  
 - Annual Installments  
 Select 2-10: \_\_\_\_\_ =  
 \_\_\_\_\_  
 account balance plus interest credited thereto divided by number of installments outstanding.

COMMENCEMENT DATE  
-----  
 - January 1st following effective date of early retirement.  
  
 - First day of month following effective date of early retirement.  
  
 - First day of month that you elect following effective date of early retirement. Specify month:  
 \_\_\_\_\_

II. Normal Retirement

METHOD OF PAYMENT  
-----  
 - Lump Sum = deferred amount plus accrued interest.  
  
 - Annual Installments  
 Select 2-10: \_\_\_\_\_ =  
 \_\_\_\_\_  
 account balance plus interest credited thereto divided by number of installments outstanding.

COMMENCEMENT DATE  
-----  
 - January 1st following effective date of normal retirement.  
  
 - First day of month following effective date of normal retirement.  
  
 - First day of month that you elect following effective date of normal retirement. Specify month:  
 \_\_\_\_\_

Executive Initials \_\_\_\_\_

**Exhibit A (continued)**

**Event Triggering Payment**

**III. Voluntary or Involuntary Termination**

METHOD OF PAYMENT	COMMENCEMENT DATE
- Lump Sum = deferred amount plus accrued interest.	- January 1st following effective date of voluntary or involuntary termination.
- Annual Installments Select 2-10: _____ = account balance plus interest credited thereto divided by number of installments outstanding.	- First day of month following effective date of voluntary or involuntary termination.

**IV. Disability Termination  
(prior to eligibility for retirement)**

METHOD OF PAYMENT	COMMENCEMENT DATE
- Lump Sum = deferred amount plus accrued interest.	- January 1st following effective date of disability termination.
- Annual Installments Select 2-10: _____ = account balance plus interest credited thereto divided by number of installments outstanding.	- First day of month following effective date of disability termination.

**Executive Initials** \_\_\_\_\_

THE TERM "EFFECTIVE DATE" MEANS THE EXECUTIVE'S LAST DAY OF EMPLOYMENT OR THE LAST DAY OF THE EXECUTIVE'S SEVERANCE PERIOD, IF APPLICABLE, WHICHEVER OCCURS LATER.

Exhibit A (continued)

Event Triggering Payment

V. Fixed Date Full Payment (Optional)

METHOD OF PAYMENT  
-----  
- Lump Sum = deferred  
amount plus accrued interest.

COMMENCEMENT DATE  
-----  
- First day of month of fixed  
date. Specify month and year:  
-----

- Annual Installments  
Select 2-10: \_\_\_\_\_ =  
account balance plus interest  
credited thereto divided by  
number of installments outstanding.

VI. Fixed Date Partial Payment (Optional)

METHOD OF PAYMENT  
-----  
- Lump Sum = partial  
payment amount with the  
remainder to be paid as  
  
indicated by the first  
appropriate event triggering  
payment.

COMMENCEMENT DATE  
-----  
- First day of month of fixed  
date. Specify month and year:  
-----

- Annual Installments  
Select 2-10: \_\_\_\_\_ =  
partial payment amount divided  
by number of installments  
outstanding with the remainder  
to be paid as indicated by the  
first appropriate event  
triggering payment.

Amount \$                      or                      %

-----  
(Executive)

EXHIBIT 10.8(b) The form of Ryder System, Inc. director's fee deferral agreement dated as of December 31, 1993.

**AGREEMENT**

THIS AGREEMENT, dated as of December 31, 1993, between RYDER SYSTEM, INC. (the "Company") and (the "Director").

**WITNESSETH:**

WHEREAS, the Director is now serving as a member of the Board of Directors of the Company; and

WHEREAS, the Director and the Company desire to enter into an arrangement with respect to the deferred payment of the Director's 1994 total annual fees upon the terms and conditions set forth herein;

NOW, THEREFORE, in consideration of the mutual covenants and benefits set forth herein, the Company and the Director hereby agree as follows:

1. \$ \_\_\_\_\_ or \_\_\_\_\_% of the Director's total annual fees for calendar year 1994, including (i) Board of Directors' Annual Retainer Fee, (ii) Committee Annual Retainer Fee, (iii) Board Meeting Per Diem Fee, and (iv) Committee Meeting Per Diem Fee shall be deferred by the Company. Such deferred fees plus interest computed as set forth in Article 2 hereof (the "Deferred Compensation") shall be payable to the Director, the Director's designated beneficiary, or the Director's estate as set forth in this Agreement.
2. Interest will be credited to the Director's account at December 31st of each year. Interest will accrue at a rate equal to the average annual base rate charged by the First National Bank of Boston, compounded annually, provided, however, that such annual interest rate will not exceed 12% nor be less than 5%. Interest will accrue on the average daily balance of the Director's account beginning with the date on which the deferred compensation or accrued interest is credited to the Director's account and ending with the date on which the deferred compensation or accrued interest is actually paid.

The Director may elect payment of the account balance either in installments or in a lump sum. Installment payments will be computed by dividing the combined total of deferred compensation and credited interest, as of the prior year end, by the number of installments remaining. Lump sum and final installment payments will include principal and interest credited to the Director's account as of the prior year end and all interest accrued subsequently in the year of payment.

**Director Initials** \_\_\_\_\_

3. Deferred Compensation shall be paid to the Director after the first to occur of the listed events and in accordance with the method of payment and commencement date selected by the Director on the attached Exhibit A which is made a part of this Agreement. Notwithstanding the foregoing, in the event of a Change of Control of the Company as defined by the Company's Board of Directors on August 20, 1993, the Company shall immediately pay the Deferred Compensation in a lump sum to the Director.

The Director should notify the Director of Corporate Accounting immediately upon the occurrence of the triggering event to ensure timely payment.

4. The Director shall have the right to designate a beneficiary who, in the event of the Director's death prior to payment of any or all of the Deferred Compensation payable to the Director pursuant to this Agreement, shall receive such Deferred Compensation. Such designation shall be made by the Director on the form attached hereto. The Director may, at any time, change or revoke such designation by written notice to the Director of Compensation.

5. (a) If the Director dies prior to receipt of any or all of the Deferred Compensation, no Deferred Compensation shall be paid for a period of thirty days from the date the Director of Compensation receives written notice of the Director's death.
- (b) If the Director has designated a beneficiary pursuant to Article 4 hereof, on the first day of the month following such thirty day period, the unpaid Deferred Compensation shall be paid to the designated beneficiary in a lump sum, unless the Director's beneficiary elects within such thirty day period, by written notice to the Director of Compensation, that the Deferred Compensation be paid to such beneficiary in annual (2-10) installments or not be paid at all.
- (c) If the Director does not designate a beneficiary or the designated beneficiary predeceases the Director or elects not to receive the unpaid Deferred Compensation, then the unpaid Deferred Compensation plus accrued interest shall be paid to the Director's estate in a lump sum on the first day of the month following such thirty day period.
- (d) If the designated beneficiary of the Director dies after the Director, but prior to the payment of the Deferred Compensation, and has not elected not to receive such Deferred Compensation, no Deferred Compensation shall be paid for a period of thirty days from the date the Director of Compensation receives written notice of the death of the designated beneficiary. The Deferred Compensation plus accrued interest shall then be paid to the estate of the designated beneficiary in a lump sum on the first day of the month following such thirty day period.



6. The Company shall pay to the Director during the term of the Director's service that portion of the Deferred Compensation which shall be necessary in the case of an unforeseeable emergency. For purposes of this Article 6 an unforeseeable emergency shall mean an unanticipated emergency that is caused by an event beyond the control of the Director and that would result in severe financial hardship to the Director if early withdrawal were not permitted. The Compensation Committee of the Board of Directors of the Company (the "Compensation Committee") shall limit any early withdrawal to the amount necessary to meet the emergency. The Director shall apply to the Compensation Committee for any emergency payment under this Article 6 and shall furnish to the Compensation Committee such information as the Director deems appropriate and as the Company and counsel for the Company deem necessary and appropriate to make such determination. The determination of the Compensation Committee as to whether a payment is warranted under this Article 6, and the amount of such payment, shall be conclusive and binding on the Director and the Company. If the Director is a member of the Compensation Committee, the Director shall not sit as a member of such Committee in the determination of the Director's application under this Article 6.

7. The Deferred Compensation shall be paid out of the general funds of the Company and no funds shall be set aside therefor. The Director shall have the status of a general unsecured creditor of the Company and this Agreement constitutes a mere promise by the Company to make benefit payments in the future. It is the intention of the parties that the arrangements be unfunded for tax purposes and for purposes of Title I of the Employee Retirement Income Security Act of 1974, as amended ("ERISA").

8. Any rights to receive Deferred Compensation payments under this Agreement are not subject in any manner to anticipation, alienation, sale, transfer, assignment, pledge, encumbrance, attachment, or garnishment by creditors of the Director or the Director's beneficiary. Any such attempted action shall be null and void and shall extinguish the Company's obligation under this Agreement to pay Deferred Compensation.

9. The Director and the Company acknowledge that this Agreement is not an agreement concerning continued service as a Director between the Director and the Company.

10. This Agreement shall be binding upon any successor to the Company by merger, consolidation, purchase or otherwise.

11. This Agreement, together with the Director's beneficiary designation, constitutes the entire agreement between the Company and the Director regarding Deferred Compensation and shall not be modified except upon the written agreement of the Company and the Director.

12. This Agreement shall be governed in accordance with the laws of the State of Florida.

IN WITNESS WHEREOF, the parties hereto have executed and delivered this Agreement as of the day and year first above written.

---

(Director)

---

**Social Security Number**

**RYDER SYSTEM, INC.**

By:

M. Anthony Burns Chairman of the Board, President and Chief Executive Officer

In accordance with Article 4 of the Agreement set forth above, I hereby designate \_\_\_\_\_ my beneficiary.

---

(Director)

EXHIBIT A

TO DIRECTOR DEFERRAL AGREEMENT  
DATED AS OF DECEMBER 31, 1993

INSTRUCTIONS: Indicate your selections by circling one (1) Method of Payment and one (1) Commencement Date for each event listed. If you select installments or a specific month or date for payment, fill in the appropriate information. Then initial or sign this Exhibit, as appropriate, where indicated. The "FIXED DATE" events are optional and should not be completed unless some form of distribution is desired prior to termination or retirement.

Event Triggering Payment

I. Termination of the Director's Service as a Member of the Company's Board of Directors

METHOD OF PAYMENT  
-----  
 - Lump Sum = deferred amount plus accrued interest.  
  
 - Annual Installments  
 Select 2-10: \_\_\_\_\_ =  
 \_\_\_\_\_  
 account balance plus interest credited thereto divided by number of installments outstanding.

COMMENCEMENT DATE  
-----  
 - January 1st following effective date of termination.  
  
 - First day of month following effective date of termination.

II. Retirement as a Member of the Company's Board of Directors

METHOD OF PAYMENT  
-----  
 - Lump Sum = deferred amount plus accrued interest.  
  
 - Annual Installments  
 Select 2-10: \_\_\_\_\_ =  
 \_\_\_\_\_  
 account balance plus interest credited thereto divided by number of installments outstanding.

COMMENCEMENT DATE  
-----  
 - January 1st following effective date of retirement.  
  
 - First day of month following effective date of retirement.  
  
 - First day of month that you elect following effective date of retirement. Specify month: \_\_\_\_\_ .

Director Initials \_\_\_\_\_

**EXHIBIT A (continued)**

**Event Triggering Payment**

**III. Fixed Date While Providing Outside Director's Services for Ryder Full Payment (Optional)**

METHOD OF PAYMENT	COMMENCEMENT DATE
<hr/>	
- Lump Sum = deferred amount plus accrued interest.	- First day of month of fixed date. Specify month and year: .
<hr/>	
- Annual Installments Select 2-10: _____ = _____	
account balance plus interest credited thereto divided by number of installments outstanding.	

**IV. Fixed Date While Providing Outside Director's Services for Ryder Partial Payment (Optional)**

METHOD OF PAYMENT	COMMENCEMENT DATE
<hr/>	
- Lump Sum = partial payment amount with the remainder to be paid as indicated in the event of termination or retirement, whichever occurs first.	- First day of month of fixed date. Specify month and year: .
<hr/>	
- Annual Installments Select 2-10: _____ = _____	Amount \$ _____ or _____ %
partial payment amount divided by number of installments outstanding with the remainder to be paid as indicated in the event of termination or retirement, whichever occurs first.	
<hr/>	
	(Director)

EXHIBIT 10.9(b) The Ryder System, Inc. and Vehicle Leasing & Services Division 1994 Incentive Compensation Plan for Headquarters Executive Management.

Supersedes 1993 Headquarters Executive Management Incentive Compensation Plan

**INTRODUCTION**

The following material explains the operation and administration of the 1994 Incentive Plan for Ryder System, Inc. (RSI or the Company) and Vehicle Leasing & Services Division (VLSD) headquarters staff Officers, Directors and Managers whose positions are evaluated at 700 Hay Points or higher. The plan is intended to serve as a single, comprehensive source of information that will explain your bonus for achieving various levels of performance. Questions should be addressed to your supervisor.

**BONUS OPPORTUNITY**

The following table summarizes the maximum bonus opportunity for each participating management level:

MANAGEMENT LEVEL	% OF BASE SALARY			TOTAL BONUS OPPORTUNITY
	RSI PERFORMANCE	VLSD PERFORMANCE	INDIVIDUAL PERFORMANCE	
Management Level 14 + * (1500 + Hay Points)	40	40	20	100
Management Level 13 (1192-1499 Hay Points)	24	24	12	60
Management Level 12 (1050-1191 Hay Points)	20	20	10	50
Management Level 11 (890-1049 Hay Points)	16	16	8	40
Management Level 10 (790-889 Hay Points)	12	12	6	30
Management Level 9 (700-789 Hay Points)	8	8	4	20

\* See Special ROE Award section

**BONUS PERFORMANCE MEASURES**

For 1994, your bonus payout will be based on RSI performance, VLSD performance, and your performance as an individual.

RSI performance is measured based on a combination of RSI Net Earnings After Tax (NAT) Return on Assets (ROA) performance and RSI Net Earnings Before Tax (NBT) performance for 1994.

VLSD performance is measured based on a combination of VLSD NAT ROA performance and VLSD NBT performance for 1994.

Individual performance is determined based on a year-end assessment of your performance against objectives that you and your supervisor agreed to at the start of the year. Given their importance, the objectives should be in writing and updated during the year to adjust for priorities that may have changed.

## **DEFINITION OF MEASURES**

Performance levels attained in the following areas determine the extent to which participants of this bonus plan are eligible for bonus awards.

- RSI PERFORMANCE -- RSI performance payout is based on a grid which combines RSI ROA performance and RSI NBT performance.

RSI ROA performance for the bonus year is calculated by dividing RSI NAT by RSI average assets.

-- RSI NAT is defined as RSI's consolidated Net Earnings After Tax for the bonus year, as certified to the Board of Directors and shareholders of RSI by the Company's independent auditors, including appropriate accruals for all incentive awards estimated to be payable for that bonus year.

-- RSI average assets is defined as the average of the four quarters' average assets. A quarter's average assets is defined as the assets, as shown on RSI's balance sheet at the beginning of each quarter plus the total assets as shown on RSI's balance sheet at the end of each quarter, divided by two.

RSI NBT performance is defined as RSI's consolidated Net Earnings Before Tax as certified to the Board of Directors and shareholders of RSI by the Company's independent auditors, net of a provision for the total of all incentive awards, for the bonus year.

- VLSD PERFORMANCE -- VLSD performance payout is based on a grid which combines VLSD ROA performance and VLSD NBT performance.

VLSD ROA performance for the bonus year is calculated by dividing VLSD NAT by VLSD average assets.

-- VLSD NAT performance is defined as VLSD's consolidated Net Earnings After Tax for the bonus year, as certified to the Board of Directors and shareholders of RSI by the Company's independent auditors, including appropriate accruals for all incentive awards estimated to be payable for that bonus year.

-- VLSD average assets is defined as the average of the four quarters' average assets. A quarter's average assets is defined as the assets, as shown on VLSD's balance sheet at the beginning of each quarter plus the total assets as shown on VLSD's balance sheet at the end of each quarter, divided by two.

VLSD NBT is defined as VLSD's consolidated Net Earnings Before Tax as certified to the Board of Directors and shareholders of RSI by the Company's independent auditors, net of a provision for the total of all incentive awards, for the bonus year.

- INDIVIDUAL PERFORMANCE -- Individual performance is defined as each participant's performance against job requirements and objectives (MBOs), as agreed upon between the individual and his/her management, at the beginning of the bonus year. If necessary, goals and objectives may be revised during the bonus year to reflect changing business priorities.

Individual performance awards are separate from payments based upon ROA and NBT performance, and may be paid, in part or in whole, based on RSI's and VLSD's performance and/or ability to pay. Such payments are subject to the recommendation of the Administrator of the plan and approval by the Board of Directors of RSI.

NOTE: The effects of any unusual and material accounting transactions may be excluded from bonus calculations with the approval of the Board of Directors of RSI.



BONUS CALCULATION

Bonus awards are based on the following grids.

1) RSI PERFORMANCE

RSI performance payout is based on a grid consisting of two performance variables: 1994 Actual RSI NBT and 1994 RSI NAT ROA. The potential bonus payout percent is determined by locating the point on the grid where the variables intersect. Actual performance may fall between the points specifically displayed on the grid, and the grid allows for interpolation between NBT points as shown. No bonus awards will be paid for performance below threshold. The potential bonus payout is expressed as a percentage of Maximum RSI Performance Bonus Opportunity, as shown on page 1, by Management Level.

POTENTIAL RSI PERFORMANCE BONUS PAYOUT  
AS A PERCENTAGE OF MAXIMUM RSI PERFORMANCE BONUS OPPORTUNITY

	THRESHOLD	1994 ACTUAL NBT (\$MM)					MAXIMUM
		209.8	218.3	232.0	245.8	251.0	
ROA (%)				% OF COMPANY OPPORTUNITY			
less than 2.5	15	30	40	50	60	70	80
2.5 - 3.0	25	40	50	60	75	85	95
greater than 3	35	50	60	70	80	90	100

2) VLSD PERFORMANCE

VLSD performance payout is based on a grid consisting of two performance variables: 1994 Actual VLSD NBT and 1994 VLSD NAT ROA. The potential bonus payout percent is determined by locating the point on the grid where the variables intersect. Actual performance may fall between the points specifically displayed on the grid, and the grid allows for interpolation between NBT points as shown. No bonus awards will be paid for performance below threshold. The potential bonus payout is expressed as a percentage of Maximum VLSD Performance Bonus Opportunity, as shown on page 1, by Management Level.

POTENTIAL VLSD PERFORMANCE BONUS PAYOUT  
AS A PERCENTAGE OF MAXIMUM VLSD PERFORMANCE BONUS OPPORTUNITY

	THRESHOLD	1994 ACTUAL NBT (\$MM)					MAXIMUM
		205.3	211.6	220.9	230.3	238.0	
ROA (%)				% OF COMPANY OPPORTUNITY			
less than 2	15	30	40	50	60	70	80
2.0 - 3.0	25	40	50	60	75	85	95
greater than 3	35	50	60	70	80	90	100

### 3) INDIVIDUAL PERFORMANCE

Individual performance payout is based on a grid consisting of individual performance results versus objectives. The potential bonus payout percent is determined by awarding a percentage within one of the grid ranges. The potential bonus payout is expressed as a percentage of Maximum Individual Performance Bonus Opportunity, as shown on page 1, by Management Level.

POTENTIAL INDIVIDUAL PERFORMANCE BONUS PAYOUT  
AS A PERCENTAGE OF MAXIMUM INDIVIDUAL PERFORMANCE BONUS OPPORTUNITY

INDIVIDUAL PERFORMANCE % OF INDIVIDUAL PERFORMANCE OPPORTUNITY	FAIR - SOME CRITICAL SHORTFALLS	CONSISTENT WITH EXPECTATIONS	SIGNIFICANTLY ABOVE EXPECTATIONS	EXCEPTIONAL
	0-29%	30-59%	60-89%	90-100%

ALL PERFORMANCE GRIDS REPRESENT GUIDELINES ONLY. ACTUAL PAYOUTS MAY BE PRORATED DOWNWARD AT THE COMPANY'S DISCRETION. ADDITIONAL CRITERIA MAY ADJUST THE PERFORMANCE PORTION DOWNWARD IF SPECIFIC GOALS ARE NOT ACHIEVED. THE GRIDS WILL BE REVISED ANNUALLY TO ENSURE CONSISTENCY WITH COMPANY GOALS AND OBJECTIVES.

**BONUS CALCULATION EXAMPLE**

Total bonus would be calculated as follows for a Management Level 9 participant, given the following information:

Eligible Base Salary	\$ 50,000
1994 RSI NBT	\$251.0MM
1994 RSI NAT ROA	2.7%
1994 VLSD NBT	\$230.3MM
1994 VLSD NAT ROA	2.7%
Individual Performance	Significantly Above Expectations

1) RSI Performance		
8% Maximum RSI Performance Bonus Opportunity		
75% Potential RSI Performance Bonus Payout (from grid)		
8% x 75% = 6.0% of Eligible Base Salary		
6.0% x \$50,000 =	\$	3,000
2) VLSD Performance		
8% Maximum VLSD Performance Bonus Opportunity		
60% Potential VLSD Performance Bonus Payout (from grid)		
8% x 60% = 4.8% of Eligible Base Salary		
4.8% x \$50,000 =	\$	2,400
3) Individual Performance		
4% Maximum Individual Performance Bonus Opportunity		
75% Potential Individual Performance Bonus Payout (from grid)		
4% x 75% = 3% of Eligible Base Salary		
3% x \$50,000 =	\$	1,500
		-----
TOTAL BONUS	\$	6,900

## BASE SALARY CALCULATION

For the purpose of bonus calculations, base salary is defined as the average annual rate of pay for the calendar year, excluding all other compensation paid to the employee during the year, e.g. bonus, commissions, employee benefits, moving expenses, and imputed income from company car, insurance, and amounts attributable to any of the Company's stock plans.

Average annual rate of pay for a participant whose base salary changes within the bonus year is calculated as shown below.

### BASE SALARY CALCULATION EXAMPLE

Average annual rate of pay would be calculated as follows for a participant who begins a bonus year with a base salary of \$50,000, then effective June 1 receives an increase to a base salary of \$53,000:

January 1 thru May 31 of Bonus Year:

$$\begin{array}{r} 31 + 28 + 31 + 30 + 31 \\ \hline 365 \text{ days} \end{array} = \frac{151}{365} = .414 \times \$50,000/\text{yr.} = \$20,700$$

June 1 thru December 31 of Bonus Year

$$\begin{array}{r} 365 - 151 \\ \hline 365 \text{ days} \end{array} = \frac{214}{365} = .586 \times \$53,000/\text{yr.} = \$31,058$$

$$\text{AVERAGE ANNUAL RATE OF PAY FOR BONUS YEAR} = \$51,758$$

## SPECIAL ROE AWARD

One and one-half percent of the RSI NAT amount in excess of that required to reach 17% Return on Equity (ROE) will be credited to deferred compensation for elected Officers of the Company and the Division Presidents. This amount will be prorated based on each individual participant's earned salary (while in the eligible position) in relation to the sum of the earned salaries of all participants.

**ADMINISTRATION**

The Chairman, President, and Chief Executive Officer of RSI will administer this Incentive Compensation Plan.

**BONUS YEAR**

The bonus year is defined as the calendar year in which bonus awards are earned.

**ELIGIBILITY**

Employees whose positions are designated on page 1 of the Bonus Plan Summary and who are employed in good standing at the time bonus payments are made are eligible to participate in this plan. Individuals who have agreements which specifically provide for incentive compensation other than that which is provided in this plan or who are participants in any other incentive compensation plan of RSI, its subsidiaries or affiliates are not eligible to participate in this plan.

Employees who are newly hired, promoted or transferred into or out of eligible positions and those who move from one eligibility level to another will receive pro rata bonus awards based on the average annual rate of pay in eligible positions, provided they are employed in good standing at the time bonus awards are distributed.

In addition, participants who leave the Company or VLSD during the bonus year under any of the following conditions may be eligible for pro rata bonus awards:

- retirement under the provisions of one of the Company's retirement plans or the Social Security Act, or
- disability

Note: The spouse or legal representative of a deceased participant may be eligible for pro rata bonus awards as well.

**BONUS ELIGIBILITY ON CHANGE OF CONTROL**

Notwithstanding anything in this plan to the contrary, in the event of a Change of Control of the Company (as defined and adopted by the Board of Directors on August 20, 1993), the funds necessary to pay incentive awards will be placed in a trust administered by an outside financial institution.

The amount of each participant's incentive award will be determined in accordance with the provisions of the plan by a "Big 6" accounting firm chosen by the Company. Participants will receive bonus awards for actual time employed during the bonus year based upon: a) the greater of actual company performance or 80% of maximum company performance opportunity plus b) the greater of actual individual performance or 80% of maximum individual performance opportunity.

However, if the Company fails to verify incentive awards through a "Big 6" accounting firm, participants will receive 100% of their maximum company and individual performance opportunities based on actual time worked during the bonus year. The Company will be responsible for all legal fees and expenses which participants may reasonably incur in enforcing their rights under the plan in the event of a Change of Control of the Company.

Should a Change of Control occur during 1994, participants will receive instructions regarding the collection of incentive awards.

### **BONUS ELIGIBILITY ON TERMINATION**

Participants leaving the Company or VLSD under any conditions other than those outlined in the Eligibility or Change of Control sections of this plan are not eligible for bonus awards for the bonus year in which they leave, nor are they eligible for awards for the preceding bonus year, if such awards have not yet been distributed.

### **BONUS PAYMENT**

Shortly after the end of the calendar year and after considering the recommendations of the Administrator of the plan, the Compensation Committee of the Board of Directors or the full Board of Directors of RSI will, in its sole discretion, determine the participants, if any, who will receive bonus awards and the amounts of such awards. Bonus award payments will be distributed to eligible participants following such Board or Committee approval and subsequent to certification of consolidated financial statements by an independent auditor.

### **BONUS FUNDING**

A maximum of 2.5% of consolidated RSI NBT and 10% of VLSD NBT may be accrued by RSI and VLSD, respectively, throughout the bonus year to fund all awards under this bonus plan, the VLSD field bonus plans, the RSI SEVP Incentive Compensation Plan, the Ryder International Incentive Compensation Plan, and the Ryder Services Corporation Incentive Compensation Plan, as well as any incentive or bonus payments resulting from employment commitments or agreements. Accruals for the Chairman, President and Chief Executive Officer of RSI, the President of Commercial Leasing & Services, the President of Consumer Rental, the President of Ryder Dedicated Logistics, and all discretionary awards are excluded from this funding limitation.

Bonus payout maximums are limited by the lower of the total earned opportunity provided under the plan, the amount of the accrual, or the funding limitation. Should the funding limitation or accrual not provide for bonus allotments under the plan, proration will be effected at the discretion of the Chairman, President and Chief Executive Officer of RSI. Unused monies from the fund may not be carried forward for subsequent bonus years.

**DISCRETIONARY AWARDS**

With the approval of the Board of Directors of RSI, the Chairman, President, and Chief Executive Officer of RSI has the authority to grant discretionary bonus awards for exemplary performance to non-participants or to enhance the awards of participants. Discretionary awards are not subject to the funding limitations of this plan.

While it is common to grant discretionary awards at the same time as regular awards, it may be appropriate, on occasion, to recognize an employee off-cycle due to extremely unusual performance. Off-cycle discretionary awards must be approved by the Chairman, President and Chief Executive Officer of RSI.

The total of all discretionary awards for employees under this plan, the VLSD field bonus plans, the RSI SEVP Incentive Compensation Plan, the Ryder International Incentive Compensation Plan, the Ryder Services Corporation Incentive Compensation Plan, and all Division Presidents' Incentive Compensation Plans including those granted off-cycle, may not exceed \$430,000 per year.

**AMENDMENTS**

The Board of Directors of RSI reviews RSI's, its subsidiaries' and affiliates' incentive compensation plans annually to ensure equitability both within the Company, and in relation to current economic conditions. THE BOARD OF DIRECTORS RESERVES THE RIGHT TO AMEND, SUSPEND, TERMINATE OR MAKE EXCEPTIONS TO

THIS PLAN AT ANY TIME.





**SENIOR EXECUTIVE VICE PRESIDENTS  
BONUS PLAN SUMMARY**

**1994 INCENTIVE COMPENSATION PLAN PAGE 1**

**Supersedes 1993 Senior Executive Vice Presidents Incentive Compensation Plan**

**INTRODUCTION**

The following material explains the operation and administration of the 1994 Incentive Plan for Ryder System, Inc. (RSI or the Company) Senior Executive Vice Presidents. The plan is intended to serve as a single, comprehensive source of information that will explain your bonus for achieving various levels of performance. Questions should be addressed to your supervisor.

**BONUS OPPORTUNITY**

The following table summarizes the maximum bonus opportunity:

MAXIMUM BONUS OPPORTUNITY AS A PERCENTAGE OF BASE SALARY

RSI PERFORMANCE	VLSD PERFORMANCE	RSI PERFORMANCE ABOVE PLAN	INDIVIDUAL PERFORMANCE	TOTAL BONUS OPPORTUNITY *
40%	40%	20%	20%	120%

\* See Special ROE Award section

**BONUS PERFORMANCE MEASURES**

For 1994, your bonus payout will be based on RSI performance, Vehicle Leasing & Services Division (VLSD) performance, RSI performance above plan, and your performance as an individual.

RSI performance is measured based on a combination of RSI Net Earnings After Tax (NAT) Return on Assets (ROA) performance and RSI Net Earnings Before Tax (NBT) performance for 1994.

VLSD performance is measured based on a combination of VLSD NAT ROA performance and VLSD NBT performance for 1994.

RSI performance above plan is based on RSI NBT performance for 1994, as defined on page 5.

Individual performance is determined based on a year-end assessment of your performance against objectives that you and your supervisor agreed to at the start of the year. Given their importance, the objectives should be in writing and updated during the year to adjust for priorities that may have changed.

**SENIOR EXECUTIVE VICE PRESIDENTS  
BONUS PLAN SUMMARY**

**1994 INCENTIVE COMPENSATION PLAN PAGE 2**

**DEFINITION OF MEASURES**

Performance levels attained in the following areas determine the extent to which participants of this bonus plan are eligible for bonus awards.

- RSI PERFORMANCE -- RSI performance payout is based on a grid which combines RSI ROA performance and RSI NBT performance.

RSI ROA performance for the bonus year is calculated by dividing RSI NAT by RSI average assets.

-- RSI NAT is defined as RSI's consolidated Net Earnings After Tax for the bonus year, as certified to the Board of Directors and shareholders of RSI by the Company's independent auditors, including appropriate accruals for all incentive awards estimated to be payable for that bonus year.

-- RSI average assets is defined as the average of the four quarters' average assets. A quarter's average assets is defined as the assets, as shown on RSI's balance sheet at the beginning of each quarter plus the total assets as shown on RSI's balance sheet at the end of each quarter, divided by two.

RSI NBT performance is defined as RSI's consolidated Net Earnings Before Tax as certified to the Board of Directors and shareholders of RSI by the Company's independent auditors, net of a provision for the total of all incentive awards, for the bonus year.

- VLSD PERFORMANCE -- VLSD performance payout is based on a grid which combines VLSD ROA performance and VLSD NBT performance.

VLSD ROA performance for the bonus year is calculated by dividing VLSD NAT by VLSD average assets.

-- VLSD NAT is defined as VLSD's consolidated Net Earnings After Tax for the bonus year, as certified to the Board of Directors and shareholders of RSI by the Company's independent auditors, including appropriate accruals for all incentive awards estimated to be payable for that bonus year.

-- VLSD average assets is defined as the average of the four quarters' average assets. A quarter's average assets is defined as the assets, as shown on VLSD's balance sheet at the beginning of each quarter plus the total assets as shown on VLSD's balance sheet at the end of each quarter, divided by two.

**SENIOR EXECUTIVE VICE PRESIDENTS  
BONUS PLAN SUMMARY**

**1994 INCENTIVE COMPENSATION PLAN PAGE 3**

VLSD NBT performance is defined as VLSD's consolidated Net Earnings Before Tax as certified to the Board of Directors and shareholders of RSI by the Company's independent auditors, net of a provision for the total of all incentive awards, for the bonus year.

- RSI PERFORMANCE ABOVE PLAN -- RSI performance above plan payout is based on RSI NBT Performance.

- INDIVIDUAL PERFORMANCE -- Individual performance is defined as each participant's performance against job requirements and objectives (MBOs), as agreed upon between the individual and his/her management, at the beginning of the bonus year. If necessary, goals and objectives may be revised during the bonus year to reflect changing business priorities.

Individual performance awards are separate from payments based upon ROA and NBT performance, and may be paid, in part or in whole, based on RSI's performance and/or ability to pay. Such payments are subject to the recommendation of the Administrator of the plan and approval by the Board of Directors of RSI.

NOTE: The effects of any unusual and material accounting transactions may be excluded from bonus calculations with the approval of the Board of Directors of RSI.

SENIOR EXECUTIVE VICE PRESIDENTS  
BONUS PLAN SUMMARY

1994 INCENTIVE COMPENSATION PLAN PAGE 4

BONUS CALCULATION

Bonus awards are based on the following grids.

1) RSI PERFORMANCE

RSI performance payout is based on a grid consisting of two performance variables: 1994 Actual RSI NBT and 1994 RSI NAT ROA. The potential bonus payout percent is determined by locating the point on the grid where the variables intersect. Actual performance may fall between the points specifically displayed on the grid, and the grid allows for interpolation between NBT points as shown. No bonus awards will be paid for performance below threshold. The potential bonus payout is expressed as a percentage of Maximum RSI Performance Bonus Opportunity, as shown on page 1.

POTENTIAL RSI PERFORMANCE BONUS PAYOUT  
AS A PERCENTAGE OF MAXIMUM RSI PERFORMANCE BONUS OPPORTUNITY

	THRESHOLD	1994 ACTUAL NBT (\$MM)					MAXIMUM	
		209.8	218.3	232.0	245.8	251.0		256.0
ROA (%)								
less than 2.5	15	30	40	50	60	70	80	
2.5 - 3.0	25	40	50	60	75	85	95	
greater than 3	35	50	60	70	80	90	100	

2) VLSD PERFORMANCE

VLSD performance payout is based on a grid consisting of two performance variables: 1994 Actual VLSD NBT and 1994 VLSD NAT ROA. The potential bonus payout percent is determined by locating the point on the grid where the variables intersect. Actual performance may fall between the points specifically displayed on the grid, and the grid allows for interpolation between NBT points as shown. No bonus awards will be paid for performance below threshold. The potential bonus payout is expressed as a percentage of Maximum VLSD Performance Bonus Opportunity, as shown on page 1.

POTENTIAL VLSD PERFORMANCE BONUS PAYOUT  
AS A PERCENTAGE OF MAXIMUM VLSD PERFORMANCE BONUS OPPORTUNITY

	THRESHOLD	1994 ACTUAL NBT (\$MM)					MAXIMUM	
		205.3	211.6	220.9	230.3	238.0		248.0
ROA (%)								
less than 2	15	30	40	50	60	70	80	
2.0 - 3.0	25	40	50	60	75	85	95	
greater than 3	35	50	60	70	80	90	100	

**SENIOR EXECUTIVE VICE PRESIDENTS  
BONUS PLAN SUMMARY**

**1994 INCENTIVE COMPENSATION PLAN PAGE 5**

**3) RSI PERFORMANCE ABOVE PLAN**

RSI performance above plan payout is based on a grid of 1994 Actual RSI NBT. The potential bonus payout percent is determined by locating the point on the grid under the 1994 Actual RSI NBT. Actual performance may fall between the points specifically displayed on the grid, and the grid allows for interpolation between NBT points as shown. No bonus awards will be paid for performance below threshold, which is 1994 RSI Business Plan NBT. The potential bonus payout is expressed as a percentage of Maximum RSI Performance Above Plan Bonus Opportunity, as shown on page 1.

POTENTIAL RSI PERFORMANCE ABOVE PLAN BONUS PAYOUT  
AS A PERCENTAGE OF MAXIMUM  
RSI PERFORMANCE ABOVE PLAN BONUS OPPORTUNITY

	1994 ACTUAL NBT (\$MM)		
THRESHOLD			MAXIMUM
245.8	251.0	256.0	265.0
	% OF RSI PERF. ABOVE PLAN		
0	25	50	100

**4) INDIVIDUAL PERFORMANCE**

Individual performance payout is based on a grid consisting of individual performance results versus objectives. The potential bonus payout percent is determined by awarding a percentage within one of the grid ranges. The potential bonus payout is expressed as a percentage of Maximum Individual Performance Bonus Opportunity, as shown on page 1.

POTENTIAL INDIVIDUAL PERFORMANCE BONUS PAYOUT  
AS A PERCENTAGE OF MAXIMUM INDIVIDUAL PERFORMANCE BONUS OPPORTUNITY

	FAIR - SOME CRITICAL SHORTFALLS	CONSISTENT WITH EXPECTATIONS	SIGNIFICANTLY ABOVE EXPECTATIONS	EXCEPTIONAL
INDIVIDUAL PERFORMANCE % OF INDIVIDUAL PERFORMANCE OPPORTUNITY	0-29%	30-59%	60-89%	90-100%

ALL PERFORMANCE GRIDS REPRESENT GUIDELINES ONLY. ACTUAL PAYOUTS MAY BE PRORATED DOWNWARD AT THE COMPANY'S DISCRETION. ADDITIONAL CRITERIA MAY ADJUST THE PERFORMANCE PORTION DOWNWARD IF SPECIFIC GOALS ARE NOT ACHIEVED. THE GRIDS WILL BE REVISED ANNUALLY TO ENSURE CONSISTENCY WITH COMPANY GOALS AND OBJECTIVES.

**SENIOR EXECUTIVE VICE PRESIDENTS  
BONUS PLAN SUMMARY**

**1994 INCENTIVE COMPENSATION PLAN PAGE 6**

**BONUS CALCULATION EXAMPLE**

Total bonus would be calculated as follows given the following information:

Eligible Base Salary		\$ 350,000
1994 RSI NBT		\$ 251.0MM
1994 RSI NAT ROA		2.7%
1994 VLSD NBT		\$ 230.3MM
1994 VLSD NAT ROA		2.7%
Individual Performance	Significantly Above Expectations	
1) RSI Performance		
40% Maximum RSI Performance Bonus Opportunity		
75% Potential RSI Performance Bonus Payout (from grid)		
40% x 75% = 30% of Eligible Base Salary		
30% x \$350,000 =		\$ 105,000
2) VLSD Performance		
40% Maximum VLSD Performance Bonus Opportunity		
60% Potential VLSD Performance Bonus Payout (from grid)		
40% x 60% = 24% of Eligible Base Salary		
24% x \$350,000 =		\$ 84,000
3) RSI Performance Above Plan		
20% Maximum RSI Performance Above Plan Bonus Opportunity		
25% Potential RSI Performance Above Plan Bonus Payout (from grid)		
20% x 25% = 5% of Eligible Base Salary		
5% x \$350,000 =		\$ 17,500
4) Individual Performance		
20% Maximum Individual Performance Bonus Opportunity		
75% Potential Individual Performance Bonus Payout (from grid)		
20% x 75% = 15% of Eligible Base Salary		
15% x \$350,000 =		\$ 52,500
TOTAL BONUS		\$ 259,000

**SENIOR EXECUTIVE VICE PRESIDENTS  
BONUS PLAN SUMMARY**

**1994 INCENTIVE COMPENSATION PLAN PAGE 7**

**BASE SALARY CALCULATION**

For the purpose of bonus calculations, base salary is defined as the average annual rate of pay for the calendar year, excluding all other compensation paid to the employee during the year, e.g. bonus, commissions, employee benefits, moving expenses, and imputed income from company car, insurance, and amounts attributable to any of the Company's stock plans.

Average annual rate of pay for a participant whose base salary changes within the bonus year is calculated as shown below.

**BASE SALARY CALCULATION EXAMPLE**

Average annual rate of pay would be calculated as follows for a participant who begins a bonus year with a base salary of \$350,000, then effective June 1 receives an increase to a base salary of \$370,000:

January 1 thru May 31 of Bonus Year			
31 + 28 + 31 + 30 + 31	=	151 = .414 x \$350,000/yr.	= \$144,900
-----		---	
365 days		365	
June 1 thru December 31 of Bonus Year			
365 - 151	=	214 = .586 x \$370,000/yr.	= \$216,820
-----		---	
365 days		365	
AVERAGE ANNUAL RATE OF PAY FOR BONUS YEAR =			\$361,720

**SPECIAL ROE AWARD**

One and one-half percent of the RSI NAT amount in excess of that required to reach 17% Return on Equity (ROE) will be credited to deferred compensation for elected Officers of the Company and the Division Presidents. This amount will be prorated based on each individual participant's earned salary (while in the eligible position) in relation to the sum of the earned salaries of all participants.

**SENIOR EXECUTIVE VICE PRESIDENTS  
BONUS PLAN ADMINISTRATION**

**1994 INCENTIVE COMPENSATION PLAN PAGE 1**

**ADMINISTRATION**

The Chairman, President, and Chief Executive Officer of RSI will administer this Incentive Compensation Plan.

**BONUS YEAR**

The bonus year is defined as the calendar year in which bonus awards are earned.

**ELIGIBILITY**

Employees whose positions are designated on page 1 of the Bonus Plan Summary and who are employed in good standing at the time bonus payments are made are eligible to participate in this plan. Individuals who have agreements which specifically provide for incentive compensation other than that which is provided in this plan or who are participants in any other incentive compensation plan of RSI, its subsidiaries or affiliates are not eligible to participate in this plan.

Employees who are newly hired, promoted or transferred into or out of eligible positions and those who move from one eligibility level to another will receive pro rata bonus awards based on the average annual rate of pay in eligible positions, provided they are employed in good standing at the time bonus awards are distributed.

In addition, participants who leave the Company during the bonus year under any of the following conditions may be eligible for pro rata bonus awards:

- retirement under the provisions of one of the Company's retirement plans or the Social Security Act, or
- disability

Note: The spouse or legal representative of a deceased participant may be eligible for pro rata bonus awards as well.

**BONUS ELIGIBILITY ON CHANGE OF CONTROL**

Notwithstanding anything in this plan to the contrary, in the event of a Change of Control of the Company (as defined and adopted by the Board of Directors on August 20, 1993), the funds necessary to pay incentive awards will be placed in a trust administered by an outside financial institution.

The amount of each participant's incentive award will be determined in accordance with the provisions of the plan by a "Big 6" accounting firm chosen by the Company. Participants will receive bonus awards for actual time employed during the bonus year based upon: a) the greater of actual company performance or 80% of maximum company performance opportunity plus b) the greater of actual individual performance or 80% of maximum individual performance opportunity.



**SENIOR EXECUTIVE VICE PRESIDENTS  
BONUS PLAN ADMINISTRATION**

**1994 INCENTIVE COMPENSATION PLAN PAGE 2**

However, if the Company fails to verify incentive awards through a "Big 6" accounting firm, participants will receive 100% of their maximum company and individual performance opportunities based on actual time worked during the bonus year. The Company will be responsible for all legal fees and expenses which participants may reasonably incur in enforcing their rights under the plan in the event of a Change of Control of the Company.

Should a Change of Control occur during 1994, participants will receive instructions regarding the collection of incentive awards.

**BONUS ELIGIBILITY ON TERMINATION**

Participants leaving the Company under any conditions other than those outlined in the Eligibility or Change of Control sections of this plan are not eligible for bonus awards for the bonus year in which they leave, nor are they eligible for awards for the preceding bonus year, if such awards have not yet been distributed.

**BONUS PAYMENT**

Shortly after the end of the calendar year and after considering the recommendations of the Administrator of the plan, the Compensation Committee of the Board of Directors or the full Board of Directors of RSI will, in its sole discretion, determine the participants, if any, who will receive bonus awards and the amounts of such awards. Bonus award payments will be distributed to eligible participants following such Board or Committee approval and subsequent to certification of consolidated financial statements by an independent auditor.

**BONUS FUNDING**

A maximum of 2.5% of consolidated RSI NBT and 10% of VLSD NBT may be accrued by RSI and VLSD, respectively, throughout the bonus year to fund all awards under this bonus plan, the VLSD field bonus plans, the Headquarters Executive Management Incentive Compensation Plan, the Ryder International Incentive Compensation Plan, and the Ryder Services Corporation Incentive Compensation Plan, as well as any incentive or bonus payments resulting from employment commitments or agreements. Accruals for the Chairman, President and Chief Executive Officer of RSI, the President of Commercial Leasing & Services, the President of Consumer Rental, the President of Ryder Dedicated Logistics, and all discretionary awards are excluded from this funding limitation.

Bonus payout maximums are limited by the lower of the total earned opportunity provided under the plan, the amount of the accrual, or the funding limitation. Should the funding limitation or accrual not provide for bonus allotments under the plan, proration will be effected at the discretion of the Chairman, President and Chief Executive Officer of RSI. Unused monies from the fund may not be carried forward for subsequent bonus years.

**SENIOR EXECUTIVE VICE PRESIDENTS  
BONUS PLAN ADMINISTRATION**

**1994 INCENTIVE COMPENSATION PLAN PAGE 3**

**DISCRETIONARY AWARDS**

With the approval of the Board of Directors of RSI, the Chairman, President, and Chief Executive Officer of RSI has the authority to grant discretionary bonus awards for exemplary performance to non-participants or to enhance the awards of participants. Discretionary awards are not subject to the funding limitations of this plan.

While it is common to grant discretionary awards at the same time as regular awards, it may be appropriate, on occasion, to recognize an employee off-cycle due to extremely unusual performance. Off-cycle discretionary awards must be approved by the Chairman, President and Chief Executive Officer of RSI.

The total of all discretionary awards for employees under this plan, the VLSD field bonus plans, the Headquarters Executive Management Incentive Compensation Plan, the Ryder International Incentive Compensation Plan, the Ryder Services Corporation Incentive Compensation Plan, and all Division Presidents' Incentive Compensation Plans including those granted off-cycle, may not exceed \$430,000 per year.

**AMENDMENTS**

The Board of Directors of RSI reviews RSI's, its subsidiaries' and affiliates' incentive compensation plans annually to ensure equitability both within the Company, and in relation to current economic conditions. THE BOARD OF DIRECTORS RESERVES THE RIGHT TO AMEND, SUSPEND, TERMINATE OR MAKE EXCEPTIONS TO

THIS PLAN AT ANY TIME.

EXHIBIT 10.11(b) The Ryder System, Inc. 1994 Incentive Compensation Plan for Senior Vice President and General Manager of the International Division.

Supersedes 1993 Bonus Plan for Chairman, Automotive Carrier Division, Ryder International

## INTRODUCTION

The following material explains the operation and administration of the 1994 Incentive Plan for the Senior Vice President and General Manager - International. The plan is intended to serve as a single, comprehensive source of information that will explain your bonus for achieving various levels of performance. Questions should be addressed to your supervisor.

## BONUS OPPORTUNITY

The following table summarizes the maximum bonus opportunity for each participating management level:

MAXIMUM BONUS OPPORTUNITY AS A PERCENTAGE OF BASE SALARY				
RSI Performance	International Operations	International Development Performance	Individual Performance	Total Bonus Opportunity *
20%	20%	40%	20%	100%*

\* See Special ROE Award section

## BONUS PERFORMANCE MEASURES

For 1994, your bonus payout will be based on RSI performance, International Operations, International Development Objectives, and your performance as an individual.

RSI performance is measured based on a combination of RSI Net Earnings After Tax (NAT) Return on Assets (ROA) performance and RSI Net Earnings Before Tax (NBT) performance for 1994.

International Operations is measured based on a NBT performance of the International Operations for 1994.

### International Development Objectives - To be Determined

Individual performance is determined based on a year-end assessment of your performance against objectives that you and your supervisor agreed to at the start of the year. Given their importance, the objectives should be in writing and updated during the year to adjust for priorities that may have changed.

**DEFINITION OF MEASURES**

Performance levels attained in the following areas determine the extent to which participants of this bonus plan are eligible for bonus awards.

- RSI PERFORMANCE -- RSI performance payout is based on a grid which combines RSI ROA performance and RSI NBT performance.

RSI ROA performance for the bonus year is calculated by dividing RSI NAT by RSI average assets.

-- RSI NAT is defined as RSI's consolidated Net Earnings After Tax for the bonus year, as certified to the Board of Directors and shareholders of RSI by the Company's independent auditors, including appropriate accruals for all incentive awards estimated to be payable for that bonus year.

-- RSI average assets is defined as the average of the four quarters' average assets. A quarter's average assets is defined as the assets, as shown on RSI's balance sheet at the beginning of each quarter plus the total assets as shown on RSI's balance sheet at the end of each quarter, divided by two.

RSI NBT performance is defined as RSI's consolidated Net Earnings Before Tax as certified to the Board of Directors and shareholders of RSI by the Company's independent auditors, net of a provision for the total of all incentive awards, for the bonus year.

- INTERNATIONAL OPERATIONS PERFORMANCE -- based on a grid which contains one performance variable; International Operations NBT for 1994.

**- INTERNATIONAL DEVELOPMENT OBJECTIVES -**

1. New opportunity evaluation process

2. Germany

- Market profile/survey

- 2 new markets/locations

- 4 new lease sales reps

3. Mexico

- Establish operations

- 1 consulting account

- 1 beachhead account

4. Poland

- Establish operations

- Increase revenue by 50%

- **INDIVIDUAL PERFORMANCE** -- Individual performance is defined as each participant's performance against job requirements and objectives (MBOs), as agreed upon between the individual and his/her management, at the beginning of the bonus year. If necessary, goals and objectives may be revised during the bonus year to reflect changing business priorities.

Individual performance awards are separate from payments based upon ROA and NBT performance, and may be paid, in part or in whole, based on RSI's performance and/or ability to pay. Such payments are subject to the recommendation of the Administrator of the plan and approval by the Board of Directors of RSI.

**NOTE:** The effects of any unusual and material accounting transactions may be excluded from bonus calculations with the approval of the Board of Directors of RSI.

**BONUS CALCULATION**

Bonus awards are based on the following grids.

**1) RSI PERFORMANCE**

RSI performance payout is based on a grid consisting of two performance variables: 1994 Actual RSI NBT and 1994 RSI NAT ROA. The potential bonus payout percent is determined by locating the point on the grid where the variables intersect. Actual performance may fall between the points specifically displayed on the grid, and the grid allows for interpolation between NBT points as shown. No bonus awards will be paid for performance below threshold. The potential bonus payout is expressed as a percentage of Maximum RSI Performance Bonus Opportunity, as shown on page 1.

**POTENTIAL RSI PERFORMANCE BONUS PAYOUT  
AS A PERCENTAGE OF MAXIMUM RSI PERFORMANCE BONUS OPPORTUNITY**

ROA (%)	1994 ACTUAL NBT (\$MM)						MAXIMUM 265.0
	THRESHOLD 209.8	218.3	232.0	245.8	251.0	256.0	
	% OF COMPANY OPPORTUNITY						
less than 2.5	15	30	40	50	60	70	80
2.5 - 3.0	25	40	50	60	75	85	95
greater than 3+	35	50	60	70	80	90	100

**2) INTERNATIONAL OPERATIONS PERFORMANCE**

International Operations performance payout is based on a grid consisting of one performance variable: 1994 International Operations NBT. The potential bonus payout percent is determined by locating the point on the grid under the actual International Operations NBT. Actual performance may fall between the points specifically displayed on the grid, and the grid allows for interpolation between NBT points as shown. No bonus awards will be paid for performance below threshold. The potential bonus payout is expressed as a percentage of Maximum International Operations Performance Bonus Opportunity, as shown on page 1.

**POTENTIAL INTERNATIONAL OPERATIONS PERFORMANCE BONUS PAYOUT  
AS A PERCENTAGE OF MAXIMUM INTERNATIONAL OPERATIONS PERFORMANCE BONUS  
OPPORTUNITY**

		1994 ACTUAL NBT (\$MM)				MAX
	1.8	1.9	2.0	2.5	3.0	3.5
	% OF COMPANY OPPORTUNITY					
	0	30	60	70	80	100

3) INTERNATIONAL DEVELOPMENT OBJECTIVES

1. New opportunity evaluation process
2. Germany
  - Market profile/survey
  - 2 new markets/locations
  - 4 new lease sales reps
3. Mexico
  - Establish operations
  - 1 consulting account
  - 1 beachhead account
4. Poland
  - Establish operations
  - Increase revenue by 50%

4) INDIVIDUAL PERFORMANCE

Individual performance payout is based on a grid consisting of individual performance results versus objectives. The potential bonus payout percent is determined by awarding a percentage within one of the grid ranges. The potential bonus payout is expressed as a percentage of Maximum Individual Performance Bonus Opportunity, as shown on page 1.

POTENTIAL INDIVIDUAL PERFORMANCE BONUS PAYOUT  
 AS A PERCENTAGE OF MAXIMUM INDIVIDUAL PERFORMANCE BONUS OPPORTUNITY

INDIVIDUAL PERFORMANCE % OF INDIVIDUAL PERFORMANCE OPPORTUNITY	FAIR - SOME CRITICAL SHORTFALLS	CONSISTENT WITH EXPECTATIONS	SIGNIFICANTLY ABOVE EXPECTATIONS	EXCEPTIONAL
	0-29%	30-59%	60-89%	90-100%

ALL PERFORMANCE GRIDS REPRESENT GUIDELINES ONLY. ACTUAL PAYOUTS MAY BE PRORATED DOWNWARD AT THE COMPANY'S DISCRETION. ADDITIONAL CRITERIA MAY ALSO ADJUST THE PERFORMANCE PORTION DOWNWARD IF SPECIFIC GOALS ARE NOT ACHIEVED. THE GRIDS WILL BE REVISED ANNUALLY TO ENSURE CONSISTENCY WITH COMPANY GOALS AND OBJECTIVES.



**BONUS CALCULATION EXAMPLE**

Total bonus would be calculated as follows given the following information:

Eligible Base Salary		\$170,000
1994 RSI NBT		\$251.0MM
1994 RSI NAT ROA		2.7%
1994 INTERNATIONAL OPERATIONS NBT		\$ 2.0MM
1994 INTERNATIONAL DEVELOPMENT OBJ.		2.7%
Individual Performance	Significantly Above Expectations	
1) RSI Performance		
20% Maximum RSI Performance Bonus Opportunity		
70% Potential RSI Performance Bonus Payout (from grid)		
20% x 75% = 15% of Eligible Base Salary		
15% x \$170,000 =	\$	25,500
2) International Operations		
20% Maximum International Operations Performance Bonus Opportunity		
60% Potential International Oper. Performance Bonus Payout (from grid)		
20% x 60% = 12% of Eligible Base Salary		
12% x \$170,000 =	\$	20,400
3) International Development Objectives		
40% Maximum RSI Performance Above Plan Bonus Opportunity		
25% Potential RSI Performance Above Plan Bonus Payout (from grid)		
40% x 25% = 10% of Eligible Base Salary		
10% x \$170,000 =	\$	17,000
4) Individual Performance		
20% Maximum Individual Performance Bonus Opportunity		
75% Potential Individual Performance Bonus Payout (from grid)		
20% x 75% = 15% of Eligible Base Salary		
15% x \$170,000 =	\$	25,500
TOTAL BONUS		----- \$ 88,400

**BASE SALARY CALCULATION**

For the purpose of bonus calculations, base salary is defined as the average annual rate of pay for the calendar year, excluding all other compensation paid to the employee during the year, e.g. bonus, employee benefits, moving expenses, and imputed income from company car, insurance, and amounts attributable to any of the Company's stock plans.

Average annual rate of pay for a participant whose base salary changes within the bonus year is calculated as shown below.

**BASE SALARY CALCULATION EXAMPLE**

Average annual rate of pay would be calculated as follows for a participant who begins a bonus year with a base salary of \$170,000, then effective June 1 receives an increase to a base salary of \$190,000:

January 1 thru May 31 of Bonus Year:				
31 + 28 + 31 + 30 + 31	=	151	= .414 x \$170,000/yr. =	\$ 70,380
-----		---		
365 days		365		
June 1 thru December 31 of Bonus Year:				
365 - 151	=	214	= .586 x \$190,000/yr. =	\$111,340
-----		---		
365 days		365		
AVERAGE ANNUAL RATE OF PAY FOR BONUS YEAR =				\$181,720

**SPECIAL ROE AWARD**

One and one-half percent of the RSI NAT amount in excess of that required to reach 17% Return on Equity (ROE) will be credited to deferred compensation for elected Officers of the Company and the Division Presidents and Division General Managers. This amount will be prorated based on each individual participant's earned salary (while in the eligible position) in relation to the sum of the earned salaries of all participants.

**ADMINISTRATION**

The Chairman, President, and Chief Executive Officer of RSI will administer this Incentive Compensation Plan.

**BONUS YEAR**

The bonus year is defined as the calendar year in which bonus awards are earned.

**REVENUE CRITERIA**

The level of an incumbent in a position whose bonus opportunity and bonus base vary depending on annual revenue, will be determined according to actual 1994 revenue. The revenue criteria are outlined and defined in the footnote on the participant's applicable Classification Guide contained in the 1994 Manager's Guide to Salary Administration.

**ELIGIBILITY**

Employees whose positions are designated on page 1 of the Bonus Plan Summary and who are employed in good standing at the time bonus payments are made are eligible to participate in this plan. Individuals who have agreements which specifically provide for incentive compensation other than that which is provided in this plan or who are participants in any other incentive compensation plan of Ryder System, Inc. (RSI or the Company), its subsidiaries or affiliates are not eligible to participate in this plan.

Employees who are newly hired, promoted or transferred into or out of eligible positions and those who move from one eligibility level to another will receive pro rata bonus awards based on the average annual rate of pay in eligible positions, provided they are employed in good standing at the time bonus awards are distributed.

In addition, participants who leave the Company during the bonus year under any of the following conditions may be eligible for pro rata bonus awards:

- retirement under the provisions of one of the Company's retirement plans or the Social Security Act, or
- disability.

Note: The spouse or legal representative of a deceased participant may be eligible for pro rata bonus awards as well.

**BONUS ELIGIBILITY ON CHANGE OF CONTROL**

Notwithstanding anything in this plan to the contrary, in the event of a Change of Control of RSI (as defined and adopted by the Board of Directors on August 20, 1993), the funds necessary to pay incentive awards will be placed in a trust administered by an outside financial institution.

The amount of each participant's incentive award will be determined in accordance with the provisions of the plan by a "Big 6" accounting firm chosen by RSI. Participants will receive bonus awards for actual time employed during the bonus year based upon: a) the greater of actual company performance or 80% of maximum company performance opportunity plus b) the greater of actual individual performance or 80% of maximum individual performance opportunity.

However, if RSI fails to verify incentive awards through a "Big 6" accounting firm, participants will receive 100% of their maximum company and individual performance opportunities based on actual time worked during the bonus year. RSI will be responsible for all legal fees and expenses which participants may reasonably incur in enforcing their rights under the plan in the event of a Change of Control of RSI.

Should a Change of Control occur during 1994, participants will receive instructions regarding the collection of incentive awards.

## **BONUS ELIGIBILITY ON TERMINATION**

Participants leaving the Company under any conditions other than those outlined in the Eligibility or Change of Control sections of this plan are not eligible for bonus awards for the bonus year in which they leave, nor are they eligible for awards for the preceding bonus year, if such awards have not yet been distributed.

## **BONUS PAYMENT**

Shortly after the end of the calendar year and after considering the recommendations of the Administrator of the plan, the Compensation Committee of the Board of Directors or the full Board of Directors of RSI will, in its sole discretion, determine the participants, if any, who will receive bonus awards and the amounts of such awards. Bonus award payments will be distributed to eligible participants following such Board or Committee approval and subsequent to certification of consolidated financial statements by an independent auditor.

## **BONUS FUNDING**

A maximum of 2.5% of consolidated RSI NBT and 10% of Vehicle Leasing & Services Division (VLSD) NBT may be accrued by RSI and VLSD, respectively, throughout the bonus year to fund all awards under this bonus plan, the RSI/VLSD Headquarters Executive Management Incentive Compensation Plan, all VLSD field bonus plans, the RSI SEVP Incentive Compensation Plan, the Ryder International Incentive Compensation Plan, and the Ryder Services Corporation Incentive Compensation Plan as well as any incentive or bonus payments resulting from employment commitments or agreements. Accruals for the Chairman, President and Chief Executive Officer of RSI, the ACD President, the President Commercial Leasing & Services, the President Ryder Dedicated Logistics, the President Consumer Rental, and all discretionary awards are excluded from this funding limitation.

Bonus payout maximums are limited by the lower of the total earned opportunity provided under the plan, the amount of the accrual, or the funding limitation. Should the funding limitation or accrual not provide for bonus allotments under the plan, proration will be effected at the discretion of the Chairman, President and Chief Executive Officer of RSI. Unused monies from the fund may not be carried forward for subsequent bonus years.

## **DISCRETIONARY AWARDS**

With the approval of the Chairman, President and Chief Executive Officer of RSI, and the Board of Directors, has the authority to grant discretionary bonus awards for exemplary performance to non-participants or to enhance the awards of participants. Discretionary awards are not subject to the funding limitations of this plan.

While it is common to grant discretionary awards at the same time as regular awards, it may be appropriate, on occasion, to recognize an employee off-cycle due to extremely unusual performance. Off-cycle discretionary awards for officers must be approved by the Chairman, President and Chief Executive Officer of RSI. Off-cycle discretionary awards for non-officers may be granted with the approval of the Chairman, President and Chief Executive Officer of RSI.

The total of all discretionary awards for employees under this plan, the RSI/VLSD Headquarters Executive Management Incentive Compensation Plan, all VLSD field bonus plans, the RSI SEVP Incentive Compensation Plan, the Ryder International Incentive Compensation Plan, the Division Presidents' Incentive Compensation Plan and the Ryder Services Corporation Incentive Compensation Plan, including those granted off-cycle, may not exceed \$430,000 per year.

## **AMENDMENTS**

The Board of Directors of RSI reviews RSI's, its subsidiaries' and affiliates' incentive compensation plans annually to ensure equitability both within the Company, and in relation to current economic conditions. THE BOARD OF DIRECTORS RESERVES THE RIGHT TO AMEND, SUSPEND, TERMINATE OR MAKE EXCEPTIONS TO

THIS PLAN AT ANY TIME.



**Supercedes 1993 ACD President Bonus Plan Summary**

**INTRODUCTION**

The following material explains the operation and administration of the 1994 Incentive Plan for the President, Automotive Carrier Division (ACD). The plan is intended to serve as a single, comprehensive source of information that will explain your bonus for achieving various levels of performance. Questions should be addressed to your supervisor.

**BONUS OPPORTUNITY**

The following table summarizes the maximum bonus opportunity:

MAXIMUM BONUS OPPORTUNITY AS A PERCENTAGE OF BASE SALARY			
RSI PERFORMANCE	ACD PERFORMANCE	INDIVIDUAL PERFORMANCE	TOTAL BONUS OPPORTUNITY
20%	60%	20%	100%

**BONUS PERFORMANCE MEASURES**

For 1994, your bonus payout will be based on Ryder System, Inc. (RSI or the Company) performance, ACD performance, and your performance as an individual.

RSI performance is measured based on a combination of RSI Net Earnings After Tax (NAT) Return on Assets (ROA) performance and RSI Net Earnings Before Tax (NBT) performance for 1994.

ACD performance is measured based on ACD Net Earnings Before Tax (NBT) performance for 1994.

Individual performance is determined based on a year-end assessment of your performance against objectives that you and your supervisor agreed to at the start of the year. Given their importance, the objectives should be in writing and updated during the year to adjust for priorities that may have changed.

**DEFINITION OF MEASURES**

Performance levels attained in the following areas determine the extent to which participants of this bonus plan are eligible for bonus awards.

- RSI PERFORMANCE -- RSI performance payout is based on a grid which combines RSI ROA performance and RSI NBT performance.

RSI ROA performance for the bonus year is calculated by dividing RSI NAT ROA by RSI average assets.

-- RSI NAT is defined as RSI's consolidated Net Earnings After Tax for the bonus year, as certified to the Board of Directors and shareholders of RSI by the Company's independent auditors, including appropriate accruals for all incentive awards estimated to be payable for that bonus year.

-- RSI average assets is defined as the average of the four quarters' average assets. A quarter's average assets is defined as the assets, as shown on RSI's balance sheet at the beginning of each quarter plus the total assets as shown on RSI's balance sheet at the end of each quarter, divided by two.

RSI NBT is defined as RSI's consolidated Net Earnings Before Tax as certified to the Board of Directors and shareholders of RSI by the Company's independent auditors, net of a provision for the total of all incentive awards, for the bonus year.

- ACD PERFORMANCE -- ACD performance payout is based on ACD NBT.

ACD NBT is defined as ACD's consolidated and combined Net Earnings Before Tax as certified to the Board of Directors and shareholders of RSI by the Company's independent auditors, before eliminations, net of a provision for the total of all incentive awards, for the bonus year.

- INDIVIDUAL PERFORMANCE -- Individual performance is defined as each participant's performance against job requirements and objectives (MBOs), as agreed upon between the individual and his/her management, at the beginning of the bonus year. If necessary, goals and objectives may be revised during the bonus year to reflect changing business priorities.

Individual performance awards are separate from payments based upon ROA and NBT performance, and may be paid, in part or in whole, based on ACD's and RSI's performance and/or ability to pay. Such payments are subject to the recommendation of the Administrator of the plan and approval by the Board of Directors of RSI.

NOTE: The effects of any unusual and material accounting transactions may be excluded from bonus calculations with the approval of the Board of Directors of RSI.

## **BONUS CALCULATION**

Bonus awards are based on the following grids.

### **1) RSI PERFORMANCE**

RSI performance payout is based on a grid consisting of two performance variables: 1994 Actual RSI NBT and 1994 RSI NAT ROA. The potential bonus payout percent is determined by locating the point on the grid where the variables intersect. Actual performance may fall between the points specifically displayed on the grid, and the grid allows for interpolation between NBT points as shown. No bonus awards will be paid for performance below threshold. The potential bonus payout is expressed as a percentage of Maximum RSI Performance Bonus Opportunity, as shown on page 1.

POTENTIAL RSI PERFORMANCE BONUS PAYOUT  
AS A PERCENTAGE OF MAXIMUM RSI PERFORMANCE BONUS OPPORTUNITY

ROA (%)	THRESHOLD	1994 ACTUAL NBT (\$MM)					MAXIMUM
		209.8	218.3	232.0	245.8	251.0	
less than 2.5	15	30	40	50	60	70	80
2.5 - 3	25	40	50	60	75	85	95
greater than 3	35	50	60	70	80	90	100

2) ACD PERFORMANCE

ACD performance payout is based on a grid consisting of one performance variable: Actual 1994 ACD NBT. The bonus payout percent is determined by locating the point on the grid which corresponds to the variable. Actual performance may fall between the NBT points specifically displayed on the grid, and the grid allows for interpolation between points as shown. No payment will be made for performance below the lowest point displayed. The potential bonus payout is expressed as a percentage of maximum NBT Performance Bonus Opportunity as shown on page 1.

POTENTIAL ACD PERFORMANCE BONUS PAYOUT  
AS A PERCENTAGE OF MAXIMUM ACD PERFORMANCE BONUS OPPORTUNITY

1994 ACTUAL NBT (\$MM)  
THRESHOLD MAX.

31.9 34.1 37.2 42.4 47.5 % OF COMPANY OPPORTUNITY  
[S] [C] [C] [C] [C] 15% 30% 60% 80% 100%

3) INDIVIDUAL PERFORMANCE

Individual performance payout is based on a grid consisting of individual performance results versus objectives. The potential bonus payout percent is determined by awarding a percentage within one of the grid ranges. The potential bonus payout is expressed as a percentage of Maximum Individual Performance Bonus Opportunity, as shown on page 1.

POTENTIAL INDIVIDUAL PERFORMANCE BONUS PAYOUT  
AS A PERCENTAGE OF MAXIMUM INDIVIDUAL  
PERFORMANCE BONUS OPPORTUNITY

INDIVIDUAL PERFORMANCE % OF INDIVIDUAL PERFORMANCE OPPORTUNITY	FAIR - SOME CRITICAL SHORTFALLS	CONSISTENT WITH EXPECTATIONS	SIGNIFICANTLY ABOVE EXPECTATIONS	EXCEPTIONAL
		0-29%	30-59%	60-89%



ALL PERFORMANCE GRIDS REPRESENT GUIDELINES ONLY. ACTUAL

PAYOUTS MAY BE PRORATED DOWNWARD AT THE COMPANY'S DISCRETION. ADDITIONAL INDIVIDUAL CRITERIA MAY ALSO ADJUST THE PERFORMANCE PORTION DOWNWARD IF SPECIFIC GOALS ARE NOT ACHIEVED. THE GRIDS WILL BE REVISED ANNUALLY TO ENSURE CONSISTENCY WITH COMPANY GOALS AND OBJECTIVES.

**BONUS CALCULATION EXAMPLE**

Total bonus would be calculated as follows given the following information:

Eligible Base Salary		\$	170,000
1994 RSI NBT		\$232,000,000	
1994 RSI NAT ROA		2.7%	
1994 ACD NBT		\$ 37,200,000	
Individual Performance	Significantly Above Expectations		
1) RSI Performance			
20% Maximum RSI Performance Bonus Opportunity (from grid on page 1)			
50% Potential RSI Performance Bonus Payout (from grid on page 1)			
20% x 50% = 10% of Eligible Base Salary			
10% x \$ 170,000 =		\$	17,000
2) ACD Performance			
60% Maximum ACD Performance Bonus Opportunity (from grid on page 1)			
60% Potential ACD Performance Bonus Payout (from grid on page 4)			
60% x 60% = 36% of Eligible Base Salary			
36% x \$ 170,000 =		\$	61,200
3) Individual Performance			
20% Maximum Individual Performance Bonus Opportunity (from grid on page 1)			
75% Potential Individual Performance Bonus Payout (from grid on page 4)			
20% x 75% = 15% of Eligible Base Salary			
15% x \$ 170,000 =		\$	25,500
		-----	
TOTAL BONUS		\$	103,700

**BASE SALARY CALCULATION**

For the purpose of bonus calculations, base salary is defined as the average annual rate of pay for the calendar year, excluding all other compensation paid to the employee during the year, e.g. bonus, commissions, employee benefits, moving expenses, and imputed income from company car, insurance, and amounts attributable to any of the Company's stock plans.

Average annual rate of pay for a participant whose base salary changes within the bonus year is calculated as shown below.

**BASE SALARY CALCULATION EXAMPLE**

Average annual rate of pay would be calculated as follows for a participant who begins a bonus year with a base salary of \$148,000, then effective June 1 receives an increase to a base salary of \$157,000:

January 1 thru May 31 of Bonus Year		
31 + 28 + 31 + 30 + 31	=	151 = .414 x \$148,000/yr. =
-----		---
365 days		365
June 1 thru December 31 of Bonus Year		
365 - 151	=	214 = .586 x \$157,000/yr. =
-----		---
365 days		365
AVERAGE ANNUAL RATE OF PAY FOR BONUS YEAR =		\$153,274

**SPECIAL ROE AWARD**

One and one-half percent of the RSI NAT amount in excess of that required to reach 17% Return on Equity (ROE) will be credited to deferred compensation for elected Officers of the Company and the Division Presidents. This amount will be prorated based on each individual participant's earned salary (while in the eligible position) in relation to the sum of the earned salaries of all participants.

**ADMINISTRATION**

The Chairman, President, and Chief Executive Officer of RSI will administer this Incentive Compensation Plan.

**BONUS YEAR**

The bonus year is defined as the calendar year in which bonus awards are earned.

**ELIGIBILITY**

The President, Automotive Carrier Division, if employed in good standing at the time bonus payments are made is eligible to participate in this plan. If the President, Automotive Carrier Division has an agreement which specifically provides for incentive compensation other than that which is provided in this plan or is a participant in any other incentive compensation plan of RSI, its subsidiaries or affiliates, he/she is not eligible to participate in this plan.

Employees who are newly hired, promoted or transferred into or out of eligible positions and those who move from one eligibility level to another will receive pro rata bonus awards based on the average annual rate of pay in eligible positions, provided they are employed in good standing at the time bonus awards are distributed.

In addition, participants who leave ACD or the Company during the bonus year under any of the following conditions may be eligible for pro rata bonus awards:

- retirement under the provisions of one of the Company's retirement plans or the Social Security Act, or
- disability

Note: The spouse or legal representative of a deceased participant may be eligible for pro-rata bonus awards as well.

**BONUS ELIGIBILITY ON CHANGE OF CONTROL**

Notwithstanding anything in this plan to the contrary, in the event of a Change of Control of the Company (as defined and adopted by the Board of Directors on August 20, 1993), the funds necessary to pay incentive awards will be placed in a trust administered by an outside financial institution.

The amount of each participant's incentive award will be determined in accordance with the provisions of the plan by a "Big 6" accounting firm chosen by the Company. Participants will receive bonus awards for actual time employed during the bonus year based upon: a) the greater of actual company performance or 80% of maximum company performance opportunity plus b) the greater of actual individual performance or 80% of maximum individual performance opportunity.

However, if the Company fails to verify incentive awards through a "Big 6" accounting firm, participants will receive 100% of their maximum company and individual performance opportunities based on actual time worked during the bonus year. The Company will be responsible for all legal fees and expenses which participants may reasonably incur in enforcing their rights under the plan in the event of a Change of Control of the Company.

Should a Change of Control occur during 1994, participants will receive instructions regarding the collection of incentive awards.

**BONUS ELIGIBILITY ON TERMINATION**

Participants leaving ACD or the Company under any conditions other than those outlined in the Eligibility or Change of Control sections of this plan are not eligible for bonus awards for the bonus year in which they leave, nor are they eligible for awards for the preceding bonus year, if such awards have not yet been distributed.

**BONUS PAYMENT**

Shortly after the end of the calendar year and after considering the recommendations of the Administrator of the plan, the Compensation Committee of the Board of Directors or the full Board of Directors of RSI will, in its sole discretion, determine the participants, if any, who will receive bonus awards and the amounts of such awards. Bonus award payments will be distributed to eligible participants following such Board or Committee approval and subsequent to certification of consolidated financial statements by an independent auditor.

**BONUS FUNDING**

Accruals for the President, ACD and all discretionary awards are excluded from funding limitations.

Bonus payout maximums are limited by the lower of the total earned opportunity provided under the plan or the amount of the accrual. Should the accrual not provide for bonus allotments under the plan, proration will be effected at the discretion of the Chairman, President and Chief Executive Officer of RSI. Unused monies may not be carried forward for subsequent bonus years.

**DISCRETIONARY AWARDS**

With the approval of the Board of Directors of RSI, the Chairman, President, and Chief Executive Officer of RSI has the authority to grant discretionary bonus awards for exemplary performance to non-participants or to enhance the awards of participants. Discretionary awards are not subject to the funding limitations of this plan.

While it is common to grant discretionary awards at the same time as regular awards, it may be appropriate, on occasion, to recognize an employee off-cycle due to extremely unusual performance. Off-cycle discretionary awards must be approved by the Chairman, President and Chief Executive Officer of RSI.

The total of all discretionary awards for employees under this plan, the VLSD field bonus plans, the RSI SEVP Incentive Compensation Plan, the Headquarters Executive Management Incentive Compensation Plan, the Ryder International Incentive Compensation Plan, the Ryder Services Corporation Incentive Compensation Plan, and all Division Presidents' Incentive Compensation Plans, including those granted off-cycle, may not exceed \$430,000 per year.

**AMENDMENTS**

The Board of Directors of RSI reviews RSI's, its subsidiaries' and affiliates' incentive compensation plans annually to ensure equitability both within the Company, and in relation to current economic conditions. THE BOARD OF DIRECTORS RESERVES THE RIGHT TO AMEND, SUSPEND, TERMINATE OR MAKE EXCEPTIONS TO

THIS PLAN AT ANY TIME.



Supersedes

**1993 Chairman, President & Chief Executive Officer Incentive Compensation Plan****INTRODUCTION**

The following material explains the operation and administration of the 1994 Incentive Plan for the Chairman, President & Chief Executive Officer (CEO) of Ryder System, Inc. (RSI or the Company). The plan is intended to serve as a single, comprehensive source of information that will explain your bonus for achieving various levels of performance.

**BONUS OPPORTUNITY**

The following table summarizes the maximum bonus opportunity:

**MAXIMUM BONUS OPPORTUNITY AS A PERCENTAGE OF BASE SALARY**

RSI PERFORMANCE	RSI PERFORMANCE ABOVE PLAN	INDIVIDUAL PERFORMANCE	TOTAL BONUS OPPORTUNITY*
80%	30%	20%	130%

\* See Special ROE Award section

**BONUS PERFORMANCE MEASURES**

For 1994, your bonus payout will be based on RSI performance, RSI performance above plan, and your performance as an individual.

RSI performance is measured based on a combination of RSI Net Earnings After Tax (NAT) Return on Assets (ROA) performance and RSI Net Earnings Before Tax (NBT) performance for 1994.

RSI performance above plan is based on RSI NBT performance for 1994, as defined on page 3.

Individual performance is determined based on a year-end assessment of your performance against objectives. The objectives should be updated during the year to adjust for priorities that may have changed.

**CHAIRMAN, PRESIDENT &  
CHIEF EXECUTIVE OFFICER  
BONUS PLAN SUMMARY**

**1994 INCENTIVE COMPENSATION PLAN PAGE 2**

**DEFINITION OF MEASURES**

Performance levels attained in the following areas determine the extent to which participants of this bonus plan are eligible for bonus awards.

- RSI PERFORMANCE -- RSI performance payout is based on a grid which combines RSI ROA performance and RSI NBT performance.

RSI ROA performance for the bonus year is calculated by dividing RSI NAT by RSI average assets.

-- RSI NAT is defined as RSI's consolidated Net Earnings After Tax for the bonus year, as certified to the Board of Directors and shareholders of RSI by the Company's independent auditors, including appropriate accruals for all incentive awards estimated to be payable for that bonus year.

-- RSI average assets is defined as the average of the four quarters' average assets. A quarter's average assets is defined as the assets, as shown on RSI's balance sheet at the beginning of each quarter plus the total assets as shown on RSI's balance sheet at the end of each quarter, divided by two.

RSI NBT performance is defined as RSI's consolidated Net Earnings Before Tax as certified to the Board of Directors and shareholders of RSI by the Company's independent auditors, net of a provision for the total of all incentive awards, for the bonus year.

- RSI PERFORMANCE ABOVE PLAN -- RSI performance above plan payout is based on RSI NBT Performance.

- INDIVIDUAL PERFORMANCE -- Individual performance is defined as performance against job requirements and objectives (MBOs). If necessary, goals and objectives may be revised during the bonus year to reflect changing business priorities.

Individual performance awards are separate from payments based upon ROA and NBT performance, and may be paid, in part or in whole, based on RSI's performance and/or ability to pay. Such payments are subject to the recommendation of the Compensation Committee of the Board of Directors and approval by the Board of Directors of RSI.

NOTE: The effects of any unusual and material accounting transactions may be excluded from bonus calculations with the approval of the Board of Directors of RSI.



## 1994 INCENTIVE COMPENSATION PLAN

## BONUS CALCULATION

Bonus awards are based on the following grids.

## 1) RSI PERFORMANCE

RSI performance payout is based on a grid consisting of two performance variables: 1994 Actual RSI NBT and 1994 RSI NAT ROA. The potential bonus payout percent is determined by locating the point on the grid where the variables intersect. Actual performance may fall between the points specifically displayed on the grid, and the grid allows for interpolation between NBT points as shown. No bonus awards will be paid for performance below threshold. The potential bonus payout is expressed as a percentage of Maximum RSI Performance Bonus Opportunity, as shown on page 1.

POTENTIAL RSI PERFORMANCE BONUS PAYOUT  
AS A PERCENTAGE OF MAXIMUM RSI PERFORMANCE BONUS OPPORTUNITY

	1994 ACTUAL NBT (\$MM)							MAXIMUM 265.0
	THRESHOLD 208.9	218.3	232.0	245.8	251.0	256.0		
ROA (%)	% OF COMPANY OPPORTUNITY							
less than 2.5	15	30	40	50	60	70	80	
2.5 - 3.0	25	40	50	60	75	85	95	
greater than 3	35	50	60	70	80	90	100	

## 2) RSI PERFORMANCE ABOVE PLAN

RSI performance above plan payout is based on a grid of 1994 Actual RSI NBT. The potential bonus payout percent is determined by locating the point on the grid under the 1994 Actual RSI NBT. Actual performance may fall between the points specifically displayed on the grid, and the grid allows for interpolation between NBT points as shown. No bonus awards will be paid for performance below threshold, which is 1994 RSI Business Plan NBT. The potential bonus payout is expressed as a percentage of Maximum RSI Performance Above Plan Bonus Opportunity, as shown on page 1.

POTENTIAL RSI PERFORMANCE ABOVE PLAN BONUS PAYOUT  
AS A PERCENTAGE OF MAXIMUM  
RSI PERFORMANCE ABOVE PLAN BONUS OPPORTUNITY

THRESHOLD	1994 ACTUAL NBT (\$MM)		MAXIMUM 265.0
	245.8	251.0	
0	% OF RSI PERF. ABOVE PLAN		
	25	50	100

**CHAIRMAN, PRESIDENT &  
CHIEF EXECUTIVE OFFICER  
BONUS PLAN SUMMARY**

**1994 INCENTIVE COMPENSATION PLAN PAGE 4**

3) INDIVIDUAL PERFORMANCE

Individual performance payout is based on a grid consisting of individual performance results versus objectives. The potential bonus payout percent is determined by awarding a percentage within one of the grid ranges. The potential bonus payout is expressed as a percentage of Maximum Individual Performance Bonus Opportunity, as shown on page 1.

POTENTIAL INDIVIDUAL PERFORMANCE BONUS PAYOUT  
AS A PERCENTAGE OF MAXIMUM INDIVIDUAL PERFORMANCE BONUS OPPORTUNITY

INDIVIDUAL PERFORMANCE % OF INDIVIDUAL PERFORMANCE OPPORTUNITY	FAIR - SOME CRITICAL SHORTFALLS	CONSISTENT WITH EXPECTATIONS	SIGNIFICANTLY ABOVE EXPECTATIONS	EXCEPTIONAL
	0-29%	30-59%	60-89%	90-100%

ALL PERFORMANCE GRIDS REPRESENT GUIDELINES ONLY. ACTUAL PAYOUTS MAY BE PRORATED DOWNWARD AT THE COMPANY'S DISCRETION. ADDITIONAL CRITERIA MAY ADJUST THE PERFORMANCE PORTION DOWNWARD IF SPECIFIC GOALS ARE NOT ACHIEVED. THE GRIDS WILL BE REVISED ANNUALLY TO ENSURE CONSISTENCY WITH COMPANY GOALS AND OBJECTIVES.

**CHAIRMAN, PRESIDENT &  
CHIEF EXECUTIVE OFFICER  
BONUS PLAN SUMMARY**

**1994 INCENTIVE COMPENSATION PLAN PAGE 5**

**BONUS CALCULATION EXAMPLE**

Total bonus would be calculated as follows, given the following information:

Eligible Base Salary	\$	725,000
1994 RSI NBT	\$	251.0MM
1994 RSI NAT ROA		2.7%
Individual Performance		Significantly Above Expectations
1) RSI Performance		
80% Maximum RSI Performance Bonus Opportunity		
75% Potential RSI Performance Bonus Payout (from grid)		
80% x 75% = 60% of Eligible Base Salary		
60% x \$725,000 =	\$	435,000
2) RSI Performance Above Plan		
30% Maximum RSI Performance Above Plan Bonus Opportunity		
25% Potential RSI Performance Above Plan Bonus Payout (from grid)		
30% x 25% = 7.5% of Eligible Base Salary		
7.5% x \$725,000 =		54,375
3) Individual Performance		
20% Maximum Individual Performance Bonus Opportunity		
75% Potential Individual Performance Bonus Payout (from grid)		
20% x 75% = 15% of Eligible Base Salary		
15% x \$725,000 =	\$	108,750
TOTAL BONUS	\$	----- 598,125

**CHAIRMAN, PRESIDENT &  
CHIEF EXECUTIVE OFFICER  
BONUS PLAN SUMMARY**

**1994 INCENTIVE COMPENSATION PLAN PAGE 6**

**BASE SALARY CALCULATION**

For the purpose of bonus calculations, base salary is defined as the average annual rate of pay for the calendar year, excluding all other compensation paid to the employee during the year, e.g. bonus, commissions, employee benefits, moving expenses, and imputed income from company car, insurance, and amounts attributable to any of the Company's stock plans.

Average annual rate of pay for a participant whose base salary changes within the bonus year is calculated as shown below.

**BASE SALARY CALCULATION EXAMPLE**

Average annual rate of pay would be calculated as follows for a participant who begins a bonus year with a base salary of \$725,000, then effective June 1 receives an increase to a base salary of \$760,000:

**January 1 thru May 31 of Bonus Year:**

$$\begin{array}{r} 31 + 28 + 31 + 30 + 31 \\ \hline 365 \text{ days} \end{array} = \frac{151}{365} = .414 \times \$725,000/\text{yr.} = \$ 300,150$$

**June 1 thru December 31 of Bonus Year:**

$$\begin{array}{r} 365 - 151 \\ \hline 365 \text{ days} \end{array} = \frac{214}{365} = .586 \times \$760,000/\text{yr.} = \$ 445,360$$

**AVERAGE ANNUAL RATE OF PAY FOR BONUS YEAR = \$ 745,510**

**SPECIAL ROE AWARD**

One and one-half percent of the RSI NAT amount in excess of that required to reach 17% Return on Equity (ROE) will be credited to deferred compensation for elected Officers of the Company and the Division Presidents. This amount will be prorated based on each individual participant's earned salary (while in the eligible position) in relation to the sum of the earned salaries of all participants.

**CHAIRMAN, PRESIDENT &  
CHIEF EXECUTIVE OFFICER  
BONUS PLAN ADMINISTRATION**

**1994 INCENTIVE COMPENSATION PLAN PAGE 1**

**ADMINISTRATION**

The Compensation Committee of the Board of Directors of RSI will administer this Incentive Compensation Plan.

**BONUS YEAR**

The bonus year is defined as the calendar year in which bonus awards are earned.

**ELIGIBILITY**

The Chairman, President & Chief Executive Officer of RSI, if employed in good standing at the time bonus payments are made is eligible to participate in this plan. If the CEO has an agreement which specifically provides for incentive compensation other than that which is provided in this plan or is a participant in any other incentive compensation plan of RSI, its subsidiaries or affiliates, he/she is not eligible to participate in this plan.

Employees who are newly hired, promoted or transferred into or out of eligible positions and those who move from one eligibility level to another will receive pro rata bonus awards based on the average annual rate of pay in eligible positions, provided they are employed in good standing at the time bonus awards are distributed.

In addition, participants who leave the Company during the bonus year under any of the following conditions may be eligible for pro rata bonus awards:

- retirement under the provisions of one of the Company's retirement plans or the Social Security Act, or
- disability

Note: The spouse or legal representative of a deceased participant may be eligible for pro rata bonus awards as well.

**BONUS ELIGIBILITY ON CHANGE OF CONTROL**

Notwithstanding anything in this plan to the contrary, in the event of a Change of Control of the Company (as defined and adopted by the Board of Directors on August 20, 1993), the funds necessary to pay incentive awards will be placed in a trust administered by an outside financial institution.

The amount of each participant's incentive award will be determined in accordance with the provisions of the plan by a "Big 6" accounting firm chosen by the Company. Participants will receive bonus awards for actual time employed during the bonus year based upon: a) the greater of actual company performance or 80% of maximum company performance opportunity plus b) the greater of actual individual performance or 80% of maximum individual performance opportunity.

**CHAIRMAN, PRESIDENT &  
CHIEF EXECUTIVE OFFICER  
BONUS PLAN ADMINISTRATION**

**1994 INCENTIVE COMPENSATION PLAN PAGE 2**

However, if the Company fails to verify incentive awards through a "Big 6" accounting firm, participants will receive 100% of their maximum company and individual performance opportunities based on actual time worked during the bonus year. The Company will be responsible for all legal fees and expenses which participants may reasonably incur in enforcing their rights under the plan in the event of a Change of Control of the Company.

Should a Change of Control occur during 1994, participants will receive instructions regarding the collection of incentive awards.

**BONUS ELIGIBILITY ON TERMINATION**

Participants leaving the Company under any conditions other than those outlined in the Eligibility or Change of Control sections of this plan are not eligible for bonus awards for the bonus year in which they leave, nor are they eligible for awards for the preceding bonus year, if such awards have not yet been distributed.

**BONUS PAYMENT**

Shortly after the end of the calendar year and after considering the recommendations of the Administrators of the plan, the full Board of Directors of RSI will, in its sole discretion, determine the participants, if any, who will receive bonus awards and the amounts of such awards. Bonus award payments will be distributed to eligible participants following such Board approval and subsequent to certification of consolidated financial statements by an independent auditor.

**BONUS FUNDING**

Accruals for the CEO and all discretionary awards are excluded from funding limitations.

Bonus payout maximums are limited by the lower of the total earned opportunity provided under the plan or the amount of the accrual. Should the accrual not provide for bonus allotments under the plan, proration will be effected at the discretion of the Board of Directors of RSI. Unused monies may not be carried forward for subsequent bonus years.

**DISCRETIONARY AWARDS**

With the approval of the Board of Directors of RSI, the Administrators of this plan have the authority to grant discretionary bonus awards to enhance the award of the participant of this plan. Discretionary awards are not subject to funding limitations.

**AMENDMENTS**

The Board of Directors of RSI reviews RSI's, its subsidiaries' and affiliates' incentive compensation plans annually to ensure equitability both within the Company, and in relation to current economic conditions. THE BOARD OF DIRECTORS RESERVES THE RIGHT TO AMEND, SUSPEND, TERMINATE OR MAKE EXCEPTIONS TO THIS PLAN AT ANY TIME.

EXHIBIT 10.14(b) The Ryder System, Inc. 1994 Incentive Compensation Plan for President-Commercial Leasing & Services, Vehicle Leasing & Services Division.

Supersedes 1993 Executive Vice President & General Manager Commercial Leasing & Services Incentive Compensation Plan

**INTRODUCTION**

The following material explains the operation and administration of the 1994 Incentive Plan for the President, Commercial Leasing & Services (Commercial), Vehicle Leasing & Services Division (VLSD). The plan is intended to serve as a single, comprehensive source of information that will explain your bonus for achieving various levels of performance. Questions should be addressed to your supervisor.

**BONUS OPPORTUNITY**

The following table summarizes the maximum bonus opportunity:

MAXIMUM BONUS OPPORTUNITY AS A PERCENTAGE OF BASE SALARY

RSI PERFORMANCE	VLSD PERFORMANCE	COMMERCIAL PERFORMANCE		CANADA PERFORMANCE	RSI PERFORMANCE ABOVE PLAN	INDIVIDUAL PERFORMANCE	TOTAL BONUS OPPORTUNITY *
		NBT	REVENUE				
20%	20%	27%	8%	5%	20%	20%	120%

\* See Special ROE Award section

**BONUS PERFORMANCE MEASURES**

For 1994, your bonus payout will be based on Ryder System, Inc. (RSI or the Company) performance, VLSD performance, Commercial performance, Canada Performance, RSI performance above plan, and your performance as an individual.

RSI performance is measured based on a combination of RSI Net Earnings After Tax (NAT) Return on Assets (ROA) performance and RSI Net Earnings Before Tax (NBT) performance for 1994.

VLSD performance is measured based on a combination of VLSD NAT ROA performance and VLSD NBT performance for 1994.

Commercial performance is measured based on a combination of Commercial - NAT ROA performance, Commercial - NBT performance for 1994, and Dry Full Service Leasing (FSL) and Ryder Programmed Maintenance (RPM) revenue growth performance.

RSI performance above plan is based on RSI NBT performance for 1994, as defined on page 2.

Canada performance is measured based on Canadian NBT performance and NAT ROA as defined on page 3.



Individual performance is determined based on a year-end assessment of your performance against objectives that you and your supervisor agreed to at the start of the year. Given their importance, the objectives should be in writing and updated during the year to adjust for priorities that may have changed.

## DEFINITION OF MEASURES

Performance levels attained in the following areas determine the extent to which participants of this bonus plan are eligible for bonus awards.

- RSI PERFORMANCE -- RSI performance payout is based on a grid which combines RSI ROA performance and RSI NBT performance.

RSI ROA performance for the bonus year is calculated by dividing RSI NAT by RSI average assets.

-- RSI NAT is defined as RSI's consolidated Net Earnings After Tax for the bonus year, as certified to the Board of Directors and shareholders of RSI by the Company's independent auditors, including appropriate accruals for all incentive awards estimated to be payable for that bonus year.

-- RSI average assets is defined as the average of the four quarters' average assets. A quarter's average assets is defined as the assets, as shown on RSI's balance sheet at the beginning of each quarter plus the total assets as shown on RSI's balance sheet at the end of each quarter, divided by two.

RSI NBT performance is defined as RSI's consolidated Net Earnings Before Tax as certified to the Board of Directors and shareholders of RSI by the Company's independent auditors, net of a provision for the total of all incentive awards, for the bonus year.

- VLSD PERFORMANCE -- VLSD performance payout is based on a grid which combines VLSD ROA performance and VLSD NBT performance.

VLSD ROA performance for the bonus year is calculated by dividing VLSD NAT by VLSD average assets.

-- VLSD NAT is defined as VLSD's consolidated Net Earnings After Tax for the bonus year, as certified to the Board of Directors and shareholders of RSI by the Company's independent auditors, including appropriate accruals for all incentive awards estimated to be payable for that bonus year.

-- VLSD average assets is defined as the average of the four quarters' average assets. A quarter's average assets is defined as the assets, as shown on VLSD's balance sheet at the beginning of each quarter plus the total assets as shown on VLSD's balance sheet at the end of each quarter, divided by two.

VLSD NBT performance is defined as VLSD's consolidated Net Earnings Before Tax as certified to the Board of Directors and shareholders of RSI by the Company's independent auditors, net of a provision for the total of all incentive awards, for the bonus year.

- COMMERCIAL PERFORMANCE -- Commercial performance payout is based on a grid which combines Commercial - ROA performance and Commercial - NBT performance.

Commercial - ROA performance for the bonus year is calculated by dividing Commercial NAT by Commercial average assets.

-- Commercial - NAT is defined as Commercial - consolidated Net Earnings After Tax for the bonus year, as verified by the Senior Vice President and Controller, RSI, including appropriate accruals for all incentive awards estimated to be payable for that bonus year.

-- Commercial - average assets is defined as the average of the four quarters' average assets. A quarter's average assets is defined as the assets, as shown on Commercial - balance sheet at the beginning of each quarter plus the total assets as shown on Commercial balance sheet at the end of each quarter, divided by two.

Commercial - NBT performance is defined as Commercial consolidated Net Earnings Before Tax as verified by the Senior Vice President and Controller, RSI, net of a provision for the total of all incentive awards, for the bonus year.

Commercial Revenue Growth performance is calculated by adding actual total revenue (excluding fuel) earned from Full Service Lease (FSL) and Ryder Preventive Maintenance (RPM).

- CANADA PERFORMANCE -- Canada Performance payout is based on a grid which combines Canada NAT ROA Performance and Canada NBT performance as verified by the SVP and Controller, RSI.

Canada ROA performance for the bonus year is calculated by dividing Canada NAT by Canada average assets.

-- Canada NAT is defined as RSI's consolidated Net Earnings After Tax for the bonus year, as certified to the Board of Directors and shareholders of RSI by the Company's independent auditors, including appropriate accruals for all incentive awards estimated to be payable for that bonus year.

-- Canada average assets is defined as the average of the four quarters' average assets. A quarter's average assets is defined as the assets, as shown on RSI's balance sheet at the beginning of each quarter plus the total assets as shown on RSI's balance sheet at the end of each quarter, divided by two.

Canada NBT performance is defined as Canada's consolidated Net Earnings Before Tax as certified to the Board of Directors and shareholders of RSI by the Company's independent auditors, net of a provision for the total of all incentive awards, for the bonus year.

- RSI PERFORMANCE ABOVE PLAN -- RSI performance above plan payout is based on RSI NBT performance.

- INDIVIDUAL PERFORMANCE -- Individual performance is defined as each participant's performance against job requirements and objectives (MBOs), as agreed upon between the individual and his/her management, at the beginning of the bonus year. If necessary, goals and objectives may be revised during the bonus year to reflect changing business priorities.

Individual performance awards are separate from payments based upon ROA and NBT performance, and may be paid, in part or in whole, based on RSI's and VLSD's performance and/or ability to pay. Such payments are subject to the recommendation of the Administrator of the plan and approval by the Board of Directors of RSI.

NOTE: The effects of any unusual and material accounting transactions may be excluded from bonus calculations with the approval of the Board of Directors of RSI.

**BONUS CALCULATION**

Bonus awards are based on the following grids.

**1) RSI PERFORMANCE**

RSI performance payout is based on a grid consisting of two performance variables: 1994 Actual RSI NBT and 1994 RSI NAT ROA. The potential bonus payout percent is determined by locating the point on the grid where the variables intersect. Actual performance may fall between the points specifically displayed on the grid, and the grid allows for interpolation between NBT points as shown. No bonus awards will be paid for performance below threshold. The potential bonus payout is expressed as a percentage of Maximum RSI Performance Bonus Opportunity, as shown on page 1.

POTENTIAL RSI PERFORMANCE BONUS PAYOUT  
AS A PERCENTAGE OF MAXIMUM RSI PERFORMANCE BONUS OPPORTUNITY

	THRESHOLD	1994 ACTUAL NBT (\$MM)					MAXIMUM	
		209.8	218.3	232.0	245.8	251.0		256.0
ROA (%)								
less than 2.5	15	30	40	50	60	70	80	
2.5 - 3.0	25	40	50	60	75	85	95	
greater than 3	35	50	60	70	80	90	100	
			% OF COMPANY OPPORTUNITY					

**2) VLSD PERFORMANCE**

VLSD performance payout is based on a grid consisting of two performance variables: 1994 Actual VLSD NBT and 1994 VLSD NAT ROA. The potential bonus payout percent is determined by locating the point on the grid where the variables intersect. Actual performance may fall between the points specifically displayed on the grid, and the grid allows for interpolation between NBT points as shown. No bonus awards will be paid for performance below threshold. The potential bonus payout is expressed as a percentage of Maximum VLSD Performance Bonus Opportunity, as shown on page 1.

POTENTIAL VLSD PERFORMANCE BONUS PAYOUT  
AS A PERCENTAGE OF MAXIMUM VLSD PERFORMANCE BONUS OPPORTUNITY

	THRESHOLD	1994 ACTUAL NBT (\$MM)					MAXIMUM	
		205.3	211.6	220.9	230.3	238.0		248.0
ROA (%)								
less than 2	15	30	40	50	60	70	80	
2.0 - 3.0	25	40	50	60	75	85	95	
greater than 3	35	50	60	70	80	90	100	
			% OF COMPANY OPPORTUNITY					

3) COMMERCIAL PERFORMANCE - ROA/NBT

Commercial performance payout is based on a grid consisting of two performance variables: 1994 Actual Commercial - NBT and 1994 Commercial - NAT ROA. The potential bonus payout percent is determined by locating the point on the grid where the variables intersect. Actual performance may fall between the points specifically displayed on the grid, and the grid allows for interpolation between NBT points as shown. No bonus awards will be paid for performance below threshold. The potential bonus payout is expressed as a percentage of Maximum Commercial Performance Bonus Opportunity, as shown on page 1.

POTENTIAL COMMERCIAL PERFORMANCE BONUS PAYOUT AS A  
PERCENTAGE OF MAXIMUM COMMERCIAL NBT PERFORMANCE BONUS OPPORTUNITY

ROA (%)	THRESHOLD	1994 ACTUAL NBT (\$MM)				MAXIMUM
		166.0	176.0	182.0	190.0	
less than 3.0	15	35	50	60	70	80
greater than or equal to 3.0	25	45	60	75	90	100

4) COMMERCIAL REVENUE GROWTH PERFORMANCE

Commercial Revenue Growth Performance payout is based on a scale consisting of one performance variable: 1994 Dry Full Service Leasing and Ryder Programmed Maintenance Growth percentage. The bonus payout percent is determined by locating the point on the grid which corresponds to the variable. Actual performance may fall between the points specifically displayed on the grid, and the grid allows for interpolation between points as shown. No payment will be made for performance below the lowest point displayed. The potential bonus payout is expressed as a percentage of maximum Commercial Revenue Performance Bonus Opportunity as shown on page 1.

POTENTIAL COMMERCIAL PERFORMANCE BONUS PAYOUT AS A  
PERCENTAGE OF MAXIMUM COMMERCIAL REVENUE GROWTH PERFORMANCE BONUS OPPORTUNITY

3%	1994 DRY FSL & RPM REVENUE GROWTH (%)				
	4%	5%	5.7%	7%	8%
20	40	50	60	80	100

## 5) CANADA PERFORMANCE

Canada performance payout is based on a grid consisting of two performance variables: 1994 Actual Canada - NBT and 1994 Canada - NAT ROA. The potential bonus payout percent is determined by locating the point on the grid where the variables intersect. Actual performance may fall between the points specifically displayed on the grid, and the grid allows for interpolation between NBT points as shown. No bonus awards will be paid for performance below threshold. The potential bonus payout is expressed as a percentage of Maximum Canada Performance Bonus Opportunity, as shown on page 1.

POTENTIAL RTR CANADIAN PERFORMANCE BONUS PAYOUT AS A  
PERCENTAGE OF MAXIMUM RTR CANADIAN NBT PERFORMANCE BONUS OPPORTUNITY

RTR - CANADA (IN LOCAL CURRENCY)	1994 ACTUAL NBT (\$MM)					MAXIMUM
	THRESHOLD					
	7.8	8.3	8.8	9.3	9.8	10.3
ROA (%)			% OF COMPANY OPPORTUNITY			
less than 1.5	15	35	50	60	70	80
greater than or equal to 1.5	25	45	60	75	90	100

## 6) RSI PERFORMANCE ABOVE PLAN

RSI performance above plan payout is based on a grid of 1994 Actual RSI NBT. The potential bonus payout percent is determined by locating the point on the grid under the 1994 Actual RSI NBT. Actual performance may fall between the points specifically displayed on the grid, and the grid allows for interpolation between NBT points as shown. No bonus awards will be paid for performance below threshold, which is 1994 RSI Business Plan NBT. The potential bonus payout is expressed as a percentage of Maximum RSI Performance Above Plan Bonus Opportunity, as shown on page 1.

POTENTIAL RSI PERFORMANCE ABOVE PLAN BONUS PAY  
AS A PERCENTAGE OF MAXIMUM  
RSI PERFORMANCE ABOVE PLAN BONUS OPPORTUNITY

THRESHOLD	1994 ACTUAL NBT (\$MM)		MAXIMUM
245.8	251.0	256.0	265.0
	% OF RSI PERF. ABOVE PLAN		
0	25	50	100

7) INDIVIDUAL PERFORMANCE

Individual performance payout is based on a grid consisting of individual performance results versus objectives. The potential bonus payout percent is determined by awarding a percentage within one of the grid ranges. The potential bonus payout is expressed as a percentage of Maximum Individual Performance Bonus Opportunity, as shown on page 1.

**POTENTIAL INDIVIDUAL PERFORMANCE BONUS PAYOUT  
 AS A PERCENTAGE OF MAXIMUM INDIVIDUAL PERFORMANCE BONUS OPPORTUNITY**

INDIVIDUAL PERFORMANCE % OF INDIVIDUAL PERFORMANCE OPPORTUNITY	FAIR - SOME CRITICAL SHORTFALLS	CONSISTENT WITH EXPECTATIONS	SIGNIFICANTLY ABOVE EXPECTATIONS	EXCEPTIONAL
	0-29%	30-59%	60-89%	90-100%

ALL PERFORMANCE GRIDS REPRESENT GUIDELINES ONLY. ACTUAL PAYOUTS MAY BE PRORATED DOWNWARD AT THE COMPANY'S DISCRETION. ADDITIONAL CRITERIA MAY ADJUST THE PERFORMANCE PORTION DOWNWARD IF SPECIFIC GOALS ARE NOT ACHIEVED. THE GRIDS WILL BE REVISED ANNUALLY TO ENSURE CONSISTENCY WITH COMPANY GOALS AND OBJECTIVES.

**BONUS CALCULATION EXAMPLE**

Total bonus would be calculated as follows given the following information:

Eligible Base Salary		\$260,000
1994 RSI NBT		\$251.0MM
1994 RSI NAT ROA		2.7%
1994 VLSD NBT		\$238.0MM
1994 VLSD NAT ROA		2.7%
1994 Commercial NBT		\$176.0MM
1994 Commercial NAT ROA		3.1%
1994 Commercial Dry FSL & RDM Revenue Growth		5.7%
1994 Canada Performance NBT		8.8%
1994 Canada ROA		1.8%
Individual Performance	Significantly Above Expectations	
1) RSI Performance		
20% Maximum RSI Performance Bonus Opportunity		
75% Potential RSI Performance Bonus Payout (from grid)		
20% x 75% = 15% of Eligible Base Salary		
15% x \$260,000 =		\$39,000
2) VLSD Performance		
20% Maximum VLSD Performance Bonus Opportunity		
75% Potential VLSD Performance Bonus Payout (from grid)		
20% x 75% = 15% of Eligible Base Salary		
15% x \$260,000 =		\$39,000
3) Commercial Performance		
27% Maximum Commercial Performance Bonus Opportunity		
60% Potential Commercial Performance Bonus Payout (from grid)		
27% x 60% = 16.2% of Eligible Base Salary		
16.2% x \$260,000 =		\$42,120
4) Commercial Dry FSL & RDM Revenue Growth		
8% Maximum Dry FSL & RDM Revenue Bonus Opportunity		
60% Potential Dry FSL & RDM Revenue Bonus Payout (from grid)		
8% x 60% = 4.8% Max. Commercial Dry FSL & RDM Revenue		
4.8% X \$260,000 =		\$12,480

**BONUS CALCULATION EXAMPLE CONTINUED ON NEXT PAGE**



VEHICLE LEASING & SERVICES DIVISION  
1994 INCENTIVE COMPENSATION PLAN

5)	Canada Performance 5% Maximum Canada Performance Bonus Opportunity 60% Potential Canada Performance Bonus Payout (from grid)	
	5% x 60% = 3% of Eligible Base Salary	
	3% x \$260,000 =	\$ 7,800
6)	RSI Performance Above Plan 20% Maximum RSI Performance Above Plan Bonus Opportunity 25% Potential RSI Performance Above Plan Bonus Payout (from grid)	
	20% x 25% = 5% of Eligible Base Salary	
	5% x \$260,000 =	\$ 13,000
7)	Individual Performance 20% Maximum Individual Performance Bonus Opportunity 75% Potential Individual Performance Bonus Payout (from grid)	
	20% x 75% = 15% of Eligible Base Salary	
	15% x \$260,000 =	\$ 39,000
		-----
TOTAL BONUS		\$192,400

**BASE SALARY CALCULATION**

For the purpose of bonus calculations, base salary is defined as the average annual rate of pay for the calendar year, excluding all other compensation paid to the employee during the year, e.g. bonus, commissions, employee benefits, moving expenses, and imputed income from company car, insurance, and amounts attributable to any of the Company's stock plans.

Average annual rate of pay for a participant whose base salary changes within the bonus year is calculated as shown below.

**BASE SALARY CALCULATION EXAMPLE**

Average annual rate of pay would be calculated as follows for a participant who begins a bonus year with a base salary of \$260,000, then effective June 1 receives an increase to a base salary of \$276,000:

**January 1 thru May 31 of Bonus Year:**

$$\begin{array}{r} 31 + 28 + 31 + 30 + 31 \\ \hline 365 \text{ days} \end{array} = \frac{151}{365} = .414 \times \$260,000/\text{yr.} = \$107,640$$

**June 1 thru December 31 of Bonus Year:**

$$\begin{array}{r} 365 - 151 \\ \hline 365 \text{ days} \end{array} = \frac{214}{365} = .586 \times \$276,000/\text{yr.} = \$161,736$$

**AVERAGE ANNUAL RATE OF PAY FOR BONUS YEAR = \$269,376**

**SPECIAL ROE AWARD**

One and one-half percent of the RSI NAT amount in excess of that required to reach 17% Return on Equity (ROE) will be credited to deferred compensation for elected Officers of the Company and the Division Presidents. This amount will be prorated based on each individual participant's earned salary (while in the eligible position) in relation to the sum of the earned salaries of all participants.

**ADMINISTRATION**

The Chairman, President, and Chief Executive Officer of RSI will administer this Incentive Compensation Plan.

**BONUS YEAR**

The bonus year is defined as the calendar year in which bonus awards are earned.

**ELIGIBILITY**

The President, Commercial Leasing & Services, if employed in good standing at the time bonus payments are made is eligible to participate in this plan. If the President, Commercial Leasing & Services has an agreement which specifically provides for incentive compensation other than that which is provided in this plan or is a participant in any other incentive compensation plan of RSI, its subsidiaries or affiliates, he/she is not eligible to participate in this plan.

Employees who are newly hired, promoted or transferred into or out of eligible positions and those who move from one eligibility level to another will receive pro rata bonus awards based on the average annual rate of pay in eligible positions, provided they are employed in good standing at the time bonus awards are distributed.

In addition, participants who leave the Company or VLSD during the bonus year under any of the following conditions may be eligible for pro rata bonus awards:

- retirement under the provisions of one of the Company's retirement plans or the Social Security Act, or
- disability

Note: The spouse or legal representative of a deceased participant may be eligible for pro rata bonus awards as well.

**BONUS ELIGIBILITY ON CHANGE OF CONTROL**

Notwithstanding anything in this plan to the contrary, in the event of a Change of Control of the Company (as defined and adopted by the Board of Directors on August 20, 1993), the funds necessary to pay incentive awards will be placed in a trust administered by an outside financial institution.

The amount of each participant's incentive award will be determined in accordance with the provisions of the plan by a "Big 6" accounting firm chosen by the Company. Participants will receive bonus awards for actual time employed during the bonus year based upon: a) the greater of actual company performance or 80% of maximum company performance opportunity plus b) the greater of actual individual performance or 80% of maximum individual performance opportunity.

However, if the Company fails to verify incentive awards through a "Big 6" accounting firm, participants will receive 100% of their maximum company and individual performance opportunities based on actual time worked during the bonus year. The Company will be responsible for all legal fees and expenses which participants may reasonably incur in enforcing their rights under the plan in the event of a Change of Control of the Company.

Should a Change of Control occur during 1994, participants will receive instructions regarding the collection of incentive awards.

### **BONUS ELIGIBILITY ON TERMINATION**

Participants leaving the Company or VLSD under any conditions other than those outlined in the Eligibility or Change of Control sections of this plan are not eligible for bonus awards for the bonus year in which they leave, nor are they eligible for awards for the preceding bonus year, if such awards have not yet been distributed.

### **BONUS PAYMENT**

Shortly after the end of the calendar year and after considering the recommendations of the Administrator of the plan, the Compensation Committee of the Board of Directors or the full Board of Directors of RSI will, in its sole discretion, determine the participants, if any, who will receive bonus awards and the amounts of such awards. Bonus award payments will be distributed to eligible participants following such Board or Committee approval and subsequent to certification of consolidated financial statements by an independent auditor.

### **BONUS FUNDING**

Accruals for the President, Commercial Leasing & Services, and all discretionary awards are excluded from funding limitations.

Bonus payout maximums are limited by the lower of the total earned opportunity provided under the plan or the amount of the accrual. Should the accrual not provide for bonus allotments under the plan, proration will be effected at the discretion of the Chairman, President and Chief Executive Officer of RSI. Unused monies may not be carried forward for subsequent bonus years.

**DISCRETIONARY AWARDS**

With the approval of the Board of Directors of RSI, the Chairman, President, and Chief Executive Officer of RSI has the authority to grant discretionary bonus awards for exemplary performance to non-participants or to enhance the awards of participants. Discretionary awards are not subject to the funding limitations of this plan.

While it is common to grant discretionary awards at the same time as regular awards, it may be appropriate, on occasion, to recognize an employee off-cycle due to extremely unusual performance. Off-cycle discretionary awards must be approved by the Chairman, President and Chief Executive Officer of RSI.

The total of all discretionary awards for employees under this plan, the VLSD field bonus plans, the RSI SEVP Incentive Compensation Plan, the Headquarters Executive Management Incentive Compensation Plan, the Ryder International Incentive Compensation Plan, the Ryder Services Corporation Incentive Compensation Plan, and all Division Presidents' Incentive Compensation Plans, including those granted off-cycle, may not exceed \$430,000 per year.

**AMENDMENTS**

The Board of Directors of RSI reviews RSI's, its subsidiaries' and affiliates' incentive compensation plans annually to ensure equitability both within the Company, and in relation to current economic conditions. THE BOARD OF DIRECTORS RESERVES THE RIGHT TO AMEND, SUSPEND, TERMINATE OR MAKE EXCEPTIONS TO

THIS PLAN AT ANY TIME.

EXHIBIT 10.15(b) The Ryder System, Inc. 1994 Incentive Compensation Plan for President-Consumer Rental, Vehicle Leasing & Services Division.

Supersedes 1993 President Consumer Rental Incentive Compensation Plan

## INTRODUCTION

The following material explains the operation and administration of the 1994 Incentive Plan for the President, Consumer Rental (Consumer), Vehicle Leasing & Services Division (VLSD). The plan is intended to serve as a single, comprehensive source of information that will explain your bonus for achieving various levels of performance. Questions should be addressed to your supervisor.

## BONUS OPPORTUNITY

The following table summarizes the maximum bonus opportunity:

### MAXIMUM BONUS OPPORTUNITY AS A PERCENTAGE OF BASE SALARY

RSI PERFORMANCE	COMMERCIAL PERFORMANCE	CONSUMER PERFORMANCE	INDIVIDUAL PERFORMANCE	TOTAL BONUS OPPORTUNITY *
20%	20%	40%	20%	100%

\* See Special ROE Award section

## BONUS PERFORMANCE MEASURES

For 1994, your bonus payout will be based on Ryder System, Inc. (RSI or the Company) performance, Commercial performance, Consumer performance and your performance as an individual.

RSI performance is measured based on a combination of RSI Net Earnings After Tax (NAT) Return on Assets (ROA) performance and RSI Net Earnings Before Tax (NBT) performance for 1994.

Commercial performance is measured based on a combination of Commercial NAT ROA performance and Commercial NBT performance for 1994.

Consumer performance is based on Consumer NAT ROA performance and Consumer NBT performance for 1994.

Individual performance is determined based on a year-end assessment of your performance against objectives that you and your supervisor agreed to at the start of the year. Given their importance, the objectives should be in writing and updated during the year to adjust for priorities that may have changed.

**DEFINITION OF MEASURES**

Performance levels attained in the following areas determine the extent to which participants of this bonus plan are eligible for bonus awards.

- RSI PERFORMANCE -- RSI performance payout is based on a grid which combines RSI ROA performance and RSI NBT performance.

RSI ROA performance for the bonus year is calculated by dividing RSI NAT by RSI average assets.

-- RSI NAT is defined as RSI's consolidated Net Earnings After Tax for the bonus year, as certified to the Board of Directors and shareholders of RSI by the Company's independent auditors, including appropriate accruals for all incentive awards estimated to be payable for that bonus year.

-- RSI average assets is defined as the average of the four quarters' average assets. A quarter's average assets is defined as the assets, as shown on RSI's balance sheet at the beginning of each quarter plus the total assets as shown on RSI's balance sheet at the end of each quarter, divided by two.

RSI NBT is defined as RSI's consolidated Net Earnings Before Tax as certified to the Board of Directors and shareholders of RSI by the Company's independent auditors, net of a provision for the total of all incentive awards, for the bonus year.

- COMMERCIAL PERFORMANCE -- Commercial performance payout is based on a grid which combines Commercial - ROA performance and Commercial NBT performance.

Commercial - ROA performance for the bonus year is calculated by dividing Commercial NAT by Commercial average assets.

-- Commercial - NAT is defined as Commercial - consolidated Net Earnings After Tax for the bonus year, as verified by the Senior Vice President and Controller, RSI, including appropriate accruals for all incentive awards estimated to be payable for that bonus year.

-- Commercial - average assets is defined as the average of the four quarters' average assets. A quarter's average assets is defined as the assets, as shown on Commercial's balance sheet at the beginning of each quarter plus the total assets as shown on Commercial's balance sheet at the end of each quarter, divided by two.



Commercial - NBT is defined as Commercial - consolidated Net Earnings Before Tax as verified by the Senior Vice President and Controller, RSI, net of a provision for the total of all incentive awards, for the bonus year.

- CONSUMER PERFORMANCE -- Consumer performance payout is based on a grid which combines Consumer ROA performance and Consumer NBT performance.

Consumer NBT is defined as Consumer's consolidated Net Earnings Before Tax as verified by the Senior Vice President and Controller, RSI net of a provision for the total of all incentive awards, for the bonus year.

Consumer ROA performance for the bonus year is calculated by dividing Consumer NAT by Consumer average assets.

-- Consumer NAT is defined as Consumer's consolidated Net Earnings After Tax for the bonus year, as certified to the Board of Directors and shareholders of RSI by the Company's independent auditors, including appropriate accruals for all incentive awards estimated to be payable for that bonus year.

-- Consumer average assets is defined as the average of the four quarters' average assets. A quarter's average assets is defined as the assets, as shown on Consumer's balance sheet at the beginning of each quarter plus the total assets as shown on Consumer's balance sheet at the end of each quarter, divided by two.

Consumer NBT is defined as Consumer's consolidated Net Earnings Before Tax as certified to the Board and shareholders of RSI by the Company's independent auditors, net of a provision for the total of all incentive awards, for the bonus year.

- INDIVIDUAL PERFORMANCE -- Individual performance is defined as each participant's performance against job requirements and objectives (MBOs), as agreed upon between the individual and his/her management, at the beginning of the bonus year. If necessary, goals and objectives may be revised during the bonus year to reflect changing business priorities.

Individual performance awards are separate from payments based upon ROA and NBT performance, and may be paid, in part or in whole, based on RSI's and VLSD's performance and/or ability to pay. Such payments are subject to the recommendation of the Administrator of the plan and approval by the Board of Directors of RSI.

NOTE: The effects of any unusual and material accounting transactions may be excluded from bonus calculations with the approval of the Board of Directors of RSI.

## BONUS CALCULATION

Bonus awards are based on the following grids.

## 1) RSI PERFORMANCE

RSI performance payout is based on a grid consisting of two performance variables: 1993 Actual RSI NBT and 1993 RSI NAT ROA. The potential bonus payout percent is determined by locating the point on the grid where the variables intersect. Actual performance may fall between the points specifically displayed on the grid, and the grid allows for interpolation between NBT points as shown. No bonus awards will be paid for performance below threshold. The potential bonus payout is expressed as a percentage of Maximum RSI Performance Bonus Opportunity, as shown on page 1.

POTENTIAL RSI PERFORMANCE BONUS PAYOUT  
AS A PERCENTAGE OF MAXIMUM RSI PERFORMANCE BONUS OPPORTUNITY

ROA (%)	THRESHOLD 209.8	1994 ACTUAL NBT (\$MM)					MAXIMUM 265.0
		218.3	232.0	245.8	251.0	256.0	
		% OF COMPANY OPPORTUNITY					
less than 2.5	15	30	40	50	60	70	80
2.5 - 3.0	25	40	50	60	75	85	95
greater than 3+	35	50	60	70	80	90	100

## 2) COMMERCIAL PERFORMANCE - ROA/NBT

Commercial performance payout is based on a grid consisting of two performance variables: 1994 Actual Commercial - NBT and 1994 Commercial - NAT ROA. The potential bonus payout percent is determined by locating the point on the grid where the variables intersect. Actual performance may fall between the points specifically displayed on the grid, and the grid allows for interpolation between NBT points as shown. No bonus awards will be paid for performance below threshold. The potential bonus payout is expressed as a percentage of Maximum Commercial Performance Bonus Opportunity, as shown on page 1.

POTENTIAL COMMERCIAL PERFORMANCE BONUS PAYOUT AS A  
PERCENTAGE OF MAXIMUM COMMERCIAL PERFORMANCE BONUS OPPORTUNITY

ROA (%)	THRESHOLD 157.1	1994 ACTUAL NBT (\$MM)				MAXIMUM 200.0
		166.0	176.0	182.0	190.0	
		% OF COMPANY OPPORTUNITY				
less than 3.0	15	35	50	60	70	80
greater than or equal to 3.0	25	45	60	75	90	100

3) CONSUMER PERFORMANCE

Consumer performance payout is based on a grid of 1993 Actual Consumer NBT. The potential bonus payout percent is determined by locating the point on the grid under the 1994 Actual Consumer NBT. Actual performance may fall between the points specifically displayed on the grid, and the grid allows for interpolation between NBT points as shown. No bonus awards will be paid for performance below threshold. The potential bonus payout is expressed as a percentage of Maximum Consumer Performance Bonus Opportunity, as shown on page 1.

**POTENTIAL CONSUMER PERFORMANCE BONUS PAYOUT AS A PERCENTAGE OF MAXIMUM CONSUMER PERFORMANCE BONUS OPPORTUNITY**

**1994 ACTUAL NBT (\$MM)  
THRESHOLD MAXIMUM**

5.1 10.0 15.7 17.0 18.5 20.0 ROA (%) % OF COMPANY OPPORTUNITY

less than 1.3	15	35	50	60	70	80
1.3-1.8	25	45	60	75	85	95
greater than 1.8	35	55	70	80	90	100

4) INDIVIDUAL PERFORMANCE

Individual performance payout is based on a grid consisting of individual performance results versus objectives. The potential bonus payout percent is determined by awarding a percentage within one of the grid ranges. The potential bonus payout is expressed as a percentage of Maximum Individual Performance Bonus Opportunity, as shown on page 1.

**POTENTIAL INDIVIDUAL PERFORMANCE BONUS PAYOUT AS A PERCENTAGE OF MAXIMUM INDIVIDUAL PERFORMANCE BONUS OPPORTUNITY**

	FAIR - SOME CRITICAL SHORTFALLS	CONSISTENT WITH EXPECTATIONS	SIGNIFICANTLY ABOVE EXPECTATIONS	EXCEPTIONAL
INDIVIDUAL PERFORMANCE % OF INDIVIDUAL PERFORMANCE OPPORTUNITY	0-29%	30-59%	60-89%	90-100%

ALL PERFORMANCE GRIDS REPRESENT GUIDELINES ONLY. ACTUAL PAYOUTS MAY BE PRORATED DOWNWARD AT THE COMPANY'S DISCRETION. ADDITIONAL CRITERIA MAY ADJUST THE PERFORMANCE PORTION DOWNWARD IF SPECIFIC GOALS ARE NOT ACHIEVED. THE GRIDS WILL BE REVISED ANNUALLY TO ENSURE CONSISTENCY WITH COMPANY GOALS AND OBJECTIVES.

**BONUS CALCULATION EXAMPLE**

Total bonus would be calculated as follows given the following information:

Eligible Base Salary	\$175,000	
1994 RSI NBT	\$251.0MM	
1994 RSI NAT ROA	2.7%	
1994 Commercial ROA	3.1%	
1994 Commercial NBT	\$182.0MM	
1994 Consumer ROA	1.5%	
1994 Consumer NBT	\$ 17MM	
Individual Performance	Significantly Above Expectations	
1) RSI Performance		
20% Maximum RSI Performance Bonus Opportunity		
75% Potential RSI Performance Bonus Payout (from grid)		
20% x 75% = 15% of Eligible Base Salary		
15% x \$175,000 =		\$ 26,250
2) Commercial Performance		
20% Maximum VLSD Performance Bonus Opportunity		
75% Potential VLSD Performance Bonus Payout (from grid)		
20% x 75% = 15% of Eligible Base Salary		
15% x \$175,000 =		\$ 26,250
3) Consumer Performance		
40% Maximum Consumer Performance Bonus Opportunity		
75% Potential Consumer Performance Bonus Payout (from grid)		
40% x 75% = 30% of Eligible Base Salary		
30% x \$175,000 =		52,500
4) Individual Performance		
20% Maximum Individual Performance Bonus Opportunity		
75% Potential Individual Performance Bonus Payout (from grid)		
20% x 75% = 15% of Eligible Base Salary		
15% x \$175,000 =		\$ 26,250
TOTAL BONUS		----- \$131,250

**BASE SALARY CALCULATION**

For the purpose of bonus calculations, base salary is defined as the average annual rate of pay for the calendar year, excluding all other compensation paid to the employee during the year, e.g. bonus, commissions, employee benefits, moving expenses, and imputed income from company car, insurance, and amounts attributable to any of the Company's stock plans.

Average annual rate of pay for a participant whose base salary changes within the bonus year is calculated as shown below.

**BASE SALARY CALCULATION EXAMPLE**

Average annual rate of pay would be calculated as follows for a participant who begins a bonus year with a base salary of \$175,000, then effective June 1 receives an increase to a base salary of \$185,000:

**January 1 thru May 31 of Bonus Year:**

$$\begin{array}{r} 31 + 28 + 31 + 30 + 31 \\ \hline 365 \text{ days} \end{array} = \frac{151}{365} = .414 \times \$175,000/\text{yr.} = \$72,450$$

**June 1 thru December 31 of Bonus Year:**

$$\begin{array}{r} 365 - 151 \\ \hline 365 \text{ days} \end{array} = \frac{214}{365} = .586 \times \$185,000/\text{yr.} = \$108,410$$

**AVERAGE ANNUAL RATE OF PAY FOR BONUS YEAR = \$180,860**

**SPECIAL ROE AWARD**

One and one-half percent of the RSI NAT amount in excess of that required to reach 17% Return on Equity (ROE) will be credited to deferred compensation for elected Officers of the Company and the Division Presidents. This amount will be prorated based on each individual participant's earned salary (while in the eligible position) in relation to the sum of the earned salaries of all participants.

**ADMINISTRATION**

The Chairman, President, and Chief Executive Officer of RSI will administer this Incentive Compensation Plan.

**BONUS YEAR**

The bonus year is defined as the calendar year in which bonus awards are earned.

**ELIGIBILITY**

The President, Consumer Rental, if employed in good standing at the time bonus payments are made is eligible to participate in this plan. If the President, Consumer Rental has an agreement which specifically provides for incentive compensation other than that which is provided in this plan or is a participant in any other incentive compensation plan of RSI, its subsidiaries or affiliates, he/she is not eligible to participate in this plan.

Employees who are newly hired, promoted or transferred into or out of eligible positions and those who move from one eligibility level to another will receive pro rata bonus awards based on the average annual rate of pay in eligible positions, provided they are employed in good standing at the time bonus awards are distributed.

In addition, participants who leave the Company or VLSD during the bonus year under any of the following conditions may be eligible for pro rata bonus awards:

- retirement under the provisions of one of the Company's retirement plans or the Social Security Act, or
- disability

Note: The spouse or legal representative of a deceased participant may be eligible for pro rata bonus awards as well.

**BONUS ELIGIBILITY ON CHANGE OF CONTROL**

Notwithstanding anything in this plan to the contrary, in the event of a Change of Control of the Company (as defined and adopted by the Board of Directors on August 20, 1993), the funds necessary to pay incentive awards will be placed in a trust administered by an outside financial institution.

The amount of each participant's incentive award will be determined in accordance with the provisions of the plan by a "Big 6" accounting firm chosen by the Company. Participants will receive bonus awards for actual time employed during the bonus year based upon: a) the greater of actual company performance or 80% of maximum company performance opportunity plus b) the greater of actual individual performance or 80% of maximum individual performance opportunity.

However, if the Company fails to verify incentive awards through a "Big 6" accounting firm, participants will receive 100% of their maximum company and individual performance opportunities based on actual time worked during the bonus year. The Company will be responsible for all legal fees and expenses which participants may reasonably incur in enforcing their rights under the plan in the event of a Change of Control of the Company.

Should a Change of Control occur during 1994, participants will receive instructions regarding the collection of incentive awards.

### **BONUS ELIGIBILITY ON TERMINATION**

Participants leaving the Company or VLSD under any conditions other than those outlined in the Eligibility or Change of Control sections of this plan are not eligible for bonus awards for the bonus year in which they leave, nor are they eligible for awards for the preceding bonus year, if such awards have not yet been distributed.

### **BONUS PAYMENT**

Shortly after the end of the calendar year and after considering the recommendations of the Administrator of the plan, the Compensation Committee of the Board of Directors or the full Board of Directors of RSI will, in its sole discretion, determine the participants, if any, who will receive bonus awards and the amounts of such awards. Bonus award payments will be distributed to eligible participants following such Board or Committee approval and subsequent to certification of consolidated financial statements by an independent auditor.

### **BONUS FUNDING**

Accruals for the President, Consumer Rental and all discretionary awards are excluded from funding limitations.

Bonus payout maximums are limited by the lower of the total earned opportunity provided under the plan or the amount of the accrual. Should the accrual not provide for bonus allotments under the plan, proration will be effected at the discretion of the Chairman, President and Chief Executive Officer of RSI. Unused monies may not be carried forward for subsequent bonus years.

**DISCRETIONARY AWARDS**

With the approval of the Board of Directors of RSI, the Chairman, President, and Chief Executive Officer of RSI has the authority to grant discretionary bonus awards for exemplary performance to non-participants or to enhance the awards of participants. Discretionary awards are not subject to the funding limitations of this plan.

While it is common to grant discretionary awards at the same time as regular awards, it may be appropriate, on occasion, to recognize an employee off-cycle due to extremely unusual performance. Off-cycle discretionary awards must be approved by the Chairman, President and Chief Executive Officer of RSI.

The total of all discretionary awards for employees under this plan, the VLSD field bonus plans, the RSI SEVP Incentive Compensation Plan, the Headquarters Executive Management Incentive Compensation Plan, the Ryder International Incentive Compensation Plan, the Ryder Services Corporation Incentive Compensation Plan, and all Division Presidents' Incentive Compensation Plans, including those granted off-cycle, may not exceed \$430,000 per year.

**AMENDMENTS**

The Board of Directors of RSI reviews RSI's, its subsidiaries' and affiliates' incentive compensation plans annually to ensure equitability both within the Company, and in relation to current economic conditions. THE BOARD DIRECTORS RESSERVES THE RIGHT TO AMEND, SUSPEND, TERMINATE OR MAKE EXCEPTIONS

TO THIS PLAN AT ANY TIME.





Supersedes 1993 President, Ryder Distribution Resources Incentive Compensation Plan

**INTRODUCTION**

The following material explains the operation and administration of the 1994 Incentive Plan for the President, Ryder Dedicated Logistics (RDL), Vehicle Leasing & Services Division (VLSD). The plan is intended to serve as a single, comprehensive source of information that will explain your bonus for achieving various levels of performance. Questions should be addressed to your supervisor.

**BONUS OPPORTUNITY**

The following table summarizes the maximum bonus opportunity:

MAXIMUM BONUS OPPORTUNITY AS A PERCENTAGE OF BASE SALARY

RSI Performance	RDL Performance	Commercial U.S. & Int'l. Performance	RPTS Performance	RSI Above Plan	Individual Performance	Total Bonus Opportunity *
20%	30%	20%	10%	20%	20%	120

\* See Special ROE Award section

**BONUS PERFORMANCE MEASURES**

For 1994, your bonus payout will be based on Ryder System, Inc. (RSI or the Company) performance, RDL performance, Ryder Public Transportation Services (RPTS) performance, Commercial U.S. & International performance and your performance as an individual.

RSI performance is measured based on a combination of RSI Net Earnings After Tax (NAT) Return on Assets (ROA) performance and RSI Net Earnings Before Tax (NBT) performance for 1994.

RDL performance is measured based on a combination of RDL revenue performance and RDL NBT performance for 1994.

Commercial U.S. & International performance is based on 1994 Actual Commercial U.S. & International Operations NBT Performance.

RPTS Group performance is based on a combination of Bus Group NAT ROA performance and Bus product line NBT performance for 1994.

RSI Above Plan is based on RSI NBT performance for 1994, as defined on page 4

Individual performance is determined based on a year-end assessment of your performance against objectives that you and your supervisor agreed to at the start of the year. Given their importance, the objectives should be in writing and updated during the year to adjust for priorities that may have changed.

**DEFINITION OF MEASURES**

Performance levels attained in the following areas determine the extent to which participants of this bonus plan are eligible for bonus awards.

- RSI PERFORMANCE -- RSI performance payout is based on a grid which combines RSI ROA performance and RSI NBT performance.

RSI ROA performance for the bonus year is calculated by dividing RSI NAT ROA by RSI average assets.

-- RSI NAT ROA is defined as RSI's consolidated Net Earnings After Tax for the bonus year, as certified to the Board of Directors and shareholders of RSI by the Company's independent auditors, including appropriate accruals for all incentive awards estimated to be payable for that bonus year.

-- RSI average assets is defined as the average of the four quarters' average assets. A quarter's average assets is defined as the assets, as shown on RSI's balance sheet at the beginning of each quarter plus the total assets as shown on RSI's balance sheet at the end of each quarter, divided by two.

RSI NBT performance is defined as RSI's consolidated Net Earnings Before Tax as certified to the Board of Directors and shareholders of RSI by the Company's independent auditors, net of a provision for the total of all incentive awards, for the bonus year.

- RDL PERFORMANCE -- RDL performance payout is based on a grid which combines RDL revenue performance and RDL NBT performance.

RDL revenue is defined as RDL's total revenue as verified by the Senior Vice President and Controller, RSI.

RDL NBT is defined as RDL's consolidated Net Earnings Before Tax as verified by the Senior Vice President and Controller, RSI, net of a provision for the total of all incentive awards, for the bonus year.

- COMMERCIAL U.S. / INTERNATIONAL PERFORMANCE -- Commercial U.S./International performance payout is based on a revenue grid of Commercial U.S./International NBT performance.

Commercial U.S./International NBT is defined as Commercial U.S. /International's consolidated Net Earnings Before Tax as certified to the Board of Directors and shareholders of RSI by the Company's independent auditors, net of a provision for the total of all incentive awards, for the bonus year.

- RPTS PERFORMANCE -- RPTS performance payout is based on a grid which combines RPTS product line NBT performance and RPTS NAT ROA performance, as verified by the SVP and Controller of RSI.

RPTS product line NBT is defined as RPTS's consolidated Net Earnings Before Tax, net of a provision for the total of all incentive awards for the bonus year, plus Ryder Truck Rental (RTR) NBT resulting from maintenance contracts with Ryder Student Transportation Services (RSTS) and ATE Management and Service Company (ATE). RTR NBT is defined as RTR margin resulting from maintenance work performed for RSTS and ATE, less District and Corporate overhead. The District overhead factor is \$61.74 per bus per month and \$276 per bus per month for RSTS and ATE, respectively. The District overhead factor is \$76 per van per month for ATE. The Corporate overhead factor is 4% and 6.5% of bus Ryder Programmed Maintenance (RPM) revenue for RSTS and ATE, respectively.

RPTS NAT ROA performance for the bonus year is calculated by dividing RPTS product line NAT by RPTS average assets.

-- RPTS product line NAT is defined as the sum of RPTS NBT as reported in the RPTS Income Statement, including a provision for the total of all incentive awards for the bonus year, minus taxes calculated at RPTS' tax rate and RTR NBT (as defined above) minus taxes calculated at RTR's incremental tax rate.

-- RPTS average assets is defined as the average of the four quarters' average assets. A quarter's average assets is defined as the assets, as shown on RPTS's balance sheet at the beginning of each quarter plus the total assets as shown on RPTS's balance sheet at the end of each quarter, divided by two.

- RSI PERFORMANCE ABOVE PLAN -- RSI performance above plan is based on RSI NBT performance for 1994.

- **INDIVIDUAL PERFORMANCE** -- Individual performance is defined as each participant's performance against job requirements and objectives (MBOs), as agreed upon between the individual and his/her management, at the beginning of the bonus year. If necessary, goals and objectives may be revised during the bonus year to reflect changing business priorities.

Individual performance awards are separate from payments based upon ROA and NBT performance, and may be paid, in part or in whole, based on RSI's and Commercial/International's performance and/or ability to pay. Such payments are subject to the recommendation of the Administrator of the plan and approval by the Board of Directors of RSI.

**NOTE:** The effects of any unusual and material accounting transactions may be excluded from bonus calculations with the approval of the Board of Directors of RSI.

## BONUS CALCULATION

Bonus awards are based on the following grids.

## 1) RSI PERFORMANCE

RSI performance payout is based on a grid consisting of two performance variables: 1994 Actual RSI NBT and 1994 RSI NAT ROA. The potential bonus payout percent is determined by locating the point on the grid where the variables intersect. Actual performance may fall between the points specifically displayed on the grid, and the grid allows for interpolation between NBT points as shown. No bonus awards will be paid for performance below threshold. The potential bonus payout is expressed as a percentage of Maximum RSI Performance Bonus Opportunity, as shown on page 1.

POTENTIAL RSI PERFORMANCE BONUS PAYOUT  
AS A PERCENTAGE OF MAXIMUM RSI PERFORMANCE BONUS OPPORTUNITY

ROA (%)	THRESHOLD	1994 ACTUAL NBT (\$MM)						MAXIMUM
		209.8	218.3	232.0	245.8	251.0	256.0	
less than 2.5	15	30	40	50	60	70	80	
2.5 - 3.0	25	40	50	60	75	85	95	
greater than 3	35	50	60	70	80	90	100	

2) RDL PERFORMANCE

RDL performance payout is based on a grid consisting of two performance variables: 1994 Actual RDL NBT and 1994 RDL NAT ROA. The potential bonus payout percent is determined by locating the point on the grid where the variables intersect. Actual performance may fall between the points specifically displayed on the grid, and the grid allows for interpolation between NBT points as shown. No bonus awards will be paid for performance below threshold. The potential bonus payout is expressed as percentage of Maximum RDL Performance Bonus Opportunity, as shown on page 1.

POTENTIAL RDL PERFORMANCE BONUS PAYOUT  
AS A PERCENTAGE OF MAXIMUM RDL PERFORMANCE BONUS OPPORTUNITY

REVENUE (\$MM)	THRESHOLD	1994 ACTUAL NBT (\$MM)				MAX. 18.0
		12.5	13.1	14.0	16.0	
		% OF RDL NBT/REVENUE OPPORTUNITY				
greater than 605 less than or equal to 615	10	15	30	45	60	
greater than 615 less than or equal to 625	15	30	50	60	70	
greater than 625 less than or equal to 640	45	60	65	70	80	
greater than 640 less than or equal to 660	50	65	75	80	90	
greater than 660	70	80	85	90	100	

3) COMMERCIAL U.S./INTERNATIONAL PERFORMANCE

Commercial U.S./International Revenue performance is based on a scale consisting of one performance variable; 1994 Commercial U.S./International NBT. The bonus payout is determined by locating the point on the grid which corresponds to the variable. Actual performance may fall between the revenue points specifically displayed on the grid, and the grid allows for interpolation between the points as shown. No payment will be made for performance below the lowest point displayed. The potential bonus payout is expressed as a percentage of maximum Ryder Commercial U.S./International Performance Bonus Opportunity, as shown on page 1.

POTENTIAL COMMERCIAL U.S./INTERNATIONAL PERFORMANCE BONUS PAYOUT AS A  
PERCENTAGE OF MAXIMUM COMMERCIAL U.S./INTERNATIONAL  
PERFORMANCE BONUS OPPORTUNITY

Threshold	1994 Actual NBT (\$MM)				Max 203.5
	167.9	178.0	184.5	193.0	
	% of Commercial/International Operations Opportunity				
20	40	60	70	80	100

## 4) RPTS PERFORMANCE

RPTS performance payout is based on a grid consisting of two performance variables: 1994 Actual RPTS NBT and 1994 Actual RPTS NAT ROA. The potential bonus payout percent is determined by locating the point on the grid where the variables intersect. Actual performance may fall between the points specifically displayed on the grid, and the grid allows for interpolation between NBT points as shown. No bonus awards will be paid for performance below threshold. The potential bonus payout is expressed as percentage of Maximum RPTS Performance Bonus Opportunity as shown on page 1.

POTENTIAL RPTS PERFORMANCE BONUS PAYOUT AS A PERCENTAGE  
OF MAXIMUM RPTS PERFORMANCE BONUS OPPORTUNITY

1994 ACTUAL RPTS NBT (\$MM) (PRODUCT LINE)

RPTS ROA %	THRESHOLD				MAX
	27.4	28.0	29.0	31.0	33.0
		% OF RPTS OPPORTUNITY			
less than or equal to 6.5	15	50	60	70	80
greater than 6.5-7.2	25	60	70	80	90
greater than or equal to 7.2	35	70	80	90	100



5) RSI PERFORMANCE ABOVE PLAN

RSI performance above plan payout is based on a grid of 1994 Actual RSI NBT. The potential bonus payout percent is determined by locating the point on the grid under the 1994 Actual RSI NBT. Actual performance may fall between the points specifically displayed on the grid, and the grid allows for interpolation between NBT points as shown. No bonus awards will be paid for performance below threshold, which is 1994 RSI Business Plan NBT. The potential bonus payout is expressed as a percentage of Maximum RSI Performance Above Plan Bonus Opportunity, as shown on page 1.

POTENTIAL RSI PERFORMANCE ABOVE PLAN BONUS PAYOUT AS A PERCENTAGE OF MAXIMUM RSI PERFORMANCE ABOVE PLAN BONUS OPPORTUNITY			
THRESHOLD	1994 ACTUAL NBT (\$MM)		MAXIMUM
245.8	251.0	256.0	265.0
	% OF RSI PERF. ABOVE PLAN		
0	25	50	100

6) INDIVIDUAL PERFORMANCE

Individual performance payout is based on a grid consisting of individual performance results versus objectives. The potential bonus payout percent is determined by awarding a percentage within one of the grid ranges. The potential bonus payout is expressed as a percentage of Maximum Individual Performance Bonus Opportunity, as shown on page 1.

POTENTIAL INDIVIDUAL PERFORMANCE BONUS PAYOUT AS A PERCENTAGE OF MAXIMUM INDIVIDUAL PERFORMANCE BONUS OPPORTUNITY				
INDIVIDUAL PERFORMANCE % OF INDIVIDUAL PERFORMANCE OPPORTUNITY	FAIR - SOME CRITICAL SHORTFALLS	CONSISTENT WITH EXPECTATIONS	SIGNIFICANTLY ABOVE EXPECTATIONS	EXCEPTIONAL
	0-29%	30-59%	60-89%	90-100%

ALL PERFORMANCE GRIDS REPRESENT GUIDELINES ONLY. ACTUAL PAYOUTS MAY BE PRORATED DOWNWARD AT THE COMPANY'S DISCRETION. ADDITIONAL CRITERIA MAY ADJUST THE PERFORMANCE PORTION DOWNWARD IF SPECIFIC GOALS ARE NOT ACHIEVED. THE GRIDS WILL BE REVISED ANNUALLY TO ENSURE CONSISTENCY WITH COMPANY GOALS AND OBJECTIVES.

**BONUS CALCULATION EXAMPLE**

Total bonus would be calculated as follows given the following information:

Eligible Base Salary	\$280,000
1994 RSI NBT	\$251.0MM
1994 RSI NAT ROA	2.7%
1994 Commercial/International NBT	\$178.0MM
1994 RDL NBT	\$ 14.0MM
1994 RDL Revenue	\$630.0MM
1994 RPTS NBT	\$ 28.0MM
1994 RPTS NAT ROA	7.0%
Individual Performance	Significantly Above Expectations
1) RSI Performance	
20% Maximum RSI Performance Bonus Opportunity	
75% Potential RSI Performance Bonus Payout (from grid)	
20% x 75% = 15% of Eligible Base Salary	
15% x \$280,000 =	\$42,000
2) RDL Performance	
30% Maximum RDL Performance Bonus Opportunity	
65% Potential RDL Performance Bonus Payout (from grid)	
30% x 65% = 19.5% of Eligible Base Salary	
19.5% x \$280,000 =	\$54,600
3) Commercial U.S./International Performance	
20% Maximum Commercial US/Intl. Performance Bonus Opportunity	
60% Potential Commercial US/Intl. Performance Bonus Payout (from grid)	
20% x 60% = 12% of Eligible Base Salary	
12% x \$280,000 =	\$33,600

**EXAMPLE CONTINUED ON NEXT PAGE**

4)	RPTS Performance		
	10% Maximum RPTS Performance Bonus Opportunity		
	60% Potential RPTS Performance Bonus Payout (from grid)		
	10% x 60% = 6.00% of Eligible Base Salary		
	6.00% x \$280,000 =		\$ 16,800
5)	RSI Above Plan Performance		
	20% Maximum RSI Above Plan Performance Bonus Opportunity		
	25% Potential RSI Above Plan Performance Bonus Opportunity		
	20% x 25% = 5.0% of Eligible Base Salary		
	5.0% x \$280,000 =		\$ 14,000
6)	Individual Performance		
	20% Maximum Individual Performance Bonus Opportunity		
	75% Potential Individual Performance Bonus Payout (from grid)		
	20% x 75% = 15% of Eligible Base Salary		
	15% x \$280,000 =		\$ 42,000
			-----
	TOTAL BONUS		\$203,000

**BASE SALARY CALCULATION**

For the purpose of bonus calculations, base salary is defined as the average annual rate of pay for the calendar year, excluding all other compensation paid to the employee during the year, e.g. bonus, commissions, employee benefits, moving expenses, and imputed income from company car, insurance, and amounts attributable to any of the Company's stock plans.

Average annual rate of pay for a participant whose base salary changes within the bonus year is calculated as shown below.

**BASE SALARY CALCULATION EXAMPLE**

Average annual rate of pay would be calculated as follows for a participant who begins a bonus year with a base salary of \$205,000, then effective June 1 receives an increase to a base salary of \$218,000:

January 1 thru May 31 of Bonus Year:			
31 + 28 + 31 + 30 + 31	=	151 = .414 x \$205,000/yr.	= \$ 84,870
-----		---	
365 days		365	
June 1 thru December 31 of Bonus Year:			
365 - 151	=	214 = .586 x \$218,000/yr.	= \$127,748
-----		---	
365 days		365	
AVERAGE ANNUAL RATE OF PAY FOR BONUS YEAR =			\$212,618

**SPECIAL ROE AWARD**

One and one-half percent of the RSI NAT amount in excess of that required to reach 17% Return on Equity (ROE) will be credited to deferred compensation for elected Officers of the Company and the Division Presidents. This amount will be prorated based on each individual participant's earned salary (while in the eligible position) in relation to the sum of the earned salaries of all participants.

**ADMINISTRATION**

The Chairman, President, and Chief Executive Officer of RSI will administer this Incentive Compensation Plan.

**BONUS YEAR**

The bonus year is defined as the calendar year in which bonus awards are earned.

**ELIGIBILITY**

The President, Ryder Dedicated Logistics, if employed in good standing at the time bonus payments are made is eligible to participate in this plan. If the President, Ryder Dedicated Logistics has an agreement which specifically provides for incentive compensation other than that which is provided in this plan or is a participant in any other incentive compensation plan of RSI, its subsidiaries or affiliates, he/she is not eligible to participate in this plan.

Employees who are newly hired, promoted or transferred into or out of eligible positions and those who move from one eligibility level to another will receive pro rata bonus awards based on the average annual rate of pay in eligible positions, provided they are employed in good standing at the time bonus awards are distributed.

In addition, participants who leave the Company or VLSD during the bonus year under any of the following conditions may be eligible for pro rata bonus awards:

- retirement under the provisions of one of the Company's retirement plans or the Social Security Act, or
- disability

Note: The spouse or legal representative of a deceased participant may be eligible for pro rata bonus awards as well.

**BONUS ELIGIBILITY ON CHANGE OF CONTROL**

Notwithstanding anything in this plan to the contrary, in the event of a Change of Control of the Company (as defined and adopted by the Board of Directors on August 20, 1993), the funds necessary to pay incentive awards will be placed in a trust administered by an outside financial institution.

The amount of each participant's incentive award will be determined in accordance with the provisions of the plan by a "Big 6" accounting firm chosen by the Company. Participants will receive bonus awards for actual time employed during the bonus year based upon: a) the greater of actual company performance or 80% of maximum company performance opportunity plus b) the greater of actual individual performance or 80% of maximum individual performance opportunity.

However, if the Company fails to verify incentive awards through a "Big 6" accounting firm, participants will receive 100% of their maximum company and individual performance opportunities based on actual time worked during the bonus year. The Company will be responsible for all legal fees and expenses which participants may reasonably incur in enforcing their rights under the plan in the event of a Change of Control of the Company.

Should a Change of Control occur during 1993, participants will receive instructions regarding the collection of incentive awards.

### **BONUS ELIGIBILITY ON TERMINATION**

Participants leaving the Company or VLSD under any conditions other than those outlined in the Eligibility or Change of Control sections of this plan are not eligible for bonus awards for the bonus year in which they leave, nor are they eligible for awards for the preceding bonus year, if such awards have not yet been distributed.

### **BONUS PAYMENT**

Shortly after the end of the calendar year and after considering the recommendations of the Administrator of the plan, the Compensation Committee of the Board of Directors or the full Board of Directors of RSI will, in its sole discretion, determine the participants, if any, who will receive bonus awards and the amounts of such awards. Bonus award payments will be distributed to eligible participants following such Board or Committee approval and subsequent to certification of consolidated financial statements by an independent auditor.

### **BONUS FUNDING**

Accruals for the President, Ryder Dedicated Logistics, and all discretionary awards are excluded from funding limitations.

Bonus payout maximums are limited by the lower of the total earned opportunity provided under the plan or the amount of the accrual. Should the accrual not provide for bonus allotments under the plan, proration will be effected at the discretion of the Chairman, President and Chief Executive Officer of RSI. Unused monies may not be carried forward for subsequent bonus years.

## **DISCRETIONARY AWARDS**

With the approval of the Board of Directors of RSI, the Chairman, President, and Chief Executive Officer of RSI has the authority to grant discretionary bonus awards for exemplary performance to non-participants or to enhance the awards of participants. Discretionary awards are not subject to the funding limitations of this plan.

While it is common to grant discretionary awards at the same time as regular awards, it may be appropriate, on occasion, to recognize an employee off-cycle due to extremely unusual performance. Off-cycle discretionary awards must be approved by the Chairman, President and Chief Executive Officer of RSI.

The total of all discretionary awards for employees under this plan, the VLSD field bonus plans, the RSI SEVP Incentive Compensation Plan, the Headquarters Executive Management Incentive Compensation Plan, the Ryder International Incentive Compensation Plan, the Ryder Services Corporation Incentive Compensation Plan, and all Division Presidents' Incentive Compensation Plans, including those granted off-cycle, may not exceed \$430,000 per year.

## **AMENDMENTS**

The Board of Directors of RSI reviews RSI's, its subsidiaries' and affiliates' incentive compensation plans annually to ensure equitability both within the Company, and in relation to current economic conditions. THE BOARD OF DIRECTORS RESERVES THE RIGHT TO AMEND, SUSPEND, TERMINATE OR MAKE EXCEPTIONS TO

THIS PLAN AT ANY TIME.





**EXHIBIT A**

**RYDER SYSTEM, INC. 1980 STOCK INCENTIVE PLAN**  
(As amended on October 22, 1993)

# TABLE OF CONTENTS

	Page
	----
1. Purpose . . . . .	1
2. Definitions . . . . .	1
3. Shares of Stock Subject to the Plan . . . . .	5
4. Participation . . . . .	5
5. Administration . . . . .	5
6. Awards . . . . .	6
7. Stock Options . . . . .	6
8. Stock Appreciation Rights . . . . .	9
9. Limited SARs . . . . .	11
10. Performance Units . . . . .	12
11. Restricted Stock Rights . . . . .	14
12. Dilution and Other Adjustments . . . . .	15
13. Substitute Options . . . . .	15
14. Miscellaneous Provisions . . . . .	16
15. Indemnification of the Committee . . . . .	17
16. Compliance with Law . . . . .	17
17. Amendment of the Plan . . . . .	18
18. Effective Date and Term of the Plan . . . . .	18

## RYDER SYSTEM, INC. 1980 STOCK INCENTIVE PLAN

1. Purpose. The purpose of this Plan is to enable the Company to recruit and retain those key executives most responsible for the Company's continued success and progress, and by offering comparable incentives, to compete with other organizations in attracting, motivating and retaining such executives, thereby furthering the interests of the Company and its shareholders by giving such executives a greater personal stake in and commitment to the Company and its future growth and prosperity.

2. Definitions. For the purpose of the Plan:

(a) The term "Award" shall mean and include any Stock Option, SAR, Limited SAR, Performance Unit or Restricted Stock Right granted under this Plan.

(b) During the three (3) year period following a Change of Control, the term "cause" as used in Section 7 and Section 14(a) of this Plan with respect to any Stock Option shall mean (i) an act or acts of fraud, misappropriation, or embezzlement on the Grantee's part which result in or are intended to result in his personal enrichment at the expense of the Company, (ii) conviction of a felony, (iii) conviction of a misdemeanor involving moral turpitude, or (iv) willful failure to report to work for more than thirty (30) continuous days not supported by a licensed physician's statement, all as determined only by a majority of the Incumbent Board.

(c) A "Change of Control" shall be deemed to have occurred if:

(i) a third person, including a "group" as defined in Section 13(d)(3) of the Securities Exchange Act of 1934, as amended (the "1934 Act"), but excluding any employee benefit plan or plans of RSI and its Subsidiaries and affiliates, becomes the beneficial owner, directly or indirectly, of twenty percent (20%) or more of the combined voting power of RSI's outstanding voting securities ordinarily having the right to vote for the election of directors of RSI; or

(ii) the individuals who, as of June 26, 1987, constituted the Board of Directors of RSI (the "Board" generally and as of June 26, 1987 the "Incumbent Board") cease for any reason to constitute at least two-thirds (2/3) of the Board, or in the case of a merger or consolidation of RSI, do not constitute or cease to constitute at least two-thirds (2/3) of the board of directors of the surviving company (or in a case where the surviving corporation is controlled, directly or indirectly, by another corporation or entity, do not constitute or cease to constitute at least two-thirds (2/3) of the board of such controlling corporation or do not have or cease to have at least two-thirds (2/3) of the voting seats on any body comparable to a board of directors of such controlling entity, or if there is no body comparable to a board of directors, at least two-thirds (2/3) voting control of such controlling entity), provided that any person becoming a director (or, in the case of a controlling non-corporate entity, obtaining a position comparable to a director or obtaining a voting interest in such entity) subsequent to June 26, 1987 whose election, or nomination for election, was approved by a vote of the persons comprising at least

two-thirds (2/3) of the Incumbent Board (other than an election or nomination of an individual whose initial assumption of office is in connection with an actual or threatened election contest, as such terms are used in Rule 14a-11 of Regulation 14A promulgated under the 1934 Act) shall be, for purposes of this Plan, considered as though such person were a member of the Incumbent Board; or

(iii) there is a liquidation or dissolution of RSI or a sale of all or substantially all of its assets.

If RSI enters into an agreement or series of agreements or the Board passes a resolution which will result in the occurrence of any of the matters described in subparagraphs (i), (ii) or (iii), and a Grantee's employment is terminated subsequent to the date of execution of such agreement or series of agreements or the passage of such resolution, but prior to the occurrence of any of the matters described in subparagraphs (i), (ii) or (iii), then, upon the occurrence of any of the matters described in subparagraphs (i), (ii) or (iii), a Change of Control shall be deemed to have retroactively occurred on the date of the execution of the earliest of such agreement(s) or the passage of such resolution.

(d) The term "Code" shall mean the Internal Revenue Code of 1986 as it may be amended from time to time.

(e) The term "Committee" shall mean the Board of Directors of RSI and/or the Compensation Committee of the Board of Directors of RSI constituted as provided in Section 5 of the Plan.

(f) The term "Common Stock" shall mean the common stock of RSI as from time to time constituted.

(g) The term "Company" shall mean RSI and its Subsidiaries.

(h) The term "Disability" shall mean total physical or mental disability of a Grantee as determined by the Committee upon the basis of such evidence as the Committee in its discretion deems necessary and appropriate.

(i) The term "Disinterested Person" shall mean any person who qualifies as a disinterested person as defined in Rule 16b-3, as promulgated under the 1934 Act, or any successor definition.

(j) The term "Employee" shall mean a full-time salaried employee of RSI or any Subsidiary (which term shall include salaried officers).

(k) The term "Fair Market Value" shall mean, with respect to the Common Stock, the mean between the highest and lowest sale price for shares as reported by the composite transaction reporting system for securities listed on the New York Stock Exchange on the date

as of which such determination is being made or on the most recently preceding date on which there was such a sale.

(l) The term "Grantee" shall mean an Employee who is selected by the Committee to receive an Award under the Plan and in the case of a deceased Employee shall mean the beneficiary of the Employee.

(m) The term "Incentive Stock Option" shall mean a Stock Option granted under this Plan or a previously granted Stock Option that is redesignated by the Committee as an Incentive Stock Option which is intended to constitute an incentive stock option within the meaning of Section 422(b) of the Code.

(n) The term "Limited SAR" shall mean a Limited Stock Appreciation Right granted by the Committee pursuant to Section 9 of the Plan.

(o) The terms "1966 Stock Option Plan" and "1966 Option" shall mean, respectively, the Ryder System Stock Option Plan adopted in 1966, as amended, and any stock option granted thereunder.

(p) The term "Non-qualified Stock Option" shall mean a Stock Option granted under this Plan which is not intended to qualify under Section 422(b) of the Code.

(q) The term "Offer" shall mean any tender offer or exchange offer for Shares, other than one made by the Company, including all amendments and extensions of any such Offer.

(r) The term "Offer Price per Share" shall have the meaning set forth in Section 9(c) of the Plan.

(s) The term "Option" shall mean any stock option granted under this Plan or the 1966 Stock Option Plan.

(t) The term "Performance Goals" shall have the meaning set forth in Section 10(c) of the Plan.

(u) The term "Performance Period" shall have the meaning set forth in Section 10(d) of the Plan.

(v) The term "Performance Units" shall mean Performance Units granted by the Committee pursuant to Section 10 of the Plan.

(w) The term "Plan" shall mean the Ryder System, Inc. 1980 Stock Incentive Plan as the same shall be amended.

(x) The term "Price" shall mean, upon the occurrence of a Change of Control, the excess of the highest of:

(i) the highest closing price of the Common Stock reported by the composite transaction reporting system for securities listed on the New York Stock Exchange within the sixty (60) days preceding the date of exercise;

(ii) the highest price per share of Common Stock included in a filing made by any person or group referred to in subparagraph (i) of Section 2(c) on any Schedule 13D pursuant to Section 13(d) of the 1934 Act as paid within the sixty (60) days prior to the date of such report; and

(iii) the value of the consideration to be received by the holders of Common Stock, expressed on a per share basis, in any transaction referred to in subparagraph (iii) of Section 2(c), with all noncash consideration being valued in good faith by the Incumbent Board;

over the purchase price per Share at which the related Option is exercisable as applicable, except that Incentive Stock Options and, if and to the extent required in order for the related Option to be treated as an Incentive Stock Option, SARs and Limited SARs granted with respect to Incentive Stock Options, are limited to the spread between the Fair Market Value of Common Stock on the date of exercise and the purchase price per Share at which the related Option is exercisable.

(y) The term "Restricted Period" shall have the meaning set forth in Section 11(a) of the Plan.

(z) The term "RSI" shall mean Ryder System, Inc.

(aa) The term "Restricted Stock Rights" shall mean a Restricted Stock Right granted by the Committee pursuant to Section 11 of the Plan.

(bb) The term "Retirement" shall mean retirement under the provisions of the various retirement plans of the Company (whichever is appropriate to a particular Grantee) as then in effect, or in the absence of any such retirement plan being applicable, as determined by the Committee.

(cc) The term "SAR" shall mean a Stock Appreciation Right granted by the Committee pursuant to the provisions of Section 8 of the Plan.

(dd) The term "Shares" shall mean shares of the Common Stock and any shares of stock or other securities received as a result of the adjustment provided for in Section 12 of the Plan.

(ee) The term "Spread" with respect to a SAR shall have the meaning set forth in Section 8(b) of the Plan, and with respect to a Limited SAR, the meanings set forth in Sections 9(c) and 9(d) of the Plan.

(ff) The term "Stock Option" shall mean any stock option granted under this Plan.

(gg) The term "Subsidiary" shall mean any corporation, other than RSI, or other form of business entity more than fifty percent (50%) of the voting interest of which is owned or controlled, directly or indirectly, by RSI and which the Committee designates for participation in the Plan.

(hh) The term "Termination Date" shall mean the date that a Grantee ceases to be employed by RSI or any Subsidiary for any reason.

(ii) The term "Year" shall mean a calendar year.

### 3. Shares of Stock Subject to the Plan.

(a) Subject to the provisions of Paragraph (b) of this Section 3, at July 31, 1993, the maximum number of Shares which were available for issuance pursuant to future grants under the Plan was 1,710,041, and 5,351,051 Shares were subject to issuance pursuant to previously granted awards. Shares issued pursuant to this Plan may be either authorized but unissued or reacquired Shares held in the treasury.

(b) In the event any Stock Option or Restricted Stock Right expires or terminates unexercised, the number of Shares subject to such Stock Option or Restricted Stock Right shall again become available for issuance under the Plan, subject to the provisions of Sections 7(a), 8(a), 9(b) and 10(i) of this Plan.

(c) Effective October 22, 1993, no Grantee shall be eligible to receive any Stock Option or series of Stock Options covering, in the aggregate, more than 300,000 Shares from the Shares which were available for issuance pursuant to future grants on that date.

### 4. Participation. Awards under the Plan shall be limited to key executive Employees selected from time to time by the Committee.

5. Administration. The Plan shall be administered by the Board of Directors of RSI, of which a majority of the Board of Directors and a majority of the directors acting in the matter shall be Disinterested Persons, and/or the Compensation Committee of the Board of Directors of RSI which shall consist of not less than three members of the Board of Directors, each of whom shall be a Disinterested Person. The Committee shall have plenary authority, subject to the

express provisions of the Plan, to (i) select Grantees; (ii) establish and adjust Performance Goals and Performance Periods for Performance Units; (iii) determine the nature, amount, time and manner of payment of Awards made under the Plan, and the terms and conditions applicable thereto; (iv) interpret the Plan; (v) prescribe, amend and rescind rules and regulations relating to the Plan; (vi) determine whether and to what extent Stock Options previously granted under the Plan shall be redesignated as Incentive Stock Options pursuant to the provisions of Section 251(c) of the Economic Recovery Tax Act of 1981 and the regulations issued thereunder, and in this connection, amend any Stock Option Agreement or make or authorize any reports or elections or take any other action to the extent necessary to implement the redesignation of any Stock Option as an Incentive Stock Option, provided that any redesignation of a previously granted Stock Option as an Incentive Stock Option shall not be effective unless and until consented to by the Grantee; and (vii) make all other determinations deemed necessary or advisable for the administration of the Plan. The Committee's determination on the foregoing matters shall be conclusive. A majority of the Committee shall constitute a quorum, and the acts of a majority of the members present at any meeting at which a quorum is present, or acts approved in writing by all members of the Committee without a meeting, shall be the acts of the Committee.

6. Awards. Subject to the provisions of Section 3 of the Plan, the Committee shall determine Awards taking into consideration, as it deems appropriate, the responsibility level and performance of each Grantee. The Committee may grant the following types of Awards: Stock Options pursuant to Section 7 hereof, SARs pursuant to Section 8 hereof, Limited SARs pursuant to Section 9 hereof, Performance Units pursuant to Section 10 hereof and Restricted Stock Rights pursuant to Section 11 hereof. Unless otherwise determined by the Committee, a Grantee may not be granted in any Year both (i) a Restricted Stock Right and (ii) a Stock Option, SAR, Limited SAR or Performance Unit.

#### 7. Stock Options.

(a) The Committee from time to time may grant Stock Options either alone or in conjunction with and related to SARs, Limited SARs and/or Performance Units to key executive Employees selected by the Committee as being eligible therefor. The Stock Options may be of two types, Incentive Stock Options and Non-qualified Stock Options. Each Stock Option shall cover such number of Shares and shall be on such other terms and conditions not inconsistent with this Plan as the Committee may determine and shall be evidenced by a Stock Option Agreement setting forth such terms and conditions executed by the Company and the Grantee. The Committee shall determine the number of Shares subject to each Stock Option. The number of Shares subject to an outstanding Stock Option shall be reduced on a one for one basis to the extent that any related SAR, Limited SAR or Performance Unit is exercised and such Shares shall not again become available for issuance pursuant to the Plan.

In the case of Stock Options, the aggregate Fair Market Value (determined as of the date of grant) of Common Stock with respect to which Incentive Stock Options are exercisable for



the first time by an Employee during any Year under the Plan or any other plan of the Company shall not exceed \$100,000. To the extent, if any, that the Fair Market Value of such Common Stock with respect to which Incentive Stock Options are exercisable exceeds \$100,000, such Incentive Stock Options shall be treated as separate Non-qualified Stock Options. For purposes of the two immediately preceding sentences of this subparagraph (a), Stock Options shall be taken into account in the order in which they were granted.

(b) Unless the Committee shall determine otherwise, each Stock Option may be exercised only if the Grantee has been continuously employed by RSI or any Subsidiary for a period of at least one (1) year commencing on the date the Stock Option is granted; provided, however, that this provision shall not apply in the event of a Change of Control.

(c) Each Stock Option shall be for such term (but, in no event, for greater than ten years) and shall be exercisable in such installments as shall be determined by the Committee at the time of grant of the Stock Option.

The Committee may, at any time, provide for the acceleration of installments or any part thereof.

(d) The price per Share at which Shares may be purchased upon the exercise of a Stock Option shall be determined by the Committee on the grant of the Stock Option but such price shall not be less than one hundred percent (100%) of the Fair Market Value on the date of grant of the Stock Option. If a Grantee owns (or is deemed to own under applicable provisions of the Code and rules and regulations promulgated thereunder) more than ten percent (10%) of the combined voting power of all classes of the stock of the Company and a Stock Option granted to such Grantee is intended to qualify as an Incentive Stock Option, the Incentive Stock Option price shall be no less than one hundred and ten percent (110%) of the Fair Market Value of the Common Stock on the date the Incentive Stock Option is granted and the term of such Incentive Stock Option shall be no more than five years.

(e) Except as provided in Paragraphs (h) and (l) of this Section 7, no Stock Option may be exercised unless the Grantee, at the time of exercise, is an Employee and has continuously been an Employee of RSI or any Subsidiary since the grant of such Stock Option. A Grantee shall not be deemed to have terminated his period of continuous employ with RSI or any Subsidiary if he leaves the employ of RSI or any Subsidiary for immediate reemployment with RSI or any Subsidiary.

(f) To exercise a Stock Option, the Grantee shall (i) give written notice to the Company in form satisfactory to the Committee indicating the number of Shares which he elects to purchase, (ii) deliver to the Company payment of the full purchase price of the Shares being purchased (A) in cash or a certified or bank cashier's check payable to the order of the Company, or (B) if the Grantee elects with the approval of the Committee, in Shares of the Common Stock having a Fair Market Value on the date of exercise equal to the purchase price, or a combination of the foregoing having an aggregate Fair Market Value equal to such purchase price, and (iii)

deliver to the Secretary of the Company such written representations, warranties and covenants as the Company may require under Section 16(a) of this Plan.

(g) Upon proper exercise of a Stock Option, the Grantee shall be treated for all purposes as the registered owner of the Shares as to which the Stock Option has been exercised as of the close of business on the date of exercise.

(h) Notwithstanding any other provision of the Plan, unless otherwise determined by the Committee prior to a Change of Control, in the event of a Change of Control, each Stock Option not previously exercised or expired under the terms of the Plan shall become immediately exercisable in full and, shall remain exercisable to the full extent of the Shares available thereunder, regardless of any installment provisions applicable thereto, for the remainder of its term, unless Section 14(a) of the Plan applies or the Grantee has been terminated for cause, in which case the Stock Options shall automatically terminate as of the Incumbent Board's determination pursuant to Section 14(a) or the Grantee's Termination Date, as appropriate.

(i) If the Committee so determines prior to or during the thirty (30) day period following the occurrence of a Change of Control, Grantees of Stock Options not otherwise exercised or expired under the terms of the Plan as to which no SARs or Limited SARs are then exercisable may, in lieu of exercising, require RSI to purchase for cash all such Stock Options or portions thereof for a period of sixty (60) days following the occurrence of a Change of Control at the Price specified in Section 2(x); provided that Stock Options subject to this purchase requirement held by Grantees who are subject to Section 16(b) of the 1934 Act with respect to RSI must have been held for at least six (6) months.

(j) Any determination made by the Committee pursuant to Section 7(i) or 7(j) may be made as to all eligible Stock Options or only as to certain of such Stock Options specified by the Committee. Once made, any determination by the Committee pursuant to Section 7(h) or 7(i) shall be irrevocable.

(k) The Company intends that Section 7(i) shall comply with the requirements of Rule 16b-3 under the 1934 Act (the "Rule") during the term of this Plan. Should any provision of Section 7(i) not be necessary to comply with the requirements of the Rule, or should any additional provisions be necessary for Section 7(i) to comply with the requirements of the Rule, the Committee may amend this Plan or any Stock Option agreement to add to or modify the provisions thereof accordingly.

(l) Notwithstanding any of the provisions of this Section 7, a Stock Option shall in all cases terminate and not be exercisable after the expiration of the term of the Stock Option established by the Committee. Except as provided in Section 7(h), Stock Options shall be exercisable after the Grantee ceases to be employed by RSI or any Subsidiary as follows, unless otherwise determined by the Committee:

(i) In the event that a Grantee ceases to be employed by RSI or any Subsidiary by reason of Disability or Retirement, (A) any Non-qualified Stock Option not previously exercised or expired shall continue to vest and be exercisable during the three (3) year period following the Grantee's Termination Date, and to the extent it is exercisable at the expiration of such three (3) year period, it shall continue to be exercisable by such Grantee or such Grantee's legal representatives, heirs or legatees for the term of such Non-qualified Stock Option, and (B) any Incentive Stock Option shall, to the extent it was exercisable on the Termination Date, continue to be exercisable by such Grantee or such Grantee's legal representatives, heirs or legatees for the term of such Incentive Stock Option; provided, however, that in order to qualify for the special tax treatment afforded by Section 421 of the Code, Incentive Stock Options must be exercised within the three (3) month period commencing on the Termination Date (the exercise period shall be one (1) year in the case of termination by reason of disability, within the meaning of Section 422(e)(3) of the Code). Incentive Stock Options not exercised within such three (3) month period shall be treated as Non-qualified Stock Options.

(ii) In the event that a Grantee ceases to be employed by RSI or any Subsidiary by reason of death, any Stock Option shall, to the extent it was exercisable on the Termination Date, continue to be exercisable by such Grantee's legal representatives, heirs or legatees for the term of such Stock Option.

(iii) Except as otherwise provided in subparagraph (i) or (ii) above, in the event that a Grantee ceases to be employed by RSI or any Subsidiary for any reason other than termination for cause, any Stock Option shall, to the extent it was exercisable on the Termination Date, continue to be exercisable for a period of three (3) months commencing on the Termination Date and shall terminate at the expiration of such period; provided, however, that in the event of the death of the Grantee during such three (3) month period, such Stock Option shall, to the extent it was exercisable on the Termination Date, be exercisable by the Grantee's personal representatives, heirs or legatees for a period of one (1) year commencing on the date of the Grantee's death and shall terminate at the expiration of such period.

(iv) Except as otherwise provided in subparagraphs (i), (ii) and (iii) above, a Stock Option shall automatically terminate as of the Termination Date, provided that if a Grantee's employment is interrupted by reason of Disability or a leave of absence (as determined by the Committee) the Committee may permit the exercise of some or all of the Stock Options granted on such terms and for such period of time as it shall determine.

#### 8. Stock Appreciation Rights.

(a) The Committee shall have authority in its discretion to grant a SAR to any Grantee of a Stock Option with respect to all or some of the Shares covered by such Stock Option. Each SAR shall be on such terms and conditions not inconsistent with this Plan as the Committee may determine and shall be evidenced by a SAR Agreement setting forth such terms and conditions executed by the Company and the holder of the SAR. A SAR may be granted

either at the time of grant of a Stock Option or at any time thereafter during its term. A SAR may be granted to a Grantee irrespective of whether such Grantee has a Limited SAR. Each SAR shall be exercisable only if and to the extent that the related Stock Option is exercisable, provided, however, that no SAR may be exercised in any event (i) until the expiration of six (6) months from the date of grant of the SAR unless prior to the expiration of such six

(6) month period the holder of the SAR ceases to be employed by RSI or any Subsidiary because of death or Disability, or (ii) more than six (6) months after the Termination Date of a Grantee. Upon the exercise of a SAR, the related Stock Option shall cease to be exercisable to the extent of the Shares with respect to which such SAR is exercised and shall be considered to have been exercised to that extent for purposes of determining the number of Shares available for the grant of further Awards pursuant to this Plan. Upon the exercise or termination of a Stock Option, the SAR related to such Stock Option shall terminate to the extent of the Shares with respect to which such Stock Option was exercised or terminated.

(b) The term "Spread" as used in this Section 8 shall mean, with respect to the exercise of any SAR, an amount equal to the product computed by multiplying (i) the excess of (A) the Fair Market Value per Share on the date such SAR is exercised over (B) the purchase price per Share at which the related Stock Option is exercisable by (ii) the number of Shares with respect to which such SAR is being exercised, provided, however, that the Committee may at the grant of any SAR limit the maximum amount of the Spread to be paid upon the exercise thereof.

(c) Only if and to the extent required in order for the related Stock Option to be treated as an Incentive Stock Option, a SAR may be exercised only when there is a positive Spread, that is, when the Fair Market Value per Share exceeds the purchase price per Share at which the related Stock Option is exercisable. Upon the exercise of a SAR, the Committee shall pay to the Grantee exercising the SAR an amount equivalent to the Spread. The Committee shall have the sole and absolute discretion to determine whether payment for such SAR will be made in cash, Shares or a combination of cash and Shares, provided, that any Shares used for payment shall be valued at their Fair Market Value on the date of the exercise of the SAR.

(d) A SAR may be exercised only during the period beginning on the third (3rd) business day following the date of release for publication of the quarterly and annual summary statements of sales and earnings of the Company and ending on the twelfth (12th) business day following such date. Such release shall be deemed to have taken place if the specified financial data appears (i) on a wire service, (ii) in a financial news service, (iii) in a newspaper of general circulation or (iv) is otherwise made publicly available.

(e) The Company intends that this Section 8 shall comply with the requirements of the Rule during the term of this Plan. Should any provision of this Section 8 not be necessary to comply with the requirements of the Rule or should any additional provisions be necessary for this Section 8 to comply with the requirements of the Rule, the Committee may amend this Plan or any Award agreement to add to or modify the provisions thereof accordingly.

(f) To exercise a SAR, the Grantee shall (i) give written notice to the Company in form satisfactory to the Committee specifying the number of Shares with respect to which such holder is exercising the SAR and (ii) deliver to the Company such written representations, warranties and covenants as the Company may require under Section 16(a) of this Plan.

(g) A person exercising a SAR shall not be treated as having become the registered owner of any Shares issued on such exercise until such Shares are issued.

(h) The exercise of a SAR shall reduce the number of Shares subject to the related Stock Option on a one for one basis.

#### 9. Limited SARs.

(a) The Committee shall have authority in its discretion to grant a Limited SAR to the holder of any Stock Option or any 1966 Option, with respect to all or some of the Shares covered by such Option; provided, however, that in the case of Incentive Stock Options, the Committee may grant Limited SARs only if and to the extent that the grant of such Limited SARs is consistent with the treatment of the Stock Option as an Incentive Stock Option. Each Limited SAR shall be on such terms and conditions not inconsistent with this Plan as the Committee may determine and shall be evidenced by a Limited SAR Agreement setting forth such terms and conditions executed by the Company and the holder of the Limited SAR. A Limited SAR may be granted to the holder of a 1966 Option at any time during its term and may be granted either at the time of grant of a Stock Option or at any time thereafter during its term. A Limited SAR may be granted to a Grantee irrespective of whether such Grantee has a SAR.

(b) Limited SARs may be exercised only during the sixty (60) day period commencing after the occurrence of a Change of Control, provided, however, that a Limited SAR that has not been held by the Grantee for at least six (6) months before the occurrence of a Change of Control may be exercised only during the sixty (60) day period commencing upon the expiration of such six (6) month holding period.

Each Limited SAR shall be exercisable only if and to the extent that the related Option is exercisable, provided, however, that no Limited SAR may be exercised in any event (i) until the expiration of six (6) months from the date of grant of the Limited SAR, or (ii) more than six (6) months after the Termination Date of a Grantee. Upon the exercise of a Limited SAR, the related Stock Option or 1966 Option shall cease to be exercisable to the extent of the Shares with respect to which such Limited SAR is exercised, and the Stock Option and 1966 Option shall be considered to have been exercised to that extent for purposes of determining the number of Shares available for the grant of further Awards pursuant to this Plan and the 1966 Stock Option Plan, respectively. Upon the exercise or termination of an Option, the Limited SAR with respect to such Option shall terminate to the extent of the Shares with respect to which the Option was exercised or terminated.

(c) For any Limited SAR, the term "Spread" as used in this Section 9 shall mean an amount equal to the product computed by multiplying (A) the Price specified in Section 2(x) by (B) the number of Shares with respect to which such Limited SAR is being exercised.

(d) Only if and to the extent required in order for the related Stock Option to be treated as an Incentive Stock Option, a Limited SAR may be exercised only when there is a positive Spread, that is, when the Fair Market value per Share exceeds the purchase price per Share at which the related Stock Option is exercisable. Upon the exercise of a Limited SAR, the holder thereof shall receive an amount in cash equal to the Spread.

(e) Notwithstanding any other provision of this Plan, no SAR or Performance Unit may be exercised with respect to any Stock Option at a time when any Limited SAR with respect to such Stock Option held by the Grantee of such SAR or Performance Unit may be exercised.

(f) The Company intends that this Section 9 shall comply with the requirements of the Rule during the term of this Plan. Should any provision of this Section 9 not be necessary to comply with the requirements of the Rule, or should any additional provisions be necessary for this Section 9 to comply with the requirements of the Rule, the Committee may amend this Plan or any Award agreement to add to or modify the provisions thereof accordingly.

(g) To exercise a Limited SAR, the holder shall give written notice to the Company in form satisfactory to the Committee specifying the number of Shares with respect to which he is exercising the Limited SAR.

(h) The exercise of a Limited SAR shall reduce on a one for one basis the number of Shares subject to the related Stock Option or 1966 Option.

#### 10. Performance Units.

(a) In conjunction with the granting of Stock Options under this Plan, the Committee may grant Performance Units relating to such Stock Options; provided, however, that in the case of Incentive Stock Options, the Committee may grant Performance Units only if and to the extent that the grant of such Performance Units is consistent with the treatment of the Stock Option as an Incentive Stock Option. Each grant of Performance Units shall cover such number of Shares and shall be on such other terms and conditions not inconsistent with this Plan as the Committee may determine and shall be evidenced by a Performance Unit Agreement setting forth such terms and conditions executed by the Company and the Grantee of the Performance Units. The number of Performance Units granted shall be equal to a specified number of Shares subject to the related Stock Options. The Committee shall value such Units to the extent that Performance Goals are achieved, provided, however, that in no event shall the value per Performance Unit exceed one hundred and fifty percent (150%) of the purchase price per Share at which the related Stock Option is exercisable.

(b) The Committee shall have full and final authority to establish Performance Goals for each Performance Period on the basis of such criteria, and the attainment of such objectives, as the Committee may from time to time determine. In setting Performance Goals, the Committee may take into consideration such matters which it deems relevant and such financial and other criteria including but not limited to projected cumulative compounded rate of growth in earnings per share and average return on equity. During any Performance Period, the Committee shall have the authority to adjust Performance Goals for the Performance Period as it deems equitable in recognition of extraordinary or nonrecurring events experienced by the Company during the Performance Period including, but not limited to, changes in applicable accounting rules or principles or changes in the Company's methods of accounting during the Performance Period or significant changes in tax laws or regulations which affect the financial results of the Company.

(c) The term "Performance Goals" as used in this Section 10 shall mean the performance objectives established by the Committee for the Company for a Performance Period for the purpose of determining if, as well as the extent to which, a Performance Unit shall be earned.

(d) The term "Performance Period" as used in this Section 10 shall mean the period of time selected by the Committee (which period shall be not more than five nor less than three years) commencing on January 1 of the Year in which the grant of Performance Units is made, during which the performance of the Company is measured for the purpose of determining the extent to which Performance Units have been earned.

(e) Performance Units shall be earned to the extent that Performance Goals and other conditions established in accordance with Paragraph (b) of this Section 10 are met. The Company shall promptly notify each Grantee of the extent to which Performance Units have been earned by such Grantee. A Performance Unit may be exercised only during the period following such notice and prior to expiration of the related option. Performance Units which have been earned shall be paid after exercise by the Grantee pursuant to Paragraph

(h) of this Section 10. The Committee shall have the sole and absolute discretion to determine whether payment for such Performance Unit will be made in cash, Shares or a combination of cash and Shares, provided that any Shares used for payment shall be valued at their Fair Market Value on the date of the exercise of the Performance Unit.

(f) Unless otherwise determined by the Committee, in the event that a Grantee of Performance Units ceases to be employed by RSI or any Subsidiary during the term of the related Stock Option, the Performance Units held by him shall be exercisable only to the extent the related Stock Option is exercisable and shall be forfeited to the extent that the related Stock Option was not exercisable on the Termination Date.

(g) The Company intends that this Section 10 shall comply with the requirements of Section 16(b) of the 1934 Act and the rules thereunder, as from time to time in effect, including the Rule. Should any provision of this Section 10 not be necessary to comply with the

requirements of said Section 16(b) and the rules thereunder or should any additional provision be necessary for this Section 10 to comply with the requirements of Section 16(b) and the rules thereunder, the Committee may amend this Plan or any Award agreement to add to or modify the provisions thereof accordingly.

(h) To exercise Performance Units, the Grantee shall give written notice to the Company in form satisfactory to the Committee addressed to the Secretary of the Company specifying the number of Shares with respect to which he is exercising Performance Units.

(i) The exercise of Performance Units shall reduce on a one for one basis the number of Shares subject to the related Stock Option.

#### 11. Restricted Stock Rights.

(a) The Committee from time to time may grant Restricted Stock Rights to key executive Employees selected by the Committee as being eligible therefor, which would entitle a Grantee to receive a stated number of Shares subject to forfeiture of such Rights if such Grantee failed to remain continuously in the employ of RSI or any Subsidiary for the period stipulated by the Committee (the "Restricted Period").

(b) Restricted Stock Rights shall be subject to the following restrictions and limitations:

(i) The Restricted Stock Rights may not be sold, assigned, transferred, pledged, hypothecated, or otherwise disposed of;

(ii) Except as otherwise provided in Paragraph (d) of this Section 11, the Restricted Stock Rights and the Shares subject to such Restricted Stock Rights shall be forfeited and all rights of a Grantee to such Restricted Stock Rights and Shares shall terminate without any payment of consideration by the Company if the Grantee fails to remain continuously as an Employee of RSI or any Subsidiary for the Restricted Period. A Grantee shall not be deemed to have terminated his period of continuous employment with RSI or any Subsidiary if he leaves the employ of RSI or any Subsidiary for immediate reemployment with RSI or any Subsidiary.

(c) The Grantee of Restricted Stock Rights shall not be entitled to any of the rights of a holder of the Common Stock with respect to the Shares subject to such Restricted Stock Rights prior to the issuance of such Shares pursuant to the Plan. During the Restricted Period, for each Share subject to a Restricted Stock Right, the Company will pay the holder an amount in cash equal to the cash dividend declared on a Share during the Restricted Period on or about the date the Company pays such dividend to the stockholders of record.

(d) In the event that the employment of a Grantee terminates by reason of death, Disability or Retirement, such Grantee shall be entitled to receive the number of Shares subject



to the Restricted Stock Right multiplied by a fraction (x) the numerator of which shall be the number of days between the date of grant of such Restricted Stock Right and the date of such termination of employment, and (y) the denominator of which shall be the number of days in the Restricted Period, provided, however, that any fractional Share shall be cancelled. If a Grantee's employment is interrupted by reason of Disability or a leave of absence (as determined by the Committee), then the Committee may permit the delivery of the Shares subject to the Restricted Stock Right in such amounts as the Committee may determine.

(e) Notwithstanding Paragraphs (a) and (b) of this Section 11, unless otherwise determined by the Committee prior to the occurrence of a Change of Control, in the event of a Change of Control all restrictions on Restricted Stock shall expire and all Shares subject to Restricted Stock Rights shall be issued to the Grantees. Additionally, the Committee may, at any time, provide for the acceleration of the Restricted Period and of the issuance of all or part of the Shares subject to Restricted Stock Rights. Any determination made by the Committee pursuant to this Section 11(e) may be made as to all Restricted Stock Rights or only as to certain Restricted Stock Rights specified by the Committee. Once made, any determination by the Committee pursuant to this Section 11(e) shall be irrevocable.

(f) When a Grantee shall be entitled to receive Shares pursuant to a Restricted Stock Right, the Company shall issue the appropriate number of Shares registered in the name of the Grantee.

12. Dilution and Other Adjustments. If there shall be any change in the Shares subject to the Plan or any Award granted under the Plan, as a result of merger, consolidation, reorganization, recapitalization, stock dividend, stock split or other change in the corporate structure, adjustments may be made by the Committee, as it may deem appropriate, in the aggregate number and kind of Shares subject to the Plan or to any outstanding Award, and in the terms and provisions of this Plan and any Awards granted hereunder, in order to reflect, on an equitable basis, any such change in the Shares contemplated by this

Section 12. Any adjustment made by the Committee pursuant to this Section 12 shall be conclusive and binding upon the Grantee, the Company and any other related person.

13. Substitute Options. Incentive and/or Non-qualified Stock Options may be granted under this Plan from time to time in substitution for either incentive or non-qualified stock options or both held by employees of other corporations who are about to become employees of the Company as the result of a merger, consolidation or reorganization of the employing corporation with the Company, or the acquisition by the Company of the assets of the employing corporation, or the acquisition by the Company of stock of the employing corporation as the result of which it becomes a Subsidiary of the Company. The terms and conditions of the Stock Options so granted may vary from the terms and conditions set forth in this Plan to such extent as the Committee at the time of grant may deem appropriate to conform, in whole or in part, to the provisions of the stock options in substitution for which they are granted, but, in the event that

the option for which a substitute Stock Option is being granted is an incentive stock option, no variation shall adversely affect the status of any substitute Stock Option as an incentive stock option under the Code.

#### 14. Miscellaneous Provisions.

(a) Notwithstanding any other provision of the Plan, no Stock Option, SAR, Limited SAR or Restricted Stock Right granted hereunder may be exercised nor shall any payment in respect of any Performance Unit granted hereunder be made and all rights of the Grantee thereof, or of the Grantee's legal representatives, heirs or legatees, shall be forfeited if, prior to the time of such exercise or payment, the Committee (or in the event of a Change of Control, the Incumbent Board) determines that the Grantee has (i) used for profit or disclosed confidential information or trade secrets of the Company to unauthorized persons, or (ii) breached any contract with, or violated any legal obligation to, the Company, or (iii) engaged in any other activity which would constitute grounds for termination for cause of the Grantee by the Company. The Committee (or the Incumbent Board) shall give a Grantee written notice of such determination prior to making any such forfeiture. The Committee (or the Incumbent Board) may waive the conditions of this Paragraph in full or in part if, in its sole judgment, such waiver will have no substantial adverse effect upon the Company. The determination of the Committee (or the Incumbent Board) as to the occurrence of any of the events specified above and to the forfeiture, if any, shall be conclusive and binding upon the Grantee, the Company and any other related person.

(b) The Grantee of an Award shall have no rights as a stockholder with respect thereto, except as otherwise expressly provided in the Plan, unless and until certificates for Shares are issued.

(c) No Award or any rights or interests therein shall be assignable or transferable by the Grantee except by will or the laws of descent and distribution. During the lifetime of the Grantee, an Award shall be exercisable only by the Grantee or the Grantee's guardian or legal representative.

(d) The Company shall have the right to deduct from all Awards granted hereunder to be distributed in cash any Federal, state, local or foreign taxes required by law to be withheld with respect to such cash payments. In the case of Awards to be distributed in Shares, the holder or other person receiving such Common Stock shall be required, as a condition of such distribution, either to pay to the Company at the time of distribution thereof the amount of any such taxes which the Company is required to withhold with respect to such Shares or to have the number of the Shares, valued at their Fair Market Value on the date of distribution, to be distributed reduced by an amount equal to the value of such taxes required to be withheld.

(e) No Employee shall have any claim or right to be granted an Award under the Plan, nor having been selected as a Grantee for one Year, any right to be a Grantee in any other

Year. Neither the Plan nor any action taken hereunder shall be construed as giving any Grantee any right to be retained in the employ of RSI or any Subsidiary, and the Company expressly reserves its right at any time to dismiss any Grantee with or without cause.

(f) The costs and expense of administering the Plan shall be borne by the Company and not charged to any Award nor to any Grantee.

(g) The Plan shall be unfunded. The Company shall not be required to establish any special or separate fund or to make any other segregation of assets to assure the payment of any Award under the Plan, and payment of Awards shall be subordinate to the claims of the Company's general creditors.

(h) Whenever used in the Plan, the masculine gender shall include the feminine or neuter wherever necessary or appropriate and vice versa and the singular shall include the plural and vice versa.

15. Indemnification of the Committee. Service on the Committee shall constitute service as a director of the Company and members of the Committee shall be entitled to indemnification, advancement of expenses and reimbursement as directors of the Company pursuant to its Articles of Incorporation, bylaws, resolutions of the Board of Directors of RSI or otherwise.

#### 16. Compliance with Law.

(a) Each Grantee, to permit the Company to comply with the Securities Act of 1933, as amended (the "1933 Act"), and any applicable blue sky or state securities laws, shall represent in writing to the Company at the time of the grant of an Award and at the time of the issuance of any Shares thereunder that such Grantee does not contemplate and shall not make any transfer of any Shares to be acquired under an Award except in compliance with the 1933 Act and such Grantee shall enter into such agreements and make such other representations as, in the opinion of counsel to the Company, shall be sufficient to enable the Company legally to issue the Shares without registration thereof under the 1933 Act. Certificates representing Shares to be acquired under Awards shall bear legends as counsel for the Company may indicate are necessary or appropriate to accomplish the purposes of this Section 16.

(b) If at any time the Committee shall determine that the listing, registration or qualification of the Shares subject to any Award upon any securities exchange or under any state or federal law, or the consent or approval of any government regulatory body is necessary or desirable as a condition of, or in connection with, the granting of or issuance of Shares under such Award, such Shares shall not be issued unless such listing, registration, qualification, consent or approval shall have been effected or obtained free of any conditions not acceptable to the Committee.

17. Amendment of the Plan. The Committee may at any time (i) terminate this Plan or (ii) modify or amend this Plan in any respect, except that without shareholder approval the Committee may not (A) materially increase the benefits accruing to Grantees under the Plan if and to the extent required to maintain the qualification of the Plan under the Rule, (B) materially increase the number of securities which may be issued under the Plan, or (C) materially modify the requirements as to eligibility for participation in the Plan. The termination or any modification or amendment of this Plan shall not, without the consent of any Grantee involved, adversely affect his rights under an Award previously granted to him.

18. Effective Date and Term of the Plan.

(a) This Plan originally became effective for the fiscal year commenced January 1, 1980. The Plan was approved on May 2, 1980, by the holders of a majority of the then outstanding Shares of the Company. The Plan as then amended was most recently approved by the holders of a majority of the outstanding Shares of the Company on May 7, 1993.

(b) Unless previously terminated in accordance with Section 17 of this Plan, this Plan shall terminate on the close of business on May 1, 2000, after which no Awards shall be granted under this Plan. Such termination shall not affect any Awards granted prior to such termination.



**RYDER SYSTEM, INC.  
DIRECTORS STOCK PLAN**

(As amended on December 17, 1993)

**RYDER SYSTEM, INC.  
DIRECTORS STOCK PLAN**

SECTION I

**PURPOSES OF THE PLAN**

The Ryder System, Inc. Directors Stock Plan ( the "Plan" ) is intended to enable Ryder System, Inc. (the "Company") to attract and retain persons of outstanding competence to serve as members of the Board of Directors of the Company and to provide a direct link between Directors' compensation and shareholder value.

SECTION II

**ADMINISTRATION OF THE PLAN**

A. Committee -- The Plan shall be administered by the Compensation Committee of the Board of Directors of the Company (the "Committee"), which shall consist of not less than three members of the Board of Directors, each of whom shall be a "disinterested person" as that term is used in Rule 16b-3 under the Securities Exchange Act of 1934, as amended. Grants of stock to eligible participants under the Plan and the amount, nature and timing of the grants shall be automatically determined as described in Sections IV and V and shall not be subject to the determination of the Committee.

B. Authority of the Committee -- Subject to certain specific limitations and restrictions set forth in the Plan, the Committee shall have full and final authority to interpret the Plan; to prescribe, amend and rescind rules and regulations, if any, relating to the Plan; and to make all determinations necessary or advisable for the administration of the Plan. No member of the Committee shall be liable for anything done or omitted to be done by him or by any other member of the Committee in connection with the Plan, except for his own willful misconduct or gross negligence. All decisions which are made by the Committee with respect to interpretation of the terms of the Plan and with respect to any questions or disputes arising under the Plan shall be final and binding on the Company and the participants, their heirs or beneficiaries. The Committee shall not be empowered to take any action, whether or not otherwise authorized under the Plan, which would result in any Director failing to qualify as a "disinterested person".

C. Acts of the Committee -- A majority of the Committee will constitute a quorum and the acts of a majority of the members present at any meeting at which a quorum is present, or acts approved in writing by all members of the Committee without a meeting, will be the acts of the Committee.

### SECTION III

#### STOCK SUBJECT TO THE PLAN

A. Common Stock -- The stock which is the subject of grants under the Plan shall be the Company's Common Stock, par value \$.50 per share ("Common Stock"), which shares shall be subject to the terms, conditions and restrictions described in the Plan.

B. Maximum Number of Shares That May Be Granted -- There may be granted under the Plan an aggregate of not more than fifty thousand (50,000) shares of Common Stock, subject to adjustment as provided in Section VII hereof. Shares of Common Stock granted pursuant to the Plan may be either authorized, but unissued, shares or reacquired shares, or both.

C. Rights With Respect To Shares -- A Director to whom a grant of Common Stock has been made shall have absolute beneficial ownership of the shares of Common Stock granted to that Director, including the right to vote the shares and to receive dividends thereunder; subject, however, to the terms, conditions and restrictions described in the Plan, including, but not limited to, Section V. The certificate(s) for such shares shall be held by the Company (or by an agent designated by the Secretary of the Company) for the Director's benefit until the terms, conditions and restrictions lapse, whereupon the certificates shall be delivered to the Director.

### SECTION IV

#### PARTICIPATION

A. Directors -- Participation in the Plan shall be limited to persons who serve as members of the Board of Directors of the Company and who, at the time of grant, are not "employees" of the Company and/or any of its subsidiaries, within the meaning of the Employee Retirement Income Security Act of 1974 ("ERISA"). A Director who is an employee and who retires or resigns from employment with the Company and/or any of its subsidiaries, but remains a Director of the Company, shall become eligible to participate in the Plan at the time of such termination of employment.

B. Elections -- Any eligible Director may elect to participate in the Plan and receive grants of Common Stock as set out in Paragraph C of this Section IV by delivering to the Committee a written notice to such effect. Such election shall be made at least six (6) months prior to the Grant Date (as defined below) and shall be irrevocable in a manner sufficient to satisfy the rules established by the Securities and Exchange Commission (the "SEC") pursuant to Rule 16b-3 under the Securities Exchange Act of 1934, as amended then in effect, and according to procedures established by the Committee.

C. Grants -- Each participating Director who has made an election pursuant to Paragraph B of this Section IV shall be eligible to receive, on the first New York Stock Exchange trading day



of the first calendar quarter occurring at least six (6) months following such election (the "Grant Date"), and annually thereafter, in lieu of such Director's annual retainer for service as a director of the Company (the "Annual Retainer"): (i) a grant of Common Stock and (ii) Eleven Thousand Five Hundred Dollars (\$11,500.00) (collectively, the "Formula"). The amount of Common Stock which shall be granted to a participating Director will be the number of whole shares which can be purchased for Fifteen Thousand Dollars (\$15,000.00) based on the Fair Market Value of the shares on the Grant Date. Fractional shares shall not be granted. "Fair Market Value" will be the mean of the highest and lowest sale price for the Common Stock as reported on the New York Stock Exchange Composite Transaction Reporting System on the Grant Date.

D. Adjustment of Formula -- In the event that there shall be an increase or decrease in the Annual Retainer, the Formula shall adjust automatically so that both the relationship between the Formula and the Annual Retainer and the proportion of Common Stock and cash paid to a participating Director pursuant to the Formula are maintained.

## SECTION V

### **TERMS AND CONDITIONS OF STOCK GRANTS**

A. Vesting -- Each grant of Common Stock to a participating Director in accordance with the Plan shall be vested on the six-month anniversary of the Grant Date, so long as the Director has served continuously as a director of the Company during the intervening six-month period; provided, however, that a participating Director who has completed a full term of service prior to the end of such six-month period or whose service during such six-month period was interrupted due to death or disability shall be vested in a pro rata amount of shares. Except as described in the preceding sentence, in the event a Director's service to the Company terminates before the shares have vested, then all shares granted to such Director which have not vested shall be cancelled and such shares shall be forfeited and retransferred to the Company, with the Director having no further right or interest in such forfeited and retransferred shares.

B. Restrictions on Transfer -- Shares of Common Stock granted to a participating Director may not be assigned, transferred, pledged, hypothecated or otherwise disposed of (i) before they have vested in accordance with Paragraph A of this Section V and (ii) until six (6) months after the termination of the Director's service to the Company as a director.

## SECTION VI

### **COMPLIANCE WITH LAW AND OTHER CONDITIONS**

A. Restrictions Upon Grant Of Common Stock -- The listing upon the New York Stock Exchange or the registration or qualification under any federal or state law of any shares of Common Stock to be granted pursuant to the Plan may be necessary or desirable as a condition of, or in

connection with, such grant and, in any such event, delivery of the certificates for such shares of Common Stock shall, if the Committee, in its sole discretion, shall determine, not be made until such listing, registration or qualification shall have been completed.

B. Restrictions Upon Resale Of Unregistered Stock -- If the issuances of the shares of Common Stock that have been granted to a participating Director pursuant to the terms of the Plan are not registered under the Securities Act of 1933, as amended, pursuant to an effective registration statement, such Director, if the Committee shall deem it advisable, may be required to represent and agree in writing:

(i) that any shares of Common Stock acquired by such Director pursuant to the Plan will not be sold, except pursuant to an effective registration statement under the Securities Act of 1933, as amended, or pursuant to an exemption from registration under such Act, and

(ii) that such Director is acquiring such shares of Common Stock for his own account and not with a view to the distribution thereof.

## SECTION VII

### ADJUSTMENT

The number of shares of Common Stock of the Company reserved for grants under the Plan shall be subject to appropriate adjustment by the Committee, as necessary, to reflect any stock split, stock dividend, recapitalization, merger, consolidation, reorganization, combination or exchange of shares or similar event.

## SECTION VIII

### MISCELLANEOUS PROVISIONS

A. Nothing in the Plan shall be construed to give any Director of the Company any right to a grant of Common Stock under the Plan unless all conditions described within the Plan are met as determined in the sole discretion of the Committee.

B. Neither the Plan, nor the granting of Common Stock nor any other action taken pursuant to the Plan, shall constitute or be evidence of any agreement or understanding, express or implied, that the Company will retain a Director for any period of time. Nothing in the Plan shall in any manner be construed to limit in any way the right of the Company or its shareholders to reelect or not reelect or renominate or not renominate a participating Director.

C. Any shares of Common Stock of the Company issued as a stock dividend, or as a result of stock splits, combinations, exchanges of shares, reorganizations, mergers, consolidations or otherwise with respect to shares of Common Stock granted pursuant to the Plan shall have the same status and be subject to the same restrictions as the shares granted.

D. The costs and expenses of administering the Plan shall be borne by the Company and not charged to any grant of Common Stock nor to any participating Director.

E. The Company may make such provisions and take such steps as it may deem necessary or appropriate for the withholding of any taxes which the Company is required by any law or regulation of any governmental authority, whether federal, state or local, to withhold in connection with any event or action under the Plan.

## SECTION IX

### AMENDMENT

The Committee or the Board of Directors of the Company may suspend or discontinue the Plan, or revise or amend it in any respect whatsoever; except that, without shareholder approval, the Committee or the Board of Directors may not (a) materially increase the benefits accruing to participants under the Plan, (b) increase the number of shares of Common Stock available for grants under the Plan, or (c) materially modify the requirements as to eligibility for participation in the Plan. Additionally, should the Plan require amendment to maintain full legal compliance because of rules, regulations, opinions or statutes issued by the SEC, the U.S. Department of the Treasury or any other governmental or governing body, then the Committee or the Board of Directors may take whatever action, including but not limited to amending or modifying the Plan, is necessary to maintain such compliance. The termination or any modification or amendment of the Plan shall not, without the consent of any participant involved, adversely affect rights under a previous grant of Common Stock. In no event shall Plan provisions dealing with the eligibility of participants to receive grants, the amount and price of securities to be granted, or the timing of the grants be amended more than once every six months, other than to comport with changes in the Internal Revenue Code, ERISA, or the rules thereunder.

## SECTION X

### GOVERNING LAW

The Plan and all determinations made and actions taken pursuant thereto shall be governed by the laws of the State of Florida and construed accordingly.

SECTION XI

**APPROVAL BY SHAREHOLDERS**

The Plan shall become effective only upon approval by the shareholders of the Company.



**DISTRIBUTION AND INDEMNITY AGREEMENT**

**BETWEEN**

**RYDER SYSTEM, INC.**

and

**AVIALL, INC.**

# DISTRIBUTION AND INDEMNITY AGREEMENT

## TABLE OF CONTENTS

ARTICLE I.	DEFINITIONS . . . . .	1
	Section 1.01 General . . . . .	1
ARTICLE II.	THE DISTRIBUTION . . . . .	4
	Section 2.01 The Distribution . . . . .	4
	Section 2.02 Cooperation Prior to the Distribution . . . . .	4
	Section 2.03 Conditions to Distribution . . . . .	5
	Section 2.04 Fractional Shares . . . . .	6
ARTICLE III.	TRANSACTIONS RELATING TO THE DISTRIBUTION . . . . .	6
	Section 3.01 Intercorporate Reorganization . . . . .	6
	Section 3.02 Repayment of Intercompany Indebtedness and Payment of Dividend . . . . .	7
	Section 3.03 Distribution Statement and Settlement . . . . .	8
	Section 3.04 Tax Sharing Agreement . . . . .	9
	Section 3.05 Employee Benefits Agreement . . . . .	9
	Section 3.06 Services Agreement . . . . .	9
	Section 3.07 The Aviall Board . . . . .	9
	Section 3.08 Aviall Charter and Bylaws . . . . .	9
	Section 3.09 Insurance . . . . .	9
	Section 3.10 Use of Name . . . . .	11
	Section 3.11 Disposition of Businesses Held for Sale . . . . .	12
	Section 3.12 Release of Guaranty . . . . .	17
ARTICLE IV.	INDEMNIFICATION . . . . .	18
	Section 4.01 Indemnification by Ryder . . . . .	18
	Section 4.02 Indemnification by Aviall . . . . .	18
	Section 4.03 Limitations on Indemnification Obligations . . . . .	19
	Section 4.04 Procedures for Indemnification . . . . .	19
	Section 4.05 Remedies Cumulative . . . . .	22
	Section 4.06 Survival of Indemnities . . . . .	22

ARTICLE V.	ACCESS TO INFORMATION; SERVICES . . . . .	22
Section 5.01	Provision of Corporate Records . . . . .	22
Section 5.02	Access to Information . . . . .	23
Section 5.03	Production of Witnesses . . . . .	23
Section 5.04	Retention of Records . . . . .	23
Section 5.05	Confidentiality . . . . .	24
Section 5.06	Provision of Services . . . . .	24
ARTICLE VI.	MISCELLANEOUS . . . . .	25
Section 6.01	Complete Agreement; Construction . . . . .	25
Section 6.02	Survival of Agreements . . . . .	25
Section 6.03	Expenses . . . . .	25
Section 6.04	Governing Law . . . . .	25
Section 6.05	Consent to Jurisdiction . . . . .	26
Section 6.06	Notices . . . . .	26
Section 6.07	Amendments . . . . .	26
Section 6.08	Successors and Assigns . . . . .	26
Section 6.09	Termination . . . . .	27
Section 6.10	No Third Party Beneficiaries . . . . .	27
Section 6.11	Titles and Headings . . . . .	27
Section 6.12	Legal Enforceability . . . . .	27
SCHEDULE 3.01	Subsidiaries	
SCHEDULE 4.01	Ryder Indemnification	
SCHEDULE 4.02	Aviall Indemnification	



## **DISTRIBUTION AND INDEMNITY AGREEMENT**

DISTRIBUTION AND INDEMNITY AGREEMENT (this "Agreement"), dated as of November 23, 1993, between RYDER SYSTEM, INC., a Florida corporation ("Ryder") and AVIALL, INC., a Delaware corporation and, as of the date hereof, a wholly owned subsidiary of Ryder ("Aviall").

WHEREAS, the Ryder Board has determined that it is appropriate and desirable to transfer to a single corporation the aviation services businesses previously conducted by certain direct and indirect Subsidiaries (as defined below) of Ryder and to distribute to the stockholders of Ryder on a pro rata basis all of Ryder's interest in such corporation; and

WHEREAS, such distribution is intended to qualify as a tax-free spin-off under Section 355 of the Internal Revenue Code of 1986, as amended; and

WHEREAS, Ryder and Aviall have determined that it is appropriate and desirable to set forth the principal corporate transactions required to effect such distribution and certain other agreements that will govern certain matters relating to such distribution;

NOW, THEREFORE, in consideration of the mutual agreements, provisions and covenants contained in this Agreement, the parties hereby agree as follows:

### **ARTICLE I**

#### **DEFINITIONS**

Section 1.01 General. As used in this Agreement, the following terms shall have the following meanings (such meanings to be equally applicable to both the singular and plural forms of the terms defined):

Action: any action, suit, arbitration, inquiry, proceeding or investigation by or before any court, any governmental or other regulatory or administrative agency or commission or any arbitration tribunal.

Affiliate: as defined in Rule 12b-2 under the Exchange Act, including with respect to Aviall any Aviall Subsidiary and with respect to Ryder any Ryder Subsidiary.

Agent: The First National Bank of Boston, as distribution agent.

Aviall Common Stock: the Common Stock, par value \$.01 per share, of Aviall.

Aviall Subsidiary: any Subsidiary of Ryder or Aviall that will be a Subsidiary of Aviall immediately following the Distribution Date, and any other Subsidiary of Aviall which thereafter may be organized or acquired.

Code: the Internal Revenue Code of 1986, as amended.

Commission: the Securities and Exchange Commission.

Distribution: the distribution to holders of Ryder Stock of the shares of Aviall Common Stock owned by Ryder on the Distribution Date.

Distribution Date: the date determined by the Ryder Board on which the Distribution shall be effected.

Employee Benefit Plan: an employee welfare benefit plan or an employee pension benefit plan as defined in Sections 3(1) and 3(2) of ERISA or a plan which is both an employee welfare benefit plan and an employee pension benefit plan.

Employee Benefits Agreement: the Employee Benefits Agreement between Ryder and Aviall, the form of which is attached hereto as Annex A.

ERISA: the Employee Retirement Income Security Act of 1974, as amended, or any successor legislation.

Exchange Act: the Securities Exchange Act of 1934, as amended.

Form 10: the registration statement on Form 10 filed by Aviall with the Commission to effect the registration of the Aviall Common Stock pursuant to the Exchange Act.

Information Statement: the information statement to be sent to the holders of Ryder Stock in connection with the Distribution.

Insurance Proceeds: those monies (i) received by an insured from an insurance carrier or (ii) paid by an insurance carrier on behalf of the insured, in either case net of any applicable premium adjustments (including reserves) or retrospectively rated premium adjustments.

IRS: the Internal Revenue Service.

Liabilities: any and all debts, liabilities and obligations, absolute or contingent, matured or unmatured, liquidated or unliquidated, accrued or unaccrued, known or unknown, whenever arising (unless otherwise specified in this Agreement), including all costs and expenses relating thereto, and including, without limitation, those debts, liabilities and obligations arising under any law, rule, regulation, Action, threatened Action, order or consent decree of any governmental entity or any award of any arbitrator of any kind, and those arising under any contract, commitment or undertaking including those arising under this Agreement.

Losses: any and all losses, Liabilities, claims, damages, obligations, payments, costs and expenses, matured or unmatured, absolute or contingent, accrued or unaccrued, liquidated or unliquidated, known or unknown (including, without limitation, the costs and expenses of any and all Actions, threatened Actions, demands, assessments, judgments, settlements and compromises relating thereto and attorneys' fees and any and all expenses whatsoever reasonably incurred in investigating, preparing or defending against any such Actions or threatened Actions).

Record Date: the close of business on the date to be determined by the Ryder Board as the record date for the Distribution.

Ryder Board: the Board of Directors of Ryder.

Ryder Stock: the Common Stock, \$.50 par value, of Ryder.

Ryder Subsidiary: any Subsidiary of Ryder other than Aviall or any Aviall Subsidiary, including any Subsidiary of Ryder following the Distribution Date and any other Subsidiary of Ryder which thereafter may be organized or acquired.

Separated Employee: any individual who, on or prior to the Distribution Date, was employed by Ryder or any of its Subsidiaries (including, without limitation, Aviall or

any Aviall Subsidiaries) and who, on or after the Distribution Date, or otherwise in connection with the Distribution, remains or, within 60 days after the Distribution Date, becomes, as the case may be, employed by Aviall or any Aviall Subsidiary, including any beneficiary or dependent of such individual, as applicable.

Services Agreement: the Services Agreement between Ryder and Aviall, the form of which is attached hereto as Annex B.

Subsidiaries: the term "Subsidiaries" as used herein with respect to any entity shall, unless otherwise indicated, be deemed to refer to both direct and indirect subsidiaries of such entity.

Tax Sharing Agreement: the Tax Sharing Agreement between Ryder and Aviall, the form of which is attached hereto as Annex C.

## **ARTICLE II**

### **THE DISTRIBUTION**

Section 2.01 The Distribution. Subject to Section 2.03 hereof, on or prior to the Distribution Date, Ryder will deliver to the Agent for the benefit of holders of record of Ryder Stock on the Record Date, a single stock certificate, endorsed by Ryder in blank, representing all of the then outstanding shares of Aviall Common Stock owned by Ryder, and shall cause the transfer agent for the Ryder Stock to instruct the Agent to distribute on the Distribution Date (or as soon as practicable thereafter) the appropriate number of such shares of Aviall Common Stock to each such holder or designated transferee or transferees of such holder. The Distribution shall be effective as of 5:00 P.M., New York City time, on the Distribution Date. Aviall will provide to the Agent all share certificates and any information required in order to complete the Distribution on the basis of one share of Aviall Common Stock for each four shares of Ryder Stock outstanding on the Record Date, subject to Section 2.04 hereof.

Section 2.02 Cooperation Prior to the Distribution.

(a) Ryder and Aviall have prepared, and Ryder shall mail, prior to the Distribution Date, to the holders of Ryder Stock, the Information Statement, which shall set forth

appropriate disclosure concerning Aviall, the Distribution and other matters. Ryder and Aviall have prepared, and Aviall has filed with the Commission, the Form 10, which includes or incorporates by reference the Information Statement. Ryder and Aviall shall use reasonable efforts to cause the Form 10 to become effective under the Exchange Act as soon as practicable.

(b) Ryder and Aviall shall cooperate in preparing, filing with the Commission and causing to become effective any registration statements or amendments thereof which are required to reflect the establishment of, or amendments to, any employee benefit and other plans contemplated by the Distribution and this Agreement.

(c) Ryder and Aviall shall take all such action as may be necessary or appropriate under the securities or blue sky laws of states or other political subdivisions of the United States, in connection with the transactions contemplated by this Agreement.

(d) Ryder and Aviall have prepared, and Aviall has filed in preliminary form and shall seek to make effective, an application to permit the listing of the Aviall Common Stock on the New York Stock Exchange (the "Exchange").

Section 2.03 Conditions to Distribution. This Agreement and the consummation of each of the transactions provided for herein shall be subject to approval of the Ryder Board in its discretion. The Ryder Board shall in its discretion establish the Record Date and the Distribution Date and all appropriate procedures in connection with the Distribution, but in no event shall the Distribution Date occur prior to such time as each of the following have occurred or have been waived by the Ryder Board in its discretion: (i) the regulatory approvals and all other material consents which are required to effect the Distribution shall have been received; (ii) the Ryder Board shall have formally approved the Distribution; (iii) the Form 10 shall have been declared effective by the Commission; (iv) Ryder shall have received a favorable response from the Staff of the Commission to its request for a no-action letter concerning, among other matters, whether the Distribution may be effected without registration of the Aviall Common Stock under the Securities Act of 1933; (v) the Ryder Board shall have received an opinion of counsel satisfactory to it that the Distribution will be a tax-free "spin-off" under Section 355 of the Code; (vi) the Board of Directors of Aviall, comprised as contemplated by Section 3.07, shall have been duly elected, and the Certificate of Incorporation and the Bylaws of Aviall, as described

in Section 3.08, shall have been adopted and be in effect; (vii) the Aviall Common Stock shall have been accepted for listing by the Exchange; (viii) the transactions contemplated by Sections 3.01 and 3.02 shall have been consummated in all material respects; and (ix) Aviall shall have arranged for a bank credit facility which provides funding for the transactions contemplated by Section 3.02 and for Aviall's working capital needs following the Distribution; provided that the satisfaction of such conditions shall not create any obligation on the part of Ryder or any other party hereto to effect the Distribution or in any way limit Ryder's power of termination set forth in Section 6.09 or alter the consequences of any such termination from those specified in such Section.

Section 2.04 Fractional Shares. The parties agree that the Agent shall be directed as soon as practicable after the Distribution Date to determine the number of whole shares and fractional shares of Aviall Common Stock allocable to each holder of record of Ryder Stock as of the Record Date, to aggregate all such fractional shares and sell the whole shares obtained thereby at then prevailing prices and to cause to be distributed to each such holder to which a fractional share shall be allocable such holder's ratable share of the proceeds of such sale, after making appropriate deductions of the amount required to be withheld for federal income tax purposes and after deducting an amount equal to all brokerage charges, commissions and transfer taxes attributed to such sale.

### **ARTICLE III**

#### **TRANSACTIONS RELATING TO THE DISTRIBUTION**

Section 3.01 Intercorporate Reorganization.

(a) Immediately prior to the Distribution, Ryder shall transfer, directly and indirectly, all of the outstanding capital stock of the direct and indirect Subsidiaries of Ryder listed on Schedule 3.01 hereto to Aviall as a contribution to the capital of Aviall. The transfer of capital stock shall be effected by means of delivery of stock certificates duly endorsed or accompanied by duly executed stock powers and notation on the stock records books of the corporation or other legal entities involved and, to the extent required by applicable law, by notation on appropriate registries.

(b) Prior to the Distribution Date, Ryder and Aviall shall take all steps necessary to increase the outstanding shares of Aviall Common Stock so that immediately

prior to the Distribution, Ryder will hold a number of shares of Aviall Common Stock equal to one-quarter of the number of shares of Ryder Stock outstanding on the Record Date.

### Section 3.02 Repayment of Intercompany Indebtedness and Payment of Dividend.

(a) Immediately prior to the Distribution, all net intercompany indebtedness, including accrued interest in respect thereof (including, without limitation, (i) any amounts advanced to Aviall by Ryder pursuant to subsection (c) of this Section 3.02 and (ii) any adjustments to such net intercompany indebtedness to be made pursuant to Sections 3.03(b) and (c) hereof) owing between Ryder and the Ryder Subsidiaries, on the one hand, and Aviall and the Aviall Subsidiaries, on the other hand, as of the close of business on the last day of the month immediately preceding the month in which the Distribution Date occurs (the "Prior Month End"), as reflected in the Distribution Statement (as defined in Section 3.03(a)), shall be paid in full (the "Debt Repayment").

(b) Prior to the Distribution, and subject to subsection (e) of this Section 3.02, the Aviall Subsidiaries shall pay cash dividends (the "Special Dividends" and, together with the Debt Repayment, the "Ryder Payments") to Ryder. The Special Dividend Amount shall equal the amount, if any, by which

(i) Ryder's Investment (as defined below) in Aviall and the Aviall Subsidiaries as of the Prior Month End, as reflected in the Distribution Statement (which shall include the after tax earnings of Aviall's foreign Subsidiaries for the month ending on the Prior Month End) exceeds (ii) Aviall's Projected Net Book Value (as defined below). Projected Net Book Value shall equal \$314 million reduced (or increased) by the product of (x) the net after-tax income (losses) projected for Aviall and the Aviall Subsidiaries for the month in which the Distribution Date occurs, as reflected in Schedule 3.03(a) and (y) a fraction, the numerator of which is the number of calendar days from and including the day immediately following the Prior Month End through and including the Distribution Date, and the denominator of which is the total number of calendar days in the month in which the Distribution Date occurs. Ryder's Investment means the book value of the consolidated assets of Aviall and the Aviall Subsidiaries less the book value of the consolidated liabilities of Aviall and the Aviall Subsidiaries.

(c) If requested by Aviall, Ryder will provide advances to Aviall, or accept repayment of advances from Aviall, during the period from the Prior Month End to the day prior to the Distribution Date.

(d) The parties agree and acknowledge that as of the Distribution Date and other than as expressly contemplated by this Agreement and other than charges for goods and services actually rendered, exclusive of the management fee payable to Ryder, Aviall and the Aviall Subsidiaries shall cease making payments to Ryder or any Ryder Subsidiary and Ryder and the Ryder Subsidiaries shall cease making loans or advances to or investments in Aviall or any Aviall Subsidiary.

(e) The parties further agree and acknowledge that in no event shall the aggregate amount of the Ryder Payments exceed \$450 million.

### Section 3.03 Distribution Statement and Settlement.

(a) Ryder shall deliver to Aviall, no later than three business days prior to the Distribution Date, a statement of the Ryder Payments (the "Distribution Statement"). The Distribution Statement shall be prepared from the consolidated financial statements of Ryder, which financial statements will be in accordance with generally accepted accounting principles ("GAAP"), applied consistently in all material respects with Ryder's accounting policies and practices in effect as of the Distribution Date, except for the inclusion of the after tax earnings of Aviall's foreign Subsidiaries for the month ending on the Prior Month End and except as shall be adjusted to reflect the transactions to be effected in connection with the Distribution which are set forth in Schedule 3.03(a) hereto. The Distribution Statement shall not reflect decisions or actions of management of Aviall after the Distribution Date, including without limitation discontinuance of lines of business, dispositions of assets and facility closings. Aviall agrees to fully cooperate with Ryder by providing to Ryder as promptly as practicable all information requested by Ryder to prepare the Distribution Statement.

(b) For purposes of Section 3.02(a), the intercompany indebtedness owed to Ryder by Aviall as of the Prior Month End shall be deemed to be adjusted to reflect the transactions to be effected in connection with the Distribution which are set forth in Schedule 3.03(a).



(c) If there are any items related to the Distribution Statement which are in dispute, then such items shall be submitted to KPMG Peat Marwick ("Peat Marwick") for resolution. For purposes of dispute resolution, the accounting policies followed by Ryder up to and including the Distribution Date with respect to the businesses to be transferred to Aviall shall prevail, so long as such policies comply with GAAP. All fees and expenses, if any, for dispute resolution work to be performed by Peat Marwick shall be borne equally by Ryder and Aviall. Peat Marwick shall act as an arbitrator to determine, based solely on presentations by Ryder and Aviall, and not by independent review, only those issues still in dispute.

Section 3.04 Tax Sharing Agreement. On or prior to the Distribution Date, (i) Ryder and Aviall will execute and deliver the Tax Sharing Agreement and (ii) Aviall and the Aviall Subsidiaries will transfer to Ryder all income tax reserves relating to non-temporary items for which Ryder has assumed responsibility under the Tax Sharing Agreement.

Section 3.05 Employee Benefits Agreement. On or prior to the Distribution Date, Ryder and Aviall will execute and deliver the Employee Benefits Agreement.

Section 3.06 Services Agreement. On or prior to the Distribution Date, Ryder and Aviall will execute and deliver the Services Agreement.

Section 3.07 The Aviall Board. Aviall and Ryder shall take all actions which may be required to elect or otherwise appoint as directors of Aviall, on or prior to the Distribution Date, the persons named in the Form 10 to constitute the Board of Directors of Aviall on the Distribution Date.

Section 3.08 Aviall Charter and Bylaws. Prior to the Distribution Date, (a) Ryder shall cause the Certificate of Incorporation of Aviall, substantially in the form of Annex C to the Form 10, to be filed with the Secretary of State of the State of Delaware and to be in effect on the Distribution Date, and (b) the Board of Directors of Aviall shall adopt the Bylaws of Aviall substantially in the form of Annex D to the Form 10.

Section 3.09 Insurance.

(a) Ryder has historically provided insurance coverage to Aviall and Aviall Subsidiaries through various policies maintained by Ryder for the benefit of itself and its

Subsidiaries for workers' compensation, general liability, fire and other types of losses. Aviall and Aviall Subsidiaries have made payments to Ryder to reimburse Ryder for their pro rata share of any premiums paid to third parties by Ryder to provide such insurance, with deductibles, and for varying limits of liability. Ryder will use reasonable efforts to continue to provide such coverage in accordance with its past practice to Aviall and Aviall Subsidiaries from the date such coverage first commenced until 5:00 P.M. on the Distribution Date or such later date as may be agreed to in writing by Ryder and Aviall and accepted by the relevant insurers, and Aviall shall make payments to Ryder to reimburse Ryder for its pro rata share of any premiums for such coverage in accordance with the past practice established by Ryder and Aviall and Aviall Subsidiaries. To the extent that losses by Aviall are not covered by such third-party insurers, Ryder will not be required to reimburse Aviall for such losses.

(b) Ryder shall use reasonable efforts to assist Aviall and Aviall Subsidiaries in obtaining initial insurance coverage for Aviall and Aviall Subsidiaries from and after the Distribution Date in such amounts as are agreed upon by the parties. Following the Distribution Date, each of the parties shall cooperate with and assist the other party in the prevention of conflicts or gaps in insurance coverage and/or collection of proceeds. The parties acknowledge that Ryder is the named insured on the aviation liability policies which cover claims made in respect of services rendered to or products sold to customers of Aviall and Aviall Subsidiaries, and the parties agree to use reasonable efforts to assign such policies to Aviall effective as of the Distribution Date and to have Aviall become the named insured under such policies, with Ryder being an additional insured thereunder.

(c) Ryder and Aviall agree that (i) Aviall shall have the right to present claims to Ryder or Ryder's insurers under all policies of insurance placed by Ryder on Aviall's and Aviall Subsidiaries' behalf, or which include Aviall or Aviall Subsidiaries within them, and (ii) Ryder shall submit such claims to Ryder's insurers on a timely basis or shall assist Aviall in the submission of such claims to such insurers. The parties agree that certain policies are written on an "occurrence" basis and may provide coverage to Aviall and Aviall Subsidiaries for incidents occurring prior to the Distribution Date even though the claim was first made after the Distribution Date and that other policies are written on a "claims made" rather than "occurrence" basis and that such policies may not provide coverage to Aviall and

Aviall Subsidiaries for incidents occurring prior to the Distribution Date but which are first reported after the Distribution Date.

(d) With respect to any insured Losses or retroactive premium adjustments relating to assets and/or operations of Aviall and/or Aviall Subsidiaries prior to the Distribution Date or such later date as may be agreed to pursuant to Section 3.09(a) hereof: Ryder shall pay over to Aviall any Insurance Proceeds (or, in the case of workers' compensation insurance, Aviall's pro rata share of such proceeds) it receives on account of such Losses, net of the amount of any applicable premium adjustments, retrospectively-rated premium adjustments or other costs which are paid or estimated by Ryder to be paid by Ryder in the ordinary course of business and any costs incurred by Ryder in collecting such proceeds. If Ryder's estimate of such adjustments or other costs proves to be too small or too great, the difference between the estimate and the actual adjustments and other costs shall be paid back to Ryder or over to Aviall, respectively, within one year after the initial payment of insurance proceeds is made.

(e) Ryder and Aviall agree that each was insured for workers' compensation in the state of Texas under a retrospective rating program during the twelve-month periods beginning on October 1, 1987 and October 1, 1988 by Transportation Insurance Company under policies 001602763 and 001606338. These policies will require ongoing premium adjustments until such time as all claims are closed and Ryder and Transportation Insurance Company agree to a final settlement. Ryder's Risk Management Department will continue to reconcile any retrospective or other premium calculations in accordance with the retrospective rating formula and past practices and will provide Aviall with data supporting the allocation of premiums between Aviall and Ryder.

### Section 3.10 Use Of Name.

(a) Use of RYDER Name and Mark. Aviall acknowledges that Ryder owns all rights in the RYDER name and mark and that within six months after the Distribution Date, Aviall and any Aviall subsidiary will cease all use of the RYDER name and mark as part of any corporate name, trade name, and/or trademark or service mark, including, without limitation, on any signs, letterhead, business cards, invoices and other business forms, telephone directory listings, and advertising and promotional materials. During the six-month period after the Distribution Date in which any use of the RYDER name or mark is used by Aviall on

preexisting signs and printed materials, Ryder will rely on Aviall to maintain the same standards of quality as previously exercised by Aviall.

(b) Use of AVIALL Name and Mark. Ryder acknowledges that Aviall owns all rights in the AVIALL name and mark and that within six-months after the Distribution Date, Ryder and any Ryder subsidiary will cease all use of the AVIALL name and mark as part of any corporate name, trade name, and/or trademark or service mark, including, without limitation, on any signs, letterhead, business cards, invoices and other business forms, telephone directory listings, and advertising and promotional materials. During the six month period after the Distribution Date in which any use of the AVIALL name or mark is used by Ryder on preexisting signs or printed materials, Aviall will rely on Ryder to maintain the same standards of quality as previously exercised by Ryder.

### Section 3.11 Disposition of Businesses Held for Sale.

(a) Upon the closing of the sale of all of the Businesses Held for Sale (as defined below) and the collection or sale of the accounts receivable retained by Aviall following the closing of the sale of any such Businesses and related thereto, or otherwise pursuant to subsections (d) and (e) hereof, and upon satisfaction of the conditions set forth in subsection (b) hereof, but in no event later than September 30, 1994, Aviall (i) shall pay to Ryder the first \$25 million of the Proceeds (as defined below) attributable to such sale(s) in excess of the aggregate book value of the assets so sold (excluding deferred accumulated income taxes) of the Businesses Held for Sale (determined in accordance with generally accepted accounting principles, consistently applied and consistent with the presentation in the Aviall financial statements included in the Form 10), with the book value of such assets of each such Business determined as of the date of disposition of each such Business; (ii) shall retain the next \$10 million of the Proceeds exceeding such aggregate book value; and (iii) shall pay to Ryder 80% of the Proceeds to the extent exceeding such aggregate book value by more than \$35 million (the amounts referred to in clauses (i) and (iii) of this subsection (a) being referred to herein as the "Proceeds Payment"); provided, however, that if the Proceeds Payment pursuant to this Section 3.11 would exceed an aggregate of \$50 million, then Aviall shall pay to Ryder the sum of \$50 million and in no event shall the Proceeds Payment exceed such amount.

(b) Any Proceeds Payment made pursuant to this Section 3.11 shall be conditioned upon (i) there being Proceeds attributable to the sale of the Businesses Held for Sale, plus cash collections in respect of, or sales of, accounts receivable retained by Aviall following the closing of the sale of any such Businesses and related to such Businesses, in an amount exceeding an aggregate of \$177 million, as adjusted for any increases or decreases as of the date of the disposition of each such Business in the assets of such Businesses from an aggregate asset value of all of the assets included in the Businesses Held for Sale of \$177 million; (ii) the repayment pursuant to Section 3.4(b) of the Credit Agreement (the "Credit Agreement") governing Aviall's senior secured credit facilities (the "Credit Facilities"), on or prior to the date the Proceeds Payment is made, of not less than \$135 million of principal indebtedness incurred by Aviall on or prior to the Distribution Date under Tranche A of the Credit Facilities; and (iii) there not being any Default or Potential Default (as defined in the Credit Agreement), including any Default or Potential Default that would arise as a result of the Proceeds Payment, as of the date of the Proceeds Payment, which shall remain uncured and unwaived from the time of any such Potential Default through and including the date of the Proceeds Payment. To the extent that the aggregate liabilities assumed by the buyer(s) of the Businesses Held for Sale are greater than \$42 million, Aviall will borrow up to an amount equal to the amount by which such liabilities exceed \$42 million (as increased or decreased by an amount equal to the increase or decrease, as the case may be, referred to in clause (i) of this subsection (b) adjusting the \$177 million proceeds threshold for changes in total asset levels) under the Revolving Credit Facility (as defined in the Credit Agreement) to satisfy its obligations pursuant to clause (ii) of this subsection (b).

(c) Aviall agrees that 100% of the purchase price paid for any Business(es) Held for Sale shall be paid in cash and shall make provision with any buyer(s) of such Businesses for such cash payment.

(d) Subject to the limitation set forth in the next sentence of this subsection (d) and to the satisfaction of the conditions set forth in subsection (b), at any time on or prior to September 30, 1994, Ryder shall have the option, in its sole discretion, to elect to receive the Proceeds Payment (as adjusted pursuant to the penultimate sentence of this subsection (d)) prior to the consummation of the sale of all the Businesses Held for Sale (the "Prepayment Election"). Ryder shall not be permitted to exercise the Prepayment

Election if the aggregate book value of the assets included in the Business(es) Held for Sale (excluding deferred accumulated income taxes) with respect to which a sale shall not have been consummated as of the date Ryder proposes to make the Prepayment Election is greater than \$15 million, with the book value of each category of assets which have not been sold as of the date of the proposed Prepayment Election being equal to the lesser of (x) the book value of such unsold assets as of September 30, 1993 and (y) the book value of such unsold assets on the date of the Prepayment Election. If Ryder makes a Prepayment Election, the amount of the Proceeds Payment shall be calculated by subtracting from the Proceeds attributable to sales of all Businesses Held for Sale which are sold on or prior to the date of the Prepayment Election, the book value of the assets which are so sold. In the event of any Prepayment Election, Ryder shall not be entitled to any further payment from Aviall with respect to any Business(es) Held for Sale which have not been sold at the time of the Prepayment Election.

(e) If at September 30, 1994 or such earlier time as the Proceeds Payment is made, any amount of Sale Proceeds is held in escrow or subject to a deferred payment mechanism ("Deferred Proceeds"), then the Proceeds Payment shall then be calculated on the basis of the Sale Proceeds which have theretofore been received, and if the Proceeds Payment is made before the disposition of the Deferred Proceeds is resolved, Aviall shall make arrangements which are reasonably satisfactory to Ryder to provide for the payment to Ryder, when and if the disposition of the Deferred Proceeds is resolved, of an amount equal to Ryder's proportionate share of the Deferred Proceeds, as determined pursuant to subsection (a). If the disposition of any of the Businesses Held for Sale includes the payment of Deferred Proceeds, then Aviall shall structure the payment of any such Deferred Proceeds such that Ryder shall be a direct beneficiary of any escrow or similar deferred payment mechanism.

(f) If post-closing adjustments (other than post-closing payments arising as a result of the parties' indemnification obligations, excluding indemnification obligations with respect to which payments are made on or prior to September 30, 1994) are made (other than Deferred Proceeds paid pursuant to subsection (e) above) pursuant to the purchase agreement(s) with respect to the Businesses Held for Sale which, had they been taken into account at the consummation of the transactions contemplated by such agreement(s), would result in a change in the amount of the Proceeds Payment, then Ryder shall make a payment to Aviall or Aviall shall make a payment to Ryder, as appropriate, to

adjust the Proceeds Payment to the amount which would apply had such post-closing adjustments been taken into account at the applicable consummation of the transactions contemplated by such agreement(s).

(g) At any time on or prior to the earlier of the date on which Ryder makes a Prepayment Election and September 30, 1994, Ryder shall have the option, exercisable in its sole discretion, to purchase from Aviall all accounts receivable retained by Aviall following the closing of the sale of any of the Businesses Held for Sale and related to such Businesses. The purchase price to be paid to Aviall for such accounts receivable shall be the book value of such accounts on the date that Ryder exercises its option to purchase pursuant to this subsection (g).

(h) Aviall covenants and agrees to use its best efforts to consummate the sale(s) of the Businesses Held for Sale on or prior to September 30, 1994 and not to take any actions which would be inconsistent with a consummation on or prior to such date, or which would result in depriving Ryder of the Proceeds Payment. Aviall further covenants that, from and after the date hereof, Aviall shall afford Ryder and its designated representatives full access to all records, books, contracts, instruments, computer data and other data within Aviall's and Aviall's accountants' and advisors' possession relating directly or indirectly to any of the Businesses Held for Sale and shall make available to Ryder, at Ryder's request and in Ryder's sole discretion, all personnel of Aviall and of Aviall's accountants and advisors having information relating to the Businesses Held for Sale or the sale process with respect to such Businesses. Any information to which Ryder shall have had access pursuant to this subsection (h) shall be treated as confidential pursuant to Section 5.05 of this Agreement.

(i) "Proceeds" shall mean the aggregate proceeds (the "Sale Proceeds") received by Aviall, plus any liabilities assumed by the buyer in connection with the sale of any assets of the Businesses Held for Sale, plus any amounts arising pursuant to subsection (j), net of reasonable transaction costs and expenses incurred in connection with the sale of any of the Businesses Held for Sale to the extent such costs were not charged against an accrual related to the Businesses Held for Sale.

(j) For purposes of determining the amount of the Proceeds Payment, any accruals by Aviall attributable to the Businesses Held for Sale (as described in the "Businesses Held for Sale and Restructuring Charges" note to the Aviall

Combined Financial Statements for the three years ended December 31, 1992 and the nine months ended September 30, 1993) which are reversed or are to be reversed (in either case, in whole or in part) in connection with the sale of one or more of the Businesses Held for Sale and the transactions related thereto shall increase, on a dollar-for-dollar basis, the Proceeds received by Aviall for purposes of determining the allocation of such Proceeds pursuant to this Section 3.11; provided, further, that, in determining the amount of such Proceeds and the allocation thereof, the aggregate amount of all accruals reversed (in whole or in part) by Aviall shall not be deemed to exceed an aggregate of \$10 million for purposes of increasing the amount of Proceeds. Any net increases in reserves or in accruals after the Distribution Date, or any new reserves or accruals established after the Distribution Date, shall be disregarded and shall not be deemed to reduce the Proceeds attributable to the Businesses Held for Sale for purposes of determining the amount of such Proceeds and the allocation thereof pursuant to this Section 3.11.

(k) Aviall shall perform its obligations under Section 3.4(b) of the Credit Agreement, and any subsequent amendment or waiver of such provision, or of the defined terms used therein, from the provisions of such Section 3.4(b) as in effect on the date hereof shall not be given effect for purposes of this Section 3.11.

(l) For purposes of this Section 3.11, "Businesses Held for Sale" shall mean Aviall's (i) Business Aviation/Forest Park Facility (including Allison distribution rights); (ii) Burbank Facility; (iii) Allison 501 Program Assets; (iv) Dallas/Love Field Fixed Base Operation; and (v) Aviation Sales Unit.

(m) Aviall shall provide to Ryder, on a monthly basis, the following schedules related to the status of the Businesses Held for Sale: (i) a consolidating balance sheet showing in reasonable detail all of the assets and liabilities of each of the Businesses Held for Sale; (ii) a consolidating statement of operations showing in reasonable detail all of the revenues and expenses of the Businesses Held for Sale (regardless of the fact that these revenues and expenses are not included in Aviall's total results of operations); (iii) a schedule of the accruals originally included in the \$177.7 million loss on planned disposal of Businesses Held for Sale, which schedule shall show the original June 30, 1993 accrual balances and the usage of each of these accruals by month with reasonable explanation of each individual charge against each of such accruals; and



(iv) a schedule which reconciles the Proceeds received by Aviall on an interim basis for any of the Businesses Held for Sale to the Proceeds Payment due Ryder upon resolution of criteria listed in subsections (b) and (d), with all amounts of Deferred Proceeds separately identified on such schedule. Any information provided to Ryder under this subsection (m) shall be treated confidential pursuant to Section 5.05 of this Agreement.

(n) In the event of any dispute between Ryder and Aviall regarding the amount of the Proceeds Payment and if, at the time of such dispute, Peat Marwick are the independent auditors for both Ryder and Aviall, Peat Marwick shall review the calculations of the Proceeds Payment submitted by each of Ryder and Aviall and shall act as arbitrator of any such dispute. If, at the time of such dispute, Peat Marwick are not the independent auditors for both Ryder and Aviall, then the parties shall select another nationally recognized certified public accounting firm, which does not serve as independent auditors for either Ryder or Aviall, to resolve any such dispute. All decisions of Peat Marwick or such other firm shall be final, conclusive and legally binding on Ryder and Aviall with respect to the amount of the Proceeds Payment. Each of Ryder and Aviall shall pay one-half of the fees and expenses of Peat Marwick or such other firm.

#### Section 3.12 Release of Guaranty.

(a) In addition to any other payment required to be made by Aviall to Ryder in connection with the Distribution, and subject to subsection (b) of this Section 3.12, on the Distribution Date and quarterly on the last day of each quarter following the Distribution Date (each, a "Guaranty Payment Date"), commencing on March 31, 1994, Aviall agrees to pay to Ryder an annual amount equal to 2-3/4% of the aggregate principal amount of the Indebtedness (as defined below) outstanding on any such Guaranty Payment Date (the "Guaranty Fee"). The Guaranty Fee shall be payable in consideration of Ryder's continuing guaranty (the "Guaranty") pursuant to the Guarantee Agreement dated as of December 6, 1988 between European Investment Bank ("EIB") and Ryder relating to certain indebtedness of Ryder Airline Services Limited (formerly Caledonian Airmotive Limited) to EIB (the "Indebtedness"). As of the date hereof, the aggregate principal amount of the Indebtedness was approximately \$25 million.

(b) The Guaranty Fee shall cease to be due and payable commencing on the last day of the quarter in which the Guaranty shall have been released pursuant to this Section 3.12.

(c) Aviall covenants and agrees that it will cause itself or one or more of its Affiliates to be substituted in all respects for Ryder, effective on or prior to November 1, 1994, in respect of all obligations of Ryder under the Guaranty. If Aviall is unable to effect such a substitution with respect to the Guaranty after using its best efforts to do so, Aviall shall obtain letters of credit, on terms and from financial institutions satisfactory to Ryder and EIB, with respect to the Indebtedness covered by the Guaranty. As a result of the substitution contemplated by the first sentence of this subsection (c) or the letter or letters of credit contemplated by the second sentence hereof, Ryder shall cease to have any obligation whatsoever arising from or in connection with the Guaranty.

## **ARTICLE IV**

### **INDEMNIFICATION**

Section 4.01 Indemnification by Ryder. Except with respect to employee benefits or other Liabilities to employees, which shall be governed by the Employee Benefits Agreement, and except with respect to claims for which Insurance Proceeds or other amounts are received, which shall be governed by Sections 3.09(d) and 4.03 hereof, Ryder shall indemnify, defend and hold harmless Aviall, each Affiliate of Aviall and each of their respective directors, officers and employees and each of the heirs, executors, successors and assigns of any of the foregoing (the "Aviall Indemnitees") from and against any and all Losses of the Aviall Indemnitees arising out of or due to the failure or alleged failure of Ryder or any of its Affiliates to pay, perform or otherwise discharge any item set forth on Schedule 4.01 hereto. Anything in this Section 4.01 to the contrary notwithstanding, neither Ryder nor any Ryder Subsidiary shall have any liability whatsoever to either Aviall or any Aviall Subsidiary in respect of any Tax (as such term is defined in the Tax Sharing Agreement), except as otherwise provided in the Tax Sharing Agreement.

Section 4.02 Indemnification by Aviall. Except with respect to employee benefits or other Liabilities to employees, which shall be governed by the Employee Benefits Agreement, and except with respect to claims for which Insurance Proceeds or other amounts are received, which shall be governed by Sections 3.09(d) and 4.03 hereof, Aviall shall indemnify, defend and hold harmless Ryder, each Affiliate of Ryder and each of their respective directors, officers and employees and each of the heirs, executors, successors and

assigns of any of the foregoing (the "Ryder Indemnitees") from and against any and all Losses of the Ryder Indemnitees arising out of or due to the failure or alleged failure of Aviall or any of its Affiliates to pay, perform or otherwise discharge any item set forth on Schedule 4.02 hereto. Anything in this Section 4.02 to the contrary notwithstanding, neither Aviall nor any Aviall Subsidiary shall have any liability whatsoever to either Ryder or any Ryder Subsidiary in respect of any Tax, except as otherwise provided in the Tax Sharing Agreement.

Section 4.03 Limitations on Indemnification Obligations. The amount which any party (an "Indemnifying Party") is or may be required to pay to any other party (an "Indemnatee") pursuant to Section 4.01 or Section 4.02 shall be reduced (including, without limitation, retroactively) by any Insurance Proceeds or other amounts actually recovered by or on behalf of such Indemnatee, in reduction of the related Loss. If an Indemnatee shall have received the payment required by this Agreement from an Indemnifying Party in respect of any Loss and shall subsequently actually receive Insurance Proceeds or other amounts in respect of such Loss, then such Indemnatee shall pay to such Indemnifying Party a sum equal to the amount of such Insurance Proceeds or other amounts actually received (up to but not in excess of the amount of any indemnity payment made hereunder). An insurer who would otherwise be obligated to pay any claim shall not be relieved of the responsibility with respect thereto, or, solely by virtue of the indemnification provisions hereof, have any subrogation rights with respect thereto, it being expressly understood and agreed that no insurer or any other third party shall be entitled to a "windfall" (i.e., a benefit they would not be entitled to receive in the absence of the indemnification provisions) by virtue of the indemnification provisions hereof.

Section 4.04 Procedures for Indemnification.

Procedures for Indemnification of Third Party Claims. Procedures for Indemnification of Third Party Claims shall be as follows:

(a) If an Indemnatee shall receive notice or otherwise learn of the assertion by a Person (including, without limitation, any governmental entity) who is not a party to this Agreement (or any Affiliate of either party) or to the Tax Sharing Agreement of any claim or of the commencement by any such person of any Action (a "Third Party Claim") with respect to which an Indemnifying Party may be obligated to provide indemnification pursuant to Section 4.01, 4.02 or any

other Section of this Agreement, such Indemnitee shall give such Indemnifying Party written notice thereof promptly after becoming aware of such Third Party Claim; provided that the failure of any Indemnitee to give notice as provided in this Section 4.04(a) shall not relieve the related Indemnifying Party of its obligations under this Article IV, except to the extent that such Indemnifying Party is prejudiced by such failure to give notice. Such notice shall describe the Third Party Claim in reasonable detail.

(b) An Indemnifying Party may elect to defend or to seek to settle or compromise, at such Indemnifying Party's own expense and by such Indemnifying Party's own counsel, any Third Party Claim. Within 30 days of the receipt of notice from an Indemnitee in accordance with Section 4.04(a) (or sooner, if the nature of such Third Party Claim so requires), the Indemnifying Party shall notify the Indemnitee of its election whether the Indemnifying Party will assume responsibility for defending such Third Party Claim, which election shall specify any reservations or exceptions. After notice from an Indemnifying Party to an Indemnitee of its election to assume the defense of a Third Party Claim, such Indemnifying Party shall not be liable to such Indemnitee under this Article IV for any legal or other expenses (except expenses approved in advance by the Indemnifying Party) subsequently incurred by such Indemnitee in connection with the defense thereof; provided that if the defendants with respect to any such Claim include both the Indemnifying Party and one or more Indemnitees and in any Indemnitee's reasonable judgment a conflict of interest between one or more of such Indemnitees and such Indemnifying Party exists in respect of such claim or if the Indemnifying Party shall have assumed responsibility for such claim with any reservations or exceptions, such Indemnitees shall have the right to employ separate counsel to represent such Indemnitees and in that event the reasonable fees and expenses of such separate counsel (but not more than one separate counsel reasonably satisfactory to the Indemnifying Party) shall be paid by such Indemnifying Party. If an Indemnifying Party elects not to assume responsibility for defending a Third Party Claim, or fails to notify an Indemnitee of its election as provided in this Section 4.04(b), such Indemnitee may defend or (subject to the remainder of this Section 4.04(b)) seek to compromise or settle such Third Party Claim. Notwithstanding the foregoing, neither an Indemnifying Party nor an Indemnitee may settle or compromise any claim over the objection of the other; provided, however, that consent to settlement or compromise shall not be unreasonably withheld. Neither an Indemnifying Party nor an Indemnitee shall consent to entry of any judgment or enter into any settlement of any Third Party

Claim which does not include as an unconditional term thereof the giving by the claimant or plaintiff to such Indemnitee, in the case of a consent or settlement by an Indemnifying Party, or to the Indemnifying Party, in the case of a consent or settlement by the Indemnitee, of a written release from all liability in respect to such Third Party Claim.

(c) If an Indemnifying Party chooses to defend or to seek to compromise or settle any Third Party Claim, the related Indemnitee shall make available to such Indemnifying Party any personnel or any books, records or other documents within its control or which it otherwise has the ability to make available that are necessary or appropriate for such defense, settlement or compromise, and shall otherwise cooperate in the defense, settlement or compromise of such Third Party Claims.

(d) Notwithstanding anything else in this Section 4.04 to the contrary, if an Indemnifying Party notifies the related Indemnitee in writing of such Indemnifying Party's desire to settle or compromise a Third Party Claim on the basis set forth in such notice (provided that such settlement or compromise includes as an unconditional term thereof the giving by the claimant or plaintiff of a written release of the Indemnitee from all liability in respect thereof) and the Indemnitee shall notify the Indemnifying Party in writing that such Indemnitee declines to accept any such settlement or compromise, such Indemnitee may continue to contest such Third Party Claim, free of any participation by such Indemnifying Party, at such Indemnitee's sole expense. In such event, the obligation of such Indemnifying Party to such Indemnitee with respect to such Third Party Claim shall be equal to (i) the costs and expenses of such Indemnitee prior to the date such Indemnifying Party notifies such Indemnitee of the offer to settle or compromise (to the extent such costs and expenses are otherwise indemnifiable hereunder) plus (ii) the lesser of (A) the amount of any offer of settlement or compromise which such Indemnitee declined to accept and (B) the actual out-of-pocket amount such Indemnitee is obligated to pay subsequent to such date as a result of such Indemnitee's continuing to pursue such Third Party Claim.

(e) Any claim on account of a Loss which does not result from a Third Party Claim shall be asserted by written notice given by the Indemnitee to the related Indemnifying Party. Such Indemnifying Party shall have a period of 30 days after the receipt of such notice within which to respond thereto. If such Indemnifying Party does not respond within such 30 day period, such Indemnifying Party shall be deemed

to have refused to accept responsibility to make payment. If such Indemnifying Party does not respond within such 30 day period or rejects such claim in whole or in part, such Indemnatee shall be free to pursue such remedies as may be available to such party under this Agreement or under applicable law.

(f) In addition to any adjustments required pursuant to Section 4.03, if the amount of any Loss shall, at any time subsequent to the payment required by this Agreement, be reduced by recovery, settlement or otherwise, the amount of such reduction, less any expenses incurred in connection therewith, shall promptly be repaid by the Indemnatee to the Indemnifying Party.

(g) In the event of payment by an Indemnifying Party to any Indemnatee in connection with any Third Party Claim, such Indemnifying Party shall be subrogated to and shall stand in the place of such Indemnatee as to any events or circumstances in respect of which such Indemnatee may have any right or claim relating to such Third Party Claim against any claimant or plaintiff asserting such Third Party Claim or against any other person. Such Indemnatee shall cooperate with such Indemnifying Party in a reasonable manner, and at the cost and expense of such Indemnifying Party, in prosecuting any subrogated right or claim.

Section 4.05 Remedies Cumulative. The remedies provided in this Article IV shall be cumulative and shall not preclude assertion by any Indemnatee of any other rights or the seeking of any and all other remedies against any Indemnifying Party.

Section 4.06 Survival of Indemnities. The obligations of each of Ryder and Aviall under this Article IV shall survive the sale or other transfer by it of any assets or businesses or the assignment by it of any Liabilities, with respect to any Loss of the other related to such assets, businesses or Liabilities.

## **ARTICLE V**

### **ACCESS TO INFORMATION; SERVICES**

Section 5.01 Provision of Corporate Records. As soon as practicable after the date of this Agreement, Ryder shall deliver to Aviall all books and records of the businesses conducted or to be conducted by Aviall and the Aviall Subsidiaries. Such books and records shall be the property

of Aviall, but shall be retained in accordance with the provisions of Section 5.04.

**Section 5.02 Access to Information.** From and after the Distribution Date, Ryder shall afford to Aviall and its authorized accountants, counsel and other designated representatives (collectively, "Representatives") reasonable access (including using reasonable efforts to give access to persons or firms possessing information) and duplicating rights during normal business hours to all records, books, contracts, instruments, computer data and other data and information (collectively, "Information") within Ryder's possession relating to Aviall or any Aviall Subsidiary, insofar as such access is reasonably required by Aviall or any Aviall Subsidiary. Similarly, Aviall shall afford to Ryder and its Representatives reasonable access (including using reasonable efforts to give access to persons or firms possessing information) and duplicating rights during normal business hours to Information within Aviall's possession relating to Aviall and any Aviall Subsidiary or Ryder or any Ryder Subsidiary, insofar as such access is reasonably required by Ryder or any Ryder Subsidiary. Information may be requested under this Article V for, without limitation, audit, accounting, claims, litigation and tax purposes, as well as for purposes of fulfilling disclosure and reporting obligations and for performing this Agreement and the transactions contemplated hereby.

**Section 5.03 Production of Witnesses.** After the Distribution Date, each of Ryder and Aviall and its respective Subsidiaries shall use reasonable efforts to make available to the other party and its Subsidiaries, upon written request, its directors, officers, employees and agents as witnesses to the extent that any such person may reasonably be required (giving consideration to business demands of such Representatives) in connection with any legal, administrative or other proceedings in which the requesting party may from time to time be involved.

**Section 5.04 Retention of Records.** Except as otherwise required by law or agreed to in writing, each of Ryder and Aviall shall retain, and shall cause its Subsidiaries to retain following the Distribution Date, for a period consistent with the document retention policies then in effect at Ryder, Aviall and Aviall Subsidiaries, respectively, all significant Information relating to the business of the other and the other's Subsidiaries. In addition, after the expiration of the applicable document retention periods, such Information shall not be destroyed or otherwise disposed of at any time, unless, prior to such destruction or disposal, (a) the party proposing to destroy or otherwise dispose of

such Information shall provide no less than 30 days' prior written notice to the other, specifying in reasonable detail the Information proposed to be destroyed or disposed of and (b) if a recipient of such notice shall request in writing prior to the scheduled date for such destruction or disposal that any of the Information proposed to be destroyed or disposed of be delivered to such requesting party, the party proposing the destruction or disposal shall promptly arrange for the delivery of such of the Information as was requested at the expense of the party requesting such Information.

Section 5.05 Confidentiality. Each of Ryder and the Ryder Subsidiaries on the one hand, and Aviall and the Aviall Subsidiaries on the other hand, shall hold, and shall cause its Representatives to hold, in strict confidence, all Information concerning the other in its possession or furnished by the other or the other's Representatives pursuant to either this Agreement or the Tax Sharing Agreement (except to the extent that such Information has been (a) in the public domain through no fault of such party or (b) later lawfully acquired from other sources by such party), and each party shall not release or disclose such Information to any other person, except its auditors, attorneys, financial advisors, bankers and other consultants and advisors, unless compelled to disclose by judicial or administrative process or, as advised by its counsel, by other requirements of law.

Section 5.06 Provision of Services.

(a) Ryder shall make available to Aviall, during normal business hours and in a manner that will not unreasonably interfere with Ryder's business, its tax, internal audit, accounting, legal and similar staff and services upon the terms and subject to the conditions set forth in the Services Agreement.

(b) Aviall shall make available to Ryder, during normal business hours and in a manner that will not unreasonably interfere with Aviall's business, its tax, internal audit, accounting, legal and similar staff and services (collectively "Aviall Services") whenever and to the extent that they may be reasonably required in connection with the preparation of tax returns, audits, claims or litigation, and otherwise to assist in effecting an orderly transition following the Distribution. Aviall shall be entitled to receive from Ryder, upon the presentation of invoices therefor, reimbursement for all fully allocated direct costs of providing the Aviall Services, but without any profit to Aviall.



## ARTICLE VI

### MISCELLANEOUS

Section 6.01 Complete Agreement; Construction. This Agreement, the Employee Benefits Agreement, the Tax Sharing Agreement and the Services Agreement, including any schedules and exhibits hereto or thereto, and other agreements and documents referred to herein, shall constitute the entire agreement between the parties with respect to the subject matter hereof and shall supersede all previous negotiations, commitments and writings with respect to such subject matter. Notwithstanding any other provisions in this Agreement to the contrary, in the event and to the extent that there shall be a conflict between the provisions of this Agreement and the provisions of the Tax Sharing Agreement, the provisions of the Tax Sharing Agreement shall control.

Section 6.02 Survival of Agreements. Except as otherwise contemplated by this Agreement, all covenants and agreements of the parties contained in this Agreement shall survive the Distribution Date.

Section 6.03 Expenses. Except as otherwise set forth in this Agreement, the Employee Benefits Agreement or the Tax Sharing Agreement, all costs and expenses arising on or prior to the Distribution Date (whether or not then payable) in connection with the Distribution (other than (i) costs incurred in connection with any financing arrangements entered into by Aviall or any of its Subsidiaries, (ii) listing fees of any national securities exchange incurred with respect to listing the Aviall Common Stock, (iii) any fees charged by the rating agencies for rating Aviall securities, (iv) the fees and expenses of any outside consultant or counsel retained by Aviall, (v) costs incurred in engraving and printing the stock certificates of Aviall, (vi) one-half of the cost of printing and distributing the Form 10 and Information Statement and (vii) costs (including attorneys' fees) of establishing any new employee benefit or compensation plans of Aviall, which shall be paid by Aviall) shall be paid by Ryder to the extent that appropriate documentation concerning such costs and expenses shall be provided to Ryder.

Section 6.04 Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of New York, without regard to the principles of conflicts of laws thereof.

Section 6.05 Consent to Jurisdiction. Ryder and Aviall consent to and hereby submit to the exclusive jurisdiction of any state or federal court located in the state of New York solely for the purpose of all legal proceedings arising out of or relating to this Agreement or the transactions contemplated hereby. The exclusive venue for adjudication of any dispute or proceeding arising out of this Agreement or the transactions contemplated hereby shall be the state or federal courts located in the State of New York and each of the parties hereto irrevocably waives, to the fullest extent permitted by law, any objection which it may now or hereafter have to the laying of the venue of any such proceeding brought in such a court and any claim that any such proceeding brought in such a court has been brought in an inconvenient forum.

Section 6.06 Notices. All notices, requests, claims, demands and other communications hereunder shall be in writing and shall be delivered by hand, mailed by registered or certified mail (return receipt requested), or sent by cable, telegram, telex or telecopy (confirmed by regular, first-class mail), to the parties at the following addresses (or at such other addresses for a party as shall be specified by like notice) and shall be deemed given on the date on which such notice is received:

**if to Ryder:**

Ryder System, Inc.  
3600 NW 82 Avenue  
Miami, Florida 33166

Attention: General Counsel

if to Aviall:  
Aviall, Inc.  
9311 Reeves Street  
Dallas, Texas 75235  
Attention: General Counsel

Section 6.07 Amendments. This Agreement may not be modified or amended except by an agreement in writing signed by the parties.

Section 6.08 Successors and Assigns. This Agreement and all of the provisions hereof shall be binding upon and inure to the benefit of the parties and their respective successors and permitted assigns.

Section 6.09 Termination. This Agreement may be terminated and the Distribution abandoned at any time prior to the Distribution Date by and in the sole discretion of the Ryder Board without the approval of Aviall or Ryder's shareholders. In the event of such termination, no party shall have any liability of any kind to any other party on account of such termination except that expenses incurred in connection with the transactions contemplated hereby shall be paid as provided in Section 6.03.

Section 6.10 No Third Party Beneficiaries. Except for the provisions of Article IV relating to Indemnitees, this Agreement is solely for the benefit of the parties hereto and their respective Affiliates and should not be deemed to confer upon third parties (including any employee of Ryder or Aviall or any Ryder or Aviall Subsidiary) any remedy, claim, reimbursement, cause of action or other right in excess of those existing without reference to this Agreement.

Section 6.11 Titles and Headings. Titles and headings to sections herein are inserted for the convenience of reference only and are not intended to be part of or to affect the meaning or interpretation of this Agreement.

Section 6.12 Legal Enforceability. Any provision of this Agreement which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof. Any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction. Without prejudice to any rights or remedies otherwise available to any party hereto, each party hereto acknowledges that damages would be an inadequate remedy for any breach of the provisions of this Agreement and agrees that the obligations of the parties hereunder shall be specifically enforceable.

IN WITNESS WHEREOF, the parties have caused this Agreement to be duly executed as of the day and year first above written.

**RYDER SYSTEM, INC.**

By:

**AVIALL, INC.**

By:

-28-

## SCHEDULE 3.01

### **Aeronautical Improvements Corporation (Florida)**

Ryder Airline, Inc. (Delaware)

APS Technical Specialties, Inc. (California) Ryder Airline Services, Inc. (Delaware) Ryder Aviation Leasing & Sales Corporation (Barbados)

Ryder Aviation Sales International, Inc. (Florida) Aviation Sales Leasing Company, Inc. (Florida)

### **Ryder Airline Services Limited (Scotland)**

### **Aviall (UK) Limited (England)**

### **Inventory Locator Service, Inc. (Tennessee)**

Ryder Aviall, Inc. (Florida)

Airplane Things, Inc. (Texas)

Aviall Far East, Inc. (Florida)

Ryder Aviall Aviation Pte. Ltd. (Singapore) Aviall Foreign Sales Corporation (Barbados) Airstocks Limited (Hong Kong)

Aviall AB (Sweden)

Aviall (Canada) Ltd. (Ontario)

Aviall De Mexico S.A. DE C.V. (Mexico) Aviall of Texas GMBH (Germany)

Aviall S.A.R.L. (France)

Ryder Aviation AG (Switzerland)

Ryder Aviation Export AG (Switzerland) Ryder Aviall Austr. Pty. Ltd. (Australia) Mulay Pty. Ltd. (Australia) Van Dusen Aircraft Supplies

Ltd. (Australia) Ryder Aviall New Zealand Limited (New Zealand)

## SCHEDULE 4.01

Items with respect to which Ryder will indemnify the Aviall Indemnitees in accordance with Section 4.01 of the Agreement:

(1) All Losses arising out of the businesses conducted (formerly or currently) or to be conducted by Ryder (whether directly or through a Subsidiary or Affiliate of Ryder) or any Ryder Subsidiary or any previously owned division, Subsidiary or Affiliate of Ryder, whether such Losses relate to events, occurrences or circumstances occurring or existing, or whether such Losses are asserted, before or after the Distribution Date, excluding the businesses conducted (formerly or currently) or to be conducted by Aviall (whether directly or through a Subsidiary or Affiliate of Aviall), the Aviall Subsidiaries and any previously owned division, Subsidiary or Affiliate of Aviall, but including all Losses arising out of Ryder's discontinued aircraft leasing operations.

(2) All Losses arising out of or based upon any untrue statement or alleged untrue statement of a material fact or omission or alleged omission to state a material fact required to be stated therein or necessary to make the statements therein not misleading, with respect to the following sections of the Information Statement or any preliminary or final Form 10 or any amendment thereto: "Introduction"; "The Distribution"; "Arrangements Between Ryder and Aviall Relating to the Distribution"; "Summary of Certain Information" (only to the extent that such summary includes information also contained in the foregoing sections); any letter to shareholders from an executive officer of Ryder (other than one who is to become a Separated Employee).

## SCHEDULE 4.02

Items with respect to which Aviall will indemnify the Ryder Indemnitees in accordance with Section 4.02 of the Agreement:

(1) All Losses arising out of any guarantees or obligations to third parties on the part of Ryder or any Ryder Subsidiary with respect to any obligations or Liabilities of Aviall or any Aviall Subsidiary to such third parties, including, without limitation, the Guaranty.

(2) All Losses arising out of the businesses conducted (formerly or currently) or to be conducted by Aviall (whether directly or through a Subsidiary or Affiliate of Aviall), the Aviall Subsidiaries and any previously owned division, Subsidiary or Affiliate of Aviall, whether such Losses relate to events, occurrences or circumstances occurring or existing, or whether such Losses are asserted, before or after the Distribution Date.

(3) All Losses arising out of or based upon any untrue statement or alleged untrue statement of a material fact or omission or alleged omission to state a material fact required to be stated therein or necessary to make the statements therein not misleading, with respect to all information contained in the Information Statement or any preliminary or final Form 10 or any amendment thereto; provided, however, that such indemnification shall not apply to any Losses that arise out of or are based upon any statement or omission or alleged statement or omission made in any of the sections of the Information Statement or Form 10 that are listed in paragraph (2) of Schedule 4.01.





## **TAX SHARING AGREEMENT**

This Tax Sharing Agreement (the "Agreement") is being entered into in connection with a Distribution and Indemnity Agreement (the "Distribution Agreement") dated as of November 23, 1993 by and between Ryder System, Inc., a Florida corporation ("Ryder") and Aviall, Inc., a Delaware corporation ("Aviall"), pursuant to which, among other things, Ryder will distribute to holders of its common stock all the issued and outstanding common stock of Aviall (the "Distribution"). Ryder, on behalf of itself and its present and future subsidiaries other than the Aviall Group (as hereinafter defined) (the "Ryder Group"), and Aviall, on behalf of itself and its present and future subsidiaries (the "Aviall Group"), are entering into this Agreement to provide for the allocation between the Ryder Group and the Aviall Group of all responsibilities, liabilities and benefits relating to or affecting Taxes (as hereinafter defined) paid or payable by either of them for all taxable periods, whether beginning before, on or after the Distribution Date (as hereinafter defined) and to provide for certain other matters.

### **ARTICLE I**

#### **DEFINITIONS**

As used in this Agreement, the following terms shall have the following meanings (such meanings to be equally applicable to both the singular and the plural forms of the terms defined):

"Aviall Businesses" means the present and future subsidiaries, divisions and businesses of any member of the Aviall Group which are not, or are not contemplated by the Distribution Agreement to be, part of the Ryder Group immediately after the Aviall Distribution.

"Code" means the Internal Revenue Code of 1986, as amended, and shall include corresponding provisions of any subsequently enacted federal tax laws.

"Distribution Date" means the date determined by Ryder's Board of Directors as of which the Distribution shall be effected. For purposes of this Agreement, the Distribution shall be deemed effective as of the close of business on the Distribution Date.

"Final Determination" shall mean the final resolution of liability for any Tax for a taxable period, (i) by

IRS Form 870 or 870-AD (or any successor forms thereto), on the date of acceptance by or on behalf of the taxpayer, or by a comparable form under the laws of other jurisdictions; except that a Form 870 or 870-AD or comparable form that reserves (whether by its terms or by operation of law) the right of the taxpayer to file a claim for refund and/or the right of the taxing authority to assert a further deficiency shall not constitute a Final Determination; (ii) by a decision, judgment, decree, or other order by a court of competent jurisdiction, which has become final and unappealable; (iii) by a closing agreement or accepted offer in compromise under Section 7121 or 7122 of the Code, or comparable agreements under the laws of other jurisdictions; (iv) by any allowance of a refund or credit in respect of an overpayment of Tax, but only after the expiration of all periods during which such refund may be recovered (including by way of offset) by the Tax imposing jurisdiction; or (v) by any other final disposition, including by reason of the expiration of the applicable statute of limitations or by mutual agreement of the parties.

"IRS" means the Internal Revenue Service.

"Permanent Tax Benefit" means a Tax Benefit that does not or will not result in a Tax Detriment in a prior or subsequent period.

"Permanent Tax Detriment" means a Tax Detriment that does not or will not give rise to a Tax Benefit (other than a nonamortizable increase in tax basis) in a prior or subsequent period.

"Ryder Businesses" means the present and future subsidiaries, divisions and businesses of any member of the Ryder Group, other than the present and future subsidiaries, divisions and businesses of any member of the Aviall Group.

"Tax" means any of the Taxes.

"Taxes" means all forms of taxation, whenever created or imposed, and whether of the United States or elsewhere, and whether imposed by a local, municipal, governmental, state, federation or other body, and without limiting the generality of the foregoing, shall include income, sales, use, ad valorem, gross receipts, license, value added, franchise, transfer, recording, withholding, payroll, employment, excise, occupation, premium and property taxes, together with any related interest, penalties and additions to any such tax, or additional amounts imposed by any taxing authority

(domestic or foreign) upon the Ryder Group, the Aviall Group or any of their respective members or divisions or branches.

"Tax Benefit" means any item of loss, deduction, credit or any other Tax Item which decreases Taxes paid or payable.

"Tax Detriment" means any item of income, gain, recapture of credit or any other Tax Item which increases Taxes paid or payable.

"Tax Item" means any item of income, gain, loss, deduction, credit, provisions for reserves, recapture of credit or any other item which increases or decreases Taxes paid or payable, including an adjustment under Code Section 481 resulting from a change in accounting method.

"Tax Return" means any return, filing, questionnaire, information return or other document required to be filed, including requests for extensions of time, filings made with estimated tax payments, claims for refund and amended returns that may be filed, for any period with any taxing authority (whether domestic or foreign) in connection with any Tax or Taxes (whether or not a payment is required to be made with respect to such filing).

## **ARTICLE II**

### **FILING OF TAX RETURNS**

Section 2.01 Manner of Filing. All Tax Returns filed after the Distribution Date shall be prepared on a basis which is consistent with the consummation of the transactions as set forth in the Distribution Agreement and the representations made to, and opinion obtained from, counsel in connection with the Distribution (in the absence of a controlling change in law or circumstances) and shall be filed on a timely basis (including extensions) by the party responsible for such filing under this Agreement. In the absence of a controlling change in law or circumstances, all Tax Returns filed after the date of this Agreement shall be prepared on a basis consistent with the elections, accounting methods, conventions, and principles of taxation used for the most recent taxable periods for which Tax Returns involving similar Tax Items have been filed, to the extent that a failure to do so would result in a Tax Detriment to the other party hereto. Subject to the provisions of this Agreement, all decisions relating to the preparation of Tax Returns

shall be made in the sole discretion of the party responsible under this Agreement for such preparation.

Section 2.02 Pre-Distribution Tax Returns. (a) Consolidated Returns. The Ryder consolidated federal income Tax Returns required to be filed for all periods ending on or before December 31, 1993 shall be prepared and filed by Ryder. Ryder agrees to cooperate in good faith with Aviall to determine the appropriate amount of Tax Items attributable to Aviall Businesses to be reflected on Ryder's consolidated federal income Tax Return for its taxable year ending on or before December 31, 1993.

(b) Combined and Unitary Returns. All state and local combined and unitary corporate income Tax Returns which are required to be filed for all periods ending on or before December 31, 1993, which have not been previously filed and include a member of the Ryder Group and a member of the Aviall Group shall be prepared and filed by Ryder.

(c) Other Returns. All other Tax Returns not described elsewhere in this Section 2.02 that are required to be filed for periods beginning before the Distribution Date shall be prepared and filed by the party which prepared and filed such Return for the most recent period for which such Return was filed or if no such Return was filed in such period, the party responsible under the appropriate law of the jurisdiction.

Section 2.03 Post-Distribution Tax Returns. All Tax Returns for periods beginning after the Distribution Date shall be the responsibility of the Ryder Group if such Tax Returns relate solely to Ryder Businesses, and shall be the responsibility of the Aviall Group if such Tax Returns relate solely to Aviall Businesses.

### **ARTICLE III**

#### **PAYMENT OF TAXES**

Section 3.01 Allocation of Tax Liabilities With Respect to Unfiled Returns.

(a) Consolidated Federal Income Tax Liabilities. Except as otherwise provided in this Agreement, Ryder shall pay, on a timely basis, all Taxes due with respect to the consolidated federal income tax liability for the taxable year ending December 31, 1993 of the affiliated group of which Ryder is the common parent. Aviall on behalf of the Aviall Group hereby assumes and agrees to pay the Aviall

Group's share of those Taxes for the period commencing on January 1, 1993 and ending on the Distribution Date (the "Short Period"), which payments shall be made directly to Ryder which shall then forward such Aviall payment to the IRS together with its own payments, if any.

The Aviall Group's allocable share of the consolidated federal income tax liability for the Short Period shall be determined in accordance with the Ryder System, Inc. Tax Sharing Arrangement between Ryder System, Inc. and its Domestic Subsidiaries (the "Prior Agreement"). In the event that the Aviall Group has a net operating loss for the Short Period, Ryder shall make a payment to Aviall in accordance with the Prior Agreement with respect to the Aviall Group.

If the calculations made pursuant to this Section 3.01(a) indicate that the Aviall Group has either overpaid or underpaid its share of the consolidated federal income tax liability for the Short Period, then at the time that Ryder's 1993 consolidated federal income tax return is filed, Ryder shall pay Aviall the amount of any such overpayment or Aviall shall pay Ryder the amount of any such underpayment.

All calculations and determinations required to be made pursuant to this Section 3.01(a) shall be made by Ryder on a basis reasonably consistent with prior years, whose good faith determination shall be binding upon the parties hereto in the absence of mathematical error.

(b) Combined and Unitary Corporate Income Taxes. Except as otherwise provided in this Agreement, Ryder shall pay, on a timely basis, all Taxes due with respect to any combined and unitary state and local corporate income tax liability for the taxable year ended December 31, 1993 with respect to Tax Returns that include a member of the Ryder Group and a member of the Aviall Group ("Combined Taxes"). Aviall hereby assumes and agrees to pay the Aviall Group's share of Combined Taxes in accordance with the Prior Agreement for the Short Period, which shall be made by Aviall to Ryder, which shall then forward such Aviall payment to the appropriate authority together with its own payment, if any.

If the calculations made pursuant to this Section 3.01(b) indicate that Aviall has either overpaid or underpaid its share of its Combined Tax liability, then at such time as Ryder shall reasonably determine, but in any event not later than December 31, 1994, Ryder shall pay Aviall the amount of any such overpayment or Aviall shall pay Ryder the amount of any such underpayment.

All calculations and determinations required to be made pursuant to this Section 3.01(b) shall be made by Ryder on a basis reasonably consistent with prior years, whose good faith determination shall be binding upon the parties hereto in the absence of mathematical error.

(c) All other Taxes for a taxable year beginning before the Distribution Date shall be paid by the party responsible under this Agreement for filing the Tax Return pursuant to which such Taxes are due; provided, however, that with respect to any state or local income Tax Returns that include a member of the Ryder Group and a member of the Aviall Group, Taxes payable with respect to such Returns shall be paid by the parties hereto in accordance with the Prior Agreement.

(d) Ryder Airline Services Limited and Aviall (UK) Limited (together, "Aviall's UK Companies"), and Ryder System Holdings (UK) Limited and Ryder Public Limited Company, hereinafter known as (together, "Ryder's UK Companies", and each of the four companies individually being a "Group Member") are eligible to, and have historically, filed under the Group Relief provisions of the United Kingdom's tax law. Each Group Member agrees to participate and cooperate in filing under Group Relief for the open years, 1991-1993. Each Group Member agrees to sign the appropriate statement informing Inland Revenue that they wish to Claim a Loss or Surrender a Loss, as applicable. The Claim and Surrender statements will be prepared by Ryder and will follow the order as set out hereinafter. First, any Group Member generating a loss during the current year has the right to carry that loss back against its profits from an earlier year. Second, any Group Member that has a loss carryforward from a previous year must first use that loss in the current year. Third, the full amount of any Aviall UK Company loss will first offset any Aviall UK Company profit. Fourth, the full amount of any Ryder UK Company loss will first offset any Ryder UK company profit. Fifth, the right to surrender any remaining losses to other Group Members is in the following order: Ryder System Holdings (UK) Limited, Aviall (UK) Limited, Ryder Airline Services Limited, and finally Ryder Public Limited Company. After transfer of losses within the Aviall UK group and within the Ryder UK group all remaining losses shall be claimed among the Group Members as agreed by the Group Members in any order or method that provides the greatest tax relief for the Group as a whole.

Payment is due to the Group Member surrendering a loss (Surrendering Corporation) from the Group member accepting the loss (Accepting Corporation) in an amount that shall be equal to the amount of the loss surrendered to the Accepting Corporation from the Surrendering Corporation multiplied by the maximum statutory tax rate that would have applied to the Surrendering Corporation for the year in which the Accepting Corporation utilizes the loss. Payment shall be made at the point in time that the Accepting Corporation would normally be required to make a payment of tax for the year in question under United Kingdom law.

If the Accepting Corporation has disclaimed capital cost allowance in order to increase its taxable income to make use of a tax loss of a Surrendering Company, thereby providing the best and most effective way of reducing the Group's overall corporation tax bill, then payment for the use of the loss shall be made as the disclaimed capital cost allowance is subsequently claimed in the Accepting Corporation's Tax Computations.

If the original Tax Computations upon which payments for use of loss are made are subsequently revised for any reason, then the Surrendering Corporation or the Accepting Corporation shall cause payment to be made to the other (whichever is applicable) within 30 days of the date on which the new computations are accepted by Inland Revenue.

Any disputes between the Group Members with regard to any and all matters either covered in this Section 3.01(d), or with regard to any group relief issue not covered by this Agreement, shall be resolved by the Vice President of Corporate Tax for Ryder in good faith. Such decisions shall be final and binding upon all Group Members.

Section 3.02 (a) Permanent Change in Filed Returns. If a Final Determination has been made regarding a Tax Return with respect to any taxable period beginning before the Distribution Date and ending on or before December 31, 1993, and as a result thereof any Permanent Tax Benefit or Permanent Tax Detriment is changed (a "Permanent Change"), then:

(i) If in connection with any such Permanent Change, the amount of the change in Permanent Tax Detriments generated by or attributable to Aviall Businesses with respect to such return ("Aviall Permanent Tax Detriments") exceeds the amount of the change in Permanent Tax Benefits generated by or attributable to Aviall Businesses with respect to such return ("Aviall Permanent Tax Benefits"), Aviall hereby assumes and agrees to pay to the appropriate authority, or to Ryder to

the extent payment cannot be made directly to such authority or to the extent the liability for Taxes due to such authority is not increased, to the extent not previously paid to Ryder, an amount equal to the sum of (A) the product of

(x) the amount by which Aviall Permanent Tax Detriments exceed Aviall Permanent Tax Benefits and (y) the actual marginal regular tax rate applicable with respect to the relevant Tax Return, with appropriate adjustment to account for Tax credits included in such calculation, and (B) any applicable interest or penalties, if any, which is or has been imposed by any taxing authority with respect to such Aviall Tax Detriments or any interest which would have been imposed but for an offsetting Permanent Tax Benefit solely attributable to the Ryder Group.

(ii) If in connection with any such Permanent Change, the change in Aviall Permanent Tax Benefits exceed the change in Aviall Permanent Tax Detriments, Ryder shall pay to Aviall, to the extent not previously paid, the sum of (a) the product of (x) the amount by which Aviall Permanent Tax Benefits exceed Aviall Permanent Tax Detriments and (y) the actual marginal regular tax rate applicable with respect to the relevant Tax Return, with appropriate adjustment to account for Tax credits included in such calculation, and (b) any applicable interest that is or has been paid by the applicable taxing authority or that would have been payable but for any offsetting Permanent Tax Detriment solely attributable to the Ryder Group.

(b) Timing Differences. Ryder shall be liable for and shall indemnify and hold harmless the Aviall Group from and against any increase in Tax Detriments resulting from a Final Determination with respect to a Tax Return relating to a taxable period ending on or before December 31, 1993 if: (i) such Return includes a member of the Ryder Group and a member of the Aviall Group, and (ii) the increase in Tax Detriments will result in an increase in Tax Benefits (other than an increase in nonamortizable tax basis) in a prior or subsequent period (a "Timing Difference"). Aviall agrees to pay Ryder when it utilizes the Tax Benefit resulting from any such Timing Difference at the actual regular marginal tax rate (with appropriate adjustment for Tax credits) at which the Aviall Group utilizes such Tax Benefit.

(c) Separate Return Liabilities. Ryder shall be liable and shall indemnify and hold harmless each member of the Aviall Group from and against all Taxes for all periods with respect to Tax Returns that only include members of the Ryder Group, and Aviall shall be liable and shall indemnify and hold harmless each member of the Ryder Group, from and



against all Taxes for all periods with respect to Tax Returns that only include members of the Aviall Group.

(d) Calculation of Amounts. All calculations and determinations required to be made pursuant to this Section 3.02 shall be made by Ryder on a basis reasonably consistent with prior years, whose good faith determination shall be binding on the parties hereto, in the absence of mathematical error.

Section 3.03 Liability for Taxes with respect to Post-Distribution Periods. Unless otherwise provided in this Agreement, the Ryder Group shall pay all Taxes and shall be entitled to receive and retain all refunds of Taxes with respect to periods beginning after the Distribution Date which are attributable to Ryder Businesses. Unless otherwise provided in this Agreement, the Aviall Group shall pay all Taxes and shall be entitled to receive and retain all refunds of Taxes with respect to periods beginning after the Distribution Date which are attributable to Aviall Businesses.

Section 3.04 Carrybacks. Aviall agrees that it will not carryback any Tax Item arising after the Distribution Date to a taxable period ending on or before the Distribution Date with respect to a Tax Return which includes a member of the Ryder Group, without the consent of Ryder, which consent shall not be unreasonably withheld. In the event that Aviall does carryback any such Tax Item with Ryder's consent, any Taxes realized thereby shall be paid over to Aviall.

## **ARTICLE IV**

### **INDEMNITY: COOPERATION AND EXCHANGE OF INFORMATION**

Section 4.01 Breach. Ryder shall indemnify and hold harmless each member of the Aviall Group, its employees, officers, directors and agents, and Aviall shall indemnify and hold harmless each member of the Ryder Group, its employees, officers, directors and agents from and against any payment required to be made as a result of the breach by a member of the Ryder Group or the Aviall Group, as the case may be, of any obligation under this Agreement.

Section 4.02 Indemnity. (a) Whenever a party hereto (hereinafter an "Indemnitee") becomes aware of the existence of an issue which could increase the liability for any Tax of the other party hereto or any member of its Group or require a payment hereunder (hereinafter an "Indemnity

Issue"), the Indemnitee shall promptly give notice to such other party (hereinafter the "Indemnitor") of such Indemnity Issue. The Indemnitor and its representatives, at the Indemnitor's expense, shall be entitled to participate

(i) in all conferences, meetings or proceedings with any taxing authority, the subject matter of which is or includes an Indemnity Issue and (ii) in all appearances before any court, the subject matter of which is or includes an Indemnity Issue. The party who has responsibility for filing the Tax Return under this Agreement (the "Responsible Party") with respect to which there is an increase in liability for any Tax or with respect to which a payment is required hereunder shall have the right to decide as between the parties hereto how such matter is to be dealt with and finally resolved with the appropriate taxing authority and shall control all audits and similar proceedings. The Responsible Party agrees to cooperate in the settlement of any Indemnity issue with the other party and to take such other party's interests into account. If the Indemnitor is not the Responsible Party, such cooperation may include permitting the Indemnitor, at the Indemnitor's sole expense, to litigate or otherwise resolve any Indemnity Issue.

Section 4.03 Cooperation and Exchange of Information. (a) Aviall shall, and shall cause each appropriate member of the Aviall Group to, prepare and submit to Ryder, at Aviall's expense, no later than January 29, 1994, all information as Ryder shall reasonably request to enable Ryder to file the Ryder consolidated federal income tax return and no later than March 10, 1994 for all information that Ryder shall reasonably request to enable Ryder to file any state and local combined or unitary corporate income tax returns for the taxable year ending December 31, 1993. Ryder shall be entitled to require Aviall to engage a public accountant reasonably acceptable to Ryder to review the information which Aviall is required to provide under this Section 4.03(a). The expenses of such public accountant shall be borne by Aviall. Aviall shall furnish to Ryder by January 29, 1994, an estimate of the Aviall Group taxable income or loss for the Short Period for use in determining the estimated income tax deposit due by Ryder on March 15, 1994, together with IRS Form 7004, "Application for Automatic Extension of Time to File Corporation Income Tax Return".

(b) Ryder, on behalf of itself and each member of the Ryder Group, agrees to provide the Aviall Group, and Aviall, on behalf of itself and each member of the Aviall Group, agrees to provide the Ryder Group, with such cooperation and information as the other shall reasonably request of the other in connection with the preparation or filing of any

Tax Return or claim for refund contemplated by this Agreement or in conducting any audit or other proceeding in respect to Taxes. Such cooperation and information shall include without limitation promptly forwarding copies of appropriate notices and forms or other communications received from or sent to any taxing authority which relate to the Ryder Group or the Ryder Businesses, in the case of the Aviall Group, the Aviall Group or the Aviall Businesses in the case of the Ryder Group, and providing copies of all relevant Tax Returns, together with accompanying schedules and related workpapers, documents relating to rulings or other determinations by taxing authorities, including without limitation, foreign taxing authorities, and records concerning the ownership and Tax basis of property, which either party may possess. Each party shall make its employees and facilities available on a mutually convenient basis to provide explanation of any documents or information provided hereunder.

(c) Aviall and Ryder agree to retain all Tax Returns, related schedules and workpapers, and all material records and other documents as required under Section 6001 of the Code and the regulations promulgated thereunder relating thereto existing on the date hereof or created through the Distribution Date, until the expiration of the statute of limitations (including extensions) of the taxable years to which such Tax Returns and other documents relate and until the Final Determination of any payments which may be required in respect of such years under this Agreement. Ryder and Aviall agree to advise each other promptly of any such Final Determination. Any information obtained under this Section shall be kept confidential, except as may be otherwise necessary in connection with the filing of Tax Returns or claims for refund or in conducting any audit or other proceeding.

(d) If any member of the Ryder Group or the Aviall Group, as the case may be, fails to provide any information requested pursuant to this Section 4.03 by (i) the dates, specified in subsection (a) hereof or, (ii) with respect to information not requested pursuant to subsection (a) hereof, within a reasonable period, as determined in good faith by the party requesting information, then the requesting party shall have the right to engage a public accountant of its choice to gather such information. Aviall and Ryder, as the case may be, agree upon 24 hours' notice, in the case of a failure to provide information pursuant to subsection (a) hereof, and otherwise upon 30 days' notice after the expiration of such reasonable period, to permit any such public accountant full access to all appropriate records or other information in the possession of any member of the Ryder

Group or the Aviall Group, as the case may be, during reasonable business hours, and to reimburse or pay directly all costs and expenses in connection with the engagement of such public accountants.

(e) If any member of the Ryder Group or the Aviall Group, as the case may be, supplies information to a member of the other Group pursuant to this

Section 4.03 and an officer of the requesting party signs a statement or other document under penalties of perjury in reliance upon the accuracy of such information, then a duly authorized officer of the party supplying such information shall certify, under penalties of perjury, the accuracy and completeness of the information so supplied. Ryder agrees to indemnify and hold harmless each member of the Aviall Group and its directors, officers and employees, and Aviall agrees to indemnify and hold harmless each member of the Ryder Group and its directors, officers and employees from and against any cost, fine, penalty or other expense of any kind attributable to the negligence or willful misconduct of a member of the Ryder Group or the Aviall Group, as the case may be, in supplying a member of the other Group with inaccurate or incomplete information.

Section 4.04 Certain Post-Distribution Transactions. Aviall shall, and shall cause each Aviall Group member to, comply with each written representation and statement made, or to be made, to counsel in connection with the opinion of counsel obtained by Ryder with respect to the Distribution, and any other transaction contemplated by this Agreement. Aviall further agrees that except as specifically set forth in the opinion of counsel including any representations and facts or explanation of business purpose included therein, as the case may be, during the two-year period following the Distribution Date

(i) it shall not cease to engage in an active trade or business within the meaning of Section 355(b)(2) of the Code, (ii) it shall not redeem any shares of Aviall stock and (iii) it will neither liquidate nor merge with any other corporation, unless in the opinion of Wachtell, Lipton, Rosen & Katz or other nationally recognized counsel to Aviall, which opinion and which counsel shall be satisfactory to Ryder, or pursuant to a favorable ruling letter obtained from the IRS and satisfactory to Ryder, such act or omission would not adversely affect the federal income tax consequences of the Distribution to any of Aviall, Ryder or the stockholders of Ryder, as set forth in any opinion issued by counsel. In addition, Aviall agrees to indemnify and hold Ryder, its employees, officers, directors and agents harmless from and against the results of any transaction in the stock

or assets, or any combination thereof, of Aviall or its subsidiaries after the Distribution Date, which causes the Distribution to fail to qualify as tax-free under Section 355 of the Code.

## **ARTICLE V**

### **MISCELLANEOUS**

Section 5.01 Expenses. Unless otherwise expressly provided in this Agreement or in the Distribution Agreement, each party shall bear any and all expenses that arise from their respective obligations under this Agreement.

Section 5.02 Entire Agreement; Termination of Prior Agreements. This Agreement constitutes the entire agreement of the parties concerning the subject matter hereof and supersedes all other agreements, whether or not written, except to the extent the Prior Agreement is incorporated by reference herein, in respect of any Tax between or among any member or members of the Ryder Group, on the one hand, and any member or members of the Aviall Group, on the other hand. Except as otherwise provided herein, effective as of the Distribution Date, all such agreements are hereby cancelled and any rights or obligations existing thereunder are hereby fully and finally settled without any payment by any party thereto. This Agreement may not be amended except by an agreement in writing, signed by the parties hereto. Anything in this Agreement or the Distribution Agreement to the contrary notwithstanding, in the event and to the extent that there shall be a conflict between the provisions of this Agreement and the Distribution Agreement, the provisions of this Agreement shall control.

Section 5.03 Notices. All notices and other communications hereunder shall be in writing and shall be delivered by hand or mailed by registered or certified mail (return receipt requested) to the parties at the following addresses (or at such other addresses for a party as shall be specified by like notice) and shall be deemed given on the date on which such notice is received:

To Ryder or any member of the Ryder Group:

Ryder System, Inc.  
3600 N.W. 82nd Avenue  
Miami, Florida 33166

Attention: General Counsel

To Aviall or any member of the Aviall Group:

Aviall, Inc.  
9311 Reeves Street  
Dallas, Texas 75235

Attention: General Counsel

Section 5.04 Resolution of Disputes. Any disputes between the parties with respect to this Agreement shall be resolved by a "Big Six" public accounting firm or a law firm satisfactory to Ryder and Aviall, whose fees and expenses shall be shared equally by Ryder and Aviall.

Section 5.05 Application to Present and Future Subsidiaries. This Agreement is being entered into by Ryder and Aviall on behalf of themselves and each member of the Ryder Group and Aviall Group, respectively. This Agreement shall constitute a direct obligation of each such member and shall be deemed to have been readopted and affirmed on behalf of any corporation which becomes a member of the Ryder Group or Aviall Group in the future. Ryder and Aviall hereby guarantee the performance of all actions, agreements and obligations provided for under this Agreement of each member of the Ryder Group and the Aviall Group, respectively. Ryder and Aviall shall, upon the written request of the other, cause any of their respective group members formally to execute this Agreement. This Agreement shall be binding upon, and shall inure to the benefit of, the successors, assigns and persons controlling any of the corporations bound hereby for so long as such successors, assigns or controlling persons are members of the Ryder Group or the Aviall Group or their successors and assigns.

Section 5.06 Term. This Agreement shall commence on the date of execution indicated below and shall continue in effect until otherwise agreed to in writing by Ryder and Aviall, or their successors.

Section 5.07 Titles and Headings. Titles and headings to sections herein are inserted for the convenience of reference only and are not intended to be a part or to affect the meaning or interpretation of this Agreement.

Section 5.08 Legal Enforceability. Any provision of this Agreement which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof. Any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction. Without prejudice to any rights or remedies otherwise available to any party hereto, each party hereto acknowledges that damages would be an inadequate remedy for any breach of the provisions of this Agreement and agrees that the obligations of the parties hereunder shall be specifically enforceable.

Section 5.09 Governing Law. This Agreement shall be governed by the laws of the State of Florida.

IN WITNESS WHEREOF, the parties have executed this agreement as of the 23rd day of November, 1993.

**RYDER SYSTEM, INC.**

By

**AVIALL, INC.**

By

-15-

EXHIBIT 11.1 Statement regarding computation of per share earnings.



## Exhibit 11.1

### Statement re Computation of Per Share Earnings

Primary earnings per share are computed by dividing earnings available to common shares by the weighted average number of common and common equivalent shares outstanding during the period.

For purposes of computing primary earnings per share, common equivalent shares include the average number of common shares issuable upon the exercise of all employee stock options and awards and outstanding employee stock subscriptions, if dilutive, less the common shares which could have been purchased at the average market price during the period, with the assumed proceeds, including "windfall" tax benefits, from the exercise of the options, awards and subscriptions.

Fully-diluted earnings per share are computed by dividing the sum of earnings available to common shares and dividends on preferred shares, if any, that are potentially dilutive by the weighted average number of common shares, common equivalent shares and common shares assumed converted from potentially dilutive securities outstanding during the period.

For purposes of computing fully-diluted earnings per share, common equivalent shares are computed on a basis comparable to that for primary earnings per share, except that common shares are assumed to be purchased at the market price at the end of the period, if dilutive. Common shares assumed converted from potentially dilutive securities in the twelve-month periods ended December 31, 1992 and 1991, include common shares that would have been issuable upon the conversion of the Registrant's Fixed Rate Auction Preferred Stock, Series A and B (collectively the "FRAPS"), at the applicable rate which would have resulted in the greatest potential dilution. For the twelve-month periods ended December 31, 1992 and 1991, the FRAPS were antidilutive. In the second quarter of 1993 the Company redeemed all of the FRAPS. The FRAPS have therefore not been considered potentially dilutive securities in the computation of fully-diluted earnings per share for the twelve-month period ended December 31,

1993.

## **EXHIBIT 13.1**

13.1 The Ryder System, Inc. 1993 Annual Report to Shareholders. Those portions of the Ryder System, Inc. 1993 Annual Report to Shareholders which are not incorporated by reference into this report are furnished to the Commission solely for information purposes and are not to be deemed "filed" as part of this report.

## RYDER 1993

Ryder System is an international company which provides highway transportation services throughout the United States and in Canada, Puerto Rico, the United Kingdom, Germany and Poland. Ryder strives to meet or exceed its customers' expectations and to maximize shareholder value by providing its customers with the best transportation services in the world. Toward this end, the company participates in markets in which it can add value, differentiate its services and be a market leader.

CONTENTS	
Letter to Shareholders	2
Company Profile	6
Productivity	8
Managing Assets	13
Dedicated Logistics	17
Roads to Growth	21
Corporate Responsibility	23
Financial Review	24
Selected Financial and Operational Data	29
Report of Management and Independent Auditors' Report	30
Consolidated Financial Statements	31
Notes to Consolidated Financial Statements	34
Supplemental Financial Data	43
Board of Directors	46
Corporate Management	47
Division Management	48
Corporate Information	49

(C) 1994 Ryder System, Inc.

(Dollars in thousands, except per share amounts)	1993	1992*	Change
<b>OPERATING DATA:</b>			
Revenue	\$ 4,217,030	4,019,675	+5%
Earnings from continuing operations	\$ 114,722	98,050	+17%
Net earnings (loss) (a)	\$ (61,424)	123,926	N/A
<b>FINANCIAL DATA:</b>			
Total assets	\$ 4,258,388	4,678,533	-9%
Total shareholders' equity	\$ 990,181	1,475,134	-33%
Return on average common equity (b)	10%	8%	+2 pts.
Debt to equity	155%	113%	+42 pts.
Debt to tangible equity	202%	135%	+67 pts.
Total capital spending	\$ 1,237,521	1,091,559	+13%
<b>PER COMMON SHARE DATA:</b>			
Earnings from continuing operations	\$ 1.43	1.17	+22%
Net earnings (loss) (a)	\$ (0.84)	1.51	N/A
Book value	\$ 12.81	18.26	-30%
Cash dividends	\$ 0.60	0.60	-
Market price (high-low) (c)	\$ 26 5/8-24 3/4	28 7/8-19 5/8	
<b>OTHER DATA:</b>			
Common shareholders of record	19,025	19,233	-1%
Common shares outstanding	77,294,484	75,411,422	+2%
Number of vehicles (d)	168,278	160,188	+5%
Number of employees (d)	37,949	37,336	+2%

\* Certain amounts have been restated for discontinued operations.

- (a) Net loss for 1993 includes an after tax charge of \$25 million for the cumulative effect of a change in accounting and an after tax charge of \$169 million related to the discontinued aviation services subsidiaries. Net earnings for 1992 include an after tax gain of \$6 million on the final disposition of the discontinued aircraft leasing business. See "Notes to Consolidated Financial Statements" for additional discussion.
- (b) Excludes the cumulative effect of a change in accounting and special charges and gains related to discontinued operations.
- (c) On December 7, 1993, the company completed the spin off of its aviation services subsidiaries by distributing to common stockholders one share of Aviall, Inc. common stock valued at \$16.25 for each four Ryder System, Inc. common shares owned. The high and low presented for 1993 were the values of the company's common stock after the spin off. The high and low for 1993 prior to the spin off were 33 1/2 and 26 1/4, respectively.
- (d) Excludes discontinued operations.

#### LINES OF BUSINESS

(In thousands)	1993	1992*	1991*	1990*	1989*
<b>REVENUE:</b>					
Vehicle Leasing & Services	\$3,596,803	3,384,952	3,229,437	3,285,742	3,154,799
Automotive Carriers	634,634	651,216	645,051	688,971	716,147
Other	-	-	-	3,267	45,269
Intersegment	(14,407)	(16,493)	(23,154)	(27,956)	(27,152)
<b>Total</b>	<b>\$4,217,030</b>	<b>4,019,675</b>	<b>3,851,334</b>	<b>3,950,024</b>	<b>3,889,063</b>
<b>EARNINGS FROM CONTINUING OPERATIONS</b>					
<b>BEFORE INCOME TAXES:</b>					
Vehicle Leasing & Services	\$ 205,364	135,291	52,511	79,711	17,254
Automotive Carriers	31,955	48,220	24,318	22,604	20,340
Other	(27,543)	(17,966)	(16,350)	(3,625)	16,496
<b>Total</b>	<b>\$ 209,776</b>	<b>165,545</b>	<b>60,479</b>	<b>98,690</b>	<b>54,090</b>

\* Certain amounts have been restated for discontinued operations.

## LETTER TO SHAREHOLDERS

(Photo)

### **M. Anthony Burns**

1993 was a good year for Ryder. Culminating with the December spin off of Aviall, Inc., we completed the transition of the company into a more clearly defined, focused highway transportation services company. We have a sharper vision and are more productive and efficient. The results confirm that we are on the right track.

In 1992, we established a Strategy Council in the company, composed of 13 senior executives. The Council meets regularly to review and develop strategic consensus, then supervise implementation of key strategies for the future direction of the company.

One of our earliest decisions was to establish a vision for the company. Our vision is to provide Ryder customers with the best transportation services in the world. The fact that the vision statement mentions customers early is no accident. Our customers come first in everything that we do. In today's market, customers are seeking greater value, so only by creating customer value can we create shareholder value and reach our goal of 17% return on equity in the mid 1990s.

Another key action of the Strategy Council was the identification of Ryder's core competencies: asset management and logistics. In these competencies we feel we have unique advantages that we can leverage for competitive advantage in the changing marketplace.

### **CONTINUING PROGRESS IN 1993**

In 1993, we had four key goals: improve our aviation business, accelerate the growth in Dedicated Logistics, grow full service truck leasing in an increasingly competitive marketplace and set the stage for international expansion. Those were important goals, and we made significant progress toward their achievement.

The 1993 restructuring of Aviall, Inc. improved the aviation business and the successful December spin off completed the transition that clearly focuses Ryder on leveraging its core competencies in highway transportation services.

Our second goal was to accelerate the growth in Ryder Dedicated Logistics, and we did. The dedicated logistics market is very large and growing rapidly, and we are a market leader. To continue to be a leader in the market, we are recruiting, selecting, training and developing excellent people in sales and marketing, logistics and systems, and operations. We are upgrading our sales and marketing systems, and we are continuing to invest in our logistics and information systems.

In 1993, Ryder Dedicated Logistics' revenue and profits were at record levels, as were sales. This business unit accounted for more than \$565 million in revenue, and our goal is to increase revenue by 20% to 30% annually for the next few years.

Our third goal was to grow full service truck leasing. This market is also large and growing, and we are the market leader. We have increased the

(Graph)

## **EARNINGS FROM CONTINUING OPERATIONS**

The company's clear focus on highway transportation services helped improve earnings from continuing operations.

(Graph)

## **VEHICLE LEASING & SERVICES DIVISION EARNINGS BEFORE INCOME TAXES**

Vehicle Leasing & Services 1993 pretax earnings were the highest in division history.

size of our full service leasing sales force, and we've established a new marketing organization which emphasizes better market research and improved market segmentation techniques. We have increased sales and marketing training programs, and we have begun to reengineer many of our internal processes in order to improve customer service and reduce operating costs.

Full service truck leasing revenue, up modestly last year, is heading in the right direction. This business unit had a very strong fourth quarter in 1993, with excellent lease sales.

Finally, we wanted to set the stage for international expansion. The international market for our services is also large and growing. Our operations in the United Kingdom have improved, and we see opportunities elsewhere in Europe and in the Americas to leverage our U.S. strength. We plan to take advantage of new opportunities that are now available to us as a result of the North American Free Trade Agreement (NAFTA), and we will also evaluate requests to help some of our current customers as they begin doing business in countries that might not otherwise be of immediate interest to us.

During 1993, we put our International management team in place. That team is developing the strategic plan for international expansion and will implement it.

In 1993, we also saw Ryder Consumer Truck Rental return to profitability. A focused organization, newer equipment, a new information system -- RyderFIRST(R) -- and enhanced marketing and advertising all contributed to greatly improved vehicle utilization. Similarly, Commercial Truck Rental achieved its best vehicle utilization rate since the mid '80s.

The Automotive Carrier Division showed major improvement toward the end of the year. A restructured organization and increased auto production helped the division's performance.

## **FINANCIALLY STRONG**

We continue to be pleased with the company's financial strength. Our balance sheet, smaller than in recent years, is strong; our debt to equity ratio is good; our 1993 return on equity was over 10% for the first time since 1987; our cost of capital is low and competitive; and our asset turnover is greater than 100%. The spin off of Aviall, in particular, was a positive factor in improving our financial strength. It reduced our cost of capital and it increased our return on equity.

Of course, the proof of our actions is in our earnings. Earnings per share from continuing operations were up 39% in the fourth quarter of 1993, and they were up 22% for the full year. For the Vehicle Leasing & Services Division, 1993's revenue and pretax earnings were the best ever.

## **1994 OBJECTIVES**

Even though 1993 was a good year, we know that we have more work to do. With the goal of increasing

shareholder value by improving customer value, we have four objectives in 1994. Because we feel we are on the right road to increasing value, they are much like our 1993 objectives. We want to explode the growth of Ryder Dedicated Logistics; develop more customized product offerings in full service truck leasing to increase growth; expand internationally; and improve customer service and reduce our costs through aggressive reengineering of our own internal processes.

In today's market, customers are seeking greater value, so only by creating customer value can we create shareholder value and reach our goal of 17% return on equity.

In Dedicated Logistics, we will become the lead logistics provider for more of our customers. We will leverage our systems and expertise to make our customers more productive and increase our participation in this large, rapidly growing market.

In full service truck leasing, we will expand our sales force, increase our knowledge of our customers' distribution needs, increase our training and development activities and improve our technology so that we consistently deliver distinctive customized products and services to convert and retain customers.

Internationally, we are moving forward. We expect to accelerate our growth in the United Kingdom, Germany and Poland and other countries where we may have unique opportunities. Similarly, we are actively looking for opportunities in Mexico in 1994.

Finally, we will move ahead boldly to reengineer our marketing and sales, vehicle maintenance, and administration and finance areas. In 1992, we began to implement RyderFIRST, a \$20 million project that has markedly improved the levels of service we offer to our customers and our dealers and has enhanced the way we do business in consumer truck rental. In 1993, we began a \$27 million project to automate our vehicle maintenance shops and fuel islands. The new systems, now being installed in our shops across the U.S., will improve service to our customers and greatly increase our shop productivity. At its February 1994 meeting, the Board of Directors approved a \$47 million technology project to upgrade important processes in our sales and marketing and finance operations. These systems will make us even more productive, and our customers will benefit from significant improvements in every aspect of our relationships with them.

In addition, we have strategies in place to improve the performance of our Commercial Truck Rental, Consumer Truck Rental and Automotive Carrier businesses.

#### **THEMES FOR LONG-TERM IMPROVEMENT**

As we develop and implement our business strategies, we also seek to build a company that is more

(Graph)

INDEX OF FULL SERVICE TRUCK LEASING CUSTOMER SATISFACTION Customer satisfaction has been improving in recent years. /\*/ Survey not conducted in 1989.

(Graph)

### **AVERAGE ASSET TURNOVER**

Ryder's asset turnover rate demonstrates the

strength of the company's skill at asset management.

(Graph)

### **RETURN ON AVERAGE COMMON EQUITY\***

Return on equity trends show that the company is on target to reach its goal of 17% ROE in the mid 1990s. \*Excludes the cumulative effect of a change in accounting and special charges and gains related to discontinued operations.

dynamic, customer focused and advanced as a whole, and there are three themes that flow throughout the company. They are: improving our marketing and sales, upgrading our information systems and enhancing our organizational effectiveness.

Increased marketing resources will help us stay close to our customers. Our newly formed Marketing Council brings together all of the marketing talent in the organization to clearly understand and address our customers' needs, improve our products and correctly position those products in the marketplace.

We are focusing relentlessly on upgrading and making use of the latest information system technology. Where it makes sense, either operationally or commercially, we are taking advantage of computers and information technology to help drive out costs and improve productivity and service throughout the company.

In the area of human resources, the need for sales training increases as the service offerings become more tailored and complex. The increased use of vehicle electronics challenges us to provide even more training for our service technicians. Management development and personal development are important in maintaining organizational effectiveness and in meeting the challenges of having the right people in the right places at the right time.

### **A BRIGHT FUTURE**

As we look forward, Ryder, its people and its customers face an exhilarating and rewarding future. Ryder is the biggest and best at what it does. We have the resources and the vision to stay ahead of the market in offering new services, new technology and additional information. Reengineering efforts will improve customer service and enhance productivity, which will result in lower customer costs.

With our excellent financial condition and good access to capital, we can continue to expand investments in our base businesses. We intend to be the partner of choice for customers looking to solve transportation and distribution problems. And we expect creating value for our customers to contribute to increasing shareholder value.

Finally, I want to remind our shareholders and our customers that it is Ryder's people who create this value, who implement solutions, who are the company. I wish to extend my sincerest thanks and gratitude to them for their contributions. If Ryder has a secret of success, it is the quality and devotion of its people. With their help and support, we look confidently to Ryder's future.

M. Anthony Burns  
Chairman, President and  
Chief Executive Officer  
February 18, 1994



## **RYDER SYSTEM COMPANY PROFILE**

Our vision is to provide Ryder customers with the best transportation services in the world.

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### **REVENUE SOURCES**

#### **REVENUE OF \$4.2 BILLION**

(Graph)

### **BUSINESS UNIT AND DESCRIPTION**

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(Graph)

#### **FULL SERVICE TRUCK LEASING**

Includes the vehicles and virtually all of the support services a customer needs to operate them

(Graph)

#### **COMMERCIAL TRUCK RENTAL**

Provides vehicles and support services to businesses on a short-term basis, and also supplements the needs of full service lease customers

(Graph)

#### **DEDICATED LOGISTICS**

Provides customers with comprehensive logistics and distribution systems

(Graph)

#### **CONSUMER TRUCK RENTAL**

Rents trucks to do-it-yourself movers and light commercial customers, and manages corporate employee relocations

(Graph)

#### **PUBLIC TRANSPORTATION SERVICES**

Offers school administrators, public transit managers and municipal fleet managers a variety of transportation management, maintenance and service options

(Graph)

#### **AUTOMOTIVE CARRIERS**

Transports new automobiles and trucks from manufacturing plants, railheads and ports to dealers throughout the U.S. and in several Canadian provinces

## **OPERATING DATA**

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- - World's largest full service truck leasing company
- - Over 975 locations in U.S., Canada, Puerto Rico, U.K., Germany and Poland
- - More than 11,100 customers and 78,500 vehicles
  
- - World's largest commercial truck rental company
- - More than 1.7 million truck rental transactions in 1993
- - Over 33,700 trucks, tractors and trailers available for rent
  
- - A leading provider of dedicated logistics services
- - Nearly 350 customers in North America and Europe
- - Serves customers in more than 30 different industries
  
- - A market leader in consumer truck rental
- - 4,600 independent dealers and company-owned locations in North America
- - 33,200 vehicles ranging from 10-ft vans to 24-ft trucks
  
- - Transports over 420,000 students in 19 states every school day
- - Manages or operates 88 public transit systems
- - More than 12,000 buses operated or managed
  
- - North America's largest highway transporter of new automobiles and trucks
- - 5.9 million cars and trucks transported in 1993
- - Serves automotive industry from 89 U.S. and Canadian locations

## **1993 HIGHLIGHTS**

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- - Highest sales in product line's history
- - Achieved highest level of overall customer satisfaction ever
- - Sharpened marketing focus and increased sales force
  
- - 20% increase in the sales force contributed to higher revenue
- - Margin grew more than 40%
- - Increased the number of vehicles and fleet utilization
  
- - 50% larger sales force contributed to record revenue
- - Fastest growing product line, with 1993 revenue of more than \$565 million
- - More than 450 customer locations, some using just-in-time delivery and/or quick response systems
  
- - Profitable in 1993, completing a two-year turnaround
- - Point-of-sale automation contributed to highest level of fleet utilization since 1986
- - Sales of moving aids and accessories grew 28% in 1993
  
- - Profits increased 38% over 1992
- - Over 45% of new contracts represented conversions from school- and public-operated transportation systems
- - Reorganized and consolidated product line management and locations
  
- - Transported half of all General Motors, Chrysler, Toyota and Honda vehicles sold in U.S.
- - Used laser technology to improve equipment design
- - Reorganized and consolidated domestic and Canadian operations to reduce costs and better serve the market

The '90s imperative is improving service to customers while doing more with less to reduce costs and boost profits.

(Photo)

New automated shop systems will enhance customer service by improving maintenance shop productivity.

## **PRODUCTIVITY**

(Photo)

Ask any chief executive or corporate director what's on their minds these days, and more than likely the answer will be "customer service and productivity" - improving service to customers while doing more with less to reduce costs and boost profits.

Growing competition in today's global marketplace and investor pressure to improve profitability are forcing companies of all sizes to refocus their processes and right-size their work forces and asset bases.

Perfect productivity is, of course, a goal that can never be reached. A company continually seeking to increase productivity can always find tasks to be eliminated or jobs to be done better. When it comes to transportation services, that search has often led to Ryder. Ryder's more than 60 years of experience in buying, managing, maintaining and disposing of trucks has relieved customers of these chores, allowing them to focus on the essential elements of designing, manufacturing and selling their products.

### **PRODUCTIVITY THROUGH LOGISTICS**

Among all of Ryder's services, the one that offers customers the greatest productivity improvements is Ryder Dedicated Logistics. Taking all of Ryder's experience in the management and maintenance of vehicles and enhancing it with state-of-

## **CUSTOMER**

### **ACCOUNT MANAGER**

(Graph)

the-art in-bound and out-bound logistics systems and expertise, it provides such customers as General Motors, Chrysler, Dow Jones, Dollar General Stores and scores of others reductions in cost and improvements in efficiency.

The same benefits are provided to customers of Ryder Public Transportation Services. Through its local operating units, Ryder Public Transportation transports more than 420,000 students to school every day in 19 states, manages or operates 88 public transit systems in 28 states and also provides municipal fleet management and maintenance services covering thousands of public-owned vehicles. With its access to Ryder's technology and systems, one of the most important advantages Ryder Public Transportation offers its customers is improved productivity with increased control of operating and administrative costs.

Improving productivity for its customers is also a primary focus of Ryder's Automotive Carrier Division as it strives to drive down customer costs and improve the efficiency of automotive distribution. This division, which transported nearly 6 million cars and trucks for all the major domestic and foreign manufacturers in 1993, has been providing its customers with distribution services longer than any other part of the company.

In recent years, its partnership with the automotive manufacturers has strengthened as both the manufacturers and Ryder have sought to improve productivity. Direct computer links between the manufacturers and Ryder handle a variety of tasks ranging from billing to the transmission of information about vehicles ready for shipment.

While much productivity improvement has been won for both Ryder and its customers, there is much yet to be accomplished. By creatively implementing new technologies, Ryder continues to redefine expectations within the transportation and distribution industries. With this redefinition comes a greater awareness among the senior managers of customers and potential

Ryder's computer architecture is designed for easy interchange of global data and market information that can help make internal processes more efficient, help improve the quality of business decisions, and make Ryder easier to do business with.

customers that their transportation and distribution functions are more than cost centers. They are areas that can be managed, with help from companies like Ryder, to increase productivity and profitability.

### **PRODUCTIVITY INITIATIVES**

Like many of its peers, over the past several years, Ryder, too, has placed increased emphasis on improving productivity -- reviewing, revising and changing many elements of how the company conducts its business.

Compared with Ryder in the mid 1980s, the company today has a flatter, more efficient organization. Employees who have daily customer contact have been empowered to make decisions affecting customer satisfaction. Many parts of the company are undergoing process reengineering in order to increase customer focus, improve service quality and enhance financial performance. A multi-year investment in computers, technology and related training is changing the way the company runs its business,

(Photo)

markets its services, maintains its vehicles and provides services to its customers.

### **EFFICIENT SALES & MARKETING**

With the investments Ryder is making in computer technology, customers can find even greater productivity through their transportation and distribution systems. For example, Ryder sales people are being equipped with notebook computers with which they can analyze customers' -- and potential

Ryder Consumer Truck Rental's new automated management system for dealers is helping to improve both customer service and vehicle utilization.

customers' -- fleet costs. This information, which is developed by combining Ryder's knowledge with cost data supplied by the customer, can assist customers in the improvement of their truck fleet's productivity.

Additional software is being developed which will allow Ryder sales people to involve customers in the preparation of vehicle specifi-

cations right in the customers' offices and immediately begin the purchasing process. Not only will the process begin more quickly and take far less of the sales person's time, but use of the computers will eliminate errors that can result from manual, multi-step order processing and shorten the procurement cycle.

### **AUTOMATING MAINTENANCE**

Similarly, new computer technology is being installed in Ryder's maintenance facilities beginning in 1994. Hand-held computers will allow fuel island attendants to record fueling, mileage and other informa-

(Photo)

New hand-held computers will record vehicle information, capture vehicle maintenance data and help get vehicles back on the road more quickly.

tion more quickly, assuring billing accuracy and timeliness, reducing the time it takes for routine vehicle fueling and servicing, and getting customers' vehicles back on the road more quickly.

Inside the maintenance shops, new automated shop systems will improve customer service by reducing vehicle down time, capturing maintenance-related information about vehicles from the fuel islands' hand-held computers and increasing shop productivity. Inventory management systems will maintain optimum levels of parts and supplies, resulting in lower inventory levels and assuring that parts and service items for customers' vehicles are available when required. Computer-assisted diagnostic systems will enable technicians to accurately diagnose vehicle maintenance problems. State-of-the-art information systems will replace nearly all of the printed manuals and technical information, giving technicians easy to access maintenance information and, in many cases, direct on-line access to manufacturers' own maintenance information systems.

### **TRUCK RENTAL SYSTEMS**

Application of computer technology to the company's consumer and commercial truck rental businesses has already increased productivity while improving customer service.

RyderFIRST(R), the installation of which was completed in 1993, is the first nationwide automation system for dealers in the consumer truck rental industry. Using RyderFIRST, consumer truck rental dealers can provide customers with timely and accurate information on vehicle availability. They can also offer incentive pricing to customers who reschedule their use of a truck from such heavy utilization times as weekends, for example, to midweek days when vehicles are more available.

The system provides Ryder Consumer Truck Rental with timely information for running the business by organizing truck rental reservations, providing sales scripting to improve telephone sales, tracking truck movements and availability and, by communicating with a separate yield management system, allowing immediate updating of rental pricing to manage returns throughout the system.

Computer systems used by Ryder Commercial Truck Rental also facilitate daily operations. In addition, they maintain important information on national customers and others who are frequent renters so that doing business with Ryder is easy and convenient, anywhere in the U.S. and Canada.

Ryder knows how to select vehicle specifications and options, purchase, maintain and dispose of trucks better than any other company in the world.





To improve efficiency, companies are managing their core assets while outsourcing their non-core activities to others, such as Ryder.

(Photo)

Diagnostic computers allow service technicians to retrieve information from vehicles' internal electronic systems.

Efficient management of assets is a key to the success of any business; at Ryder, managing assets is a core competency. Ryder knows how to select vehicle specifications and options, purchase, maintain and dispose of trucks better than any other company in the world. That is an important part of Ryder's success, and it is also an important part of Ryder's contribution to the success of its customers. More and more, companies are managing the assets at the core of their profitability while outsourcing their non-core activities to others, such as Ryder.

### **SUCCESSFULLY MANAGING ASSETS**

Ryder's assets include a fleet of nearly 170,000 vehicles, more than 1,000 service locations throughout the United States and in Canada, Puerto Rico, the United Kingdom, Germany and Poland, and state-of-the-art computer systems that define and distinguish the company's capabilities.

One of the asset management tools being developed by Ryder is a new simplified asset management system which is being implemented beginning in 1994. When fully operational, the system will enable Ryder sales representatives to work with customers in their own offices to determine availability of vehicles to fill customer requirements, help determine whether customers should retain existing vehicles or lease new ones and, ultimately, help show how Ryder's transportation, distribution and logistics capabilities can best serve customers' needs.

### **TRUCK PURCHASING MADE EASY**

Ryder's asset management expertise is available to customers who lease trucks from Ryder or who contract with Ryder to provide some or all of their logistics needs. Simply eliminating the need to go through the

Ryder safety programs have helped reduce injuries and accidents for both employees and customers.

process of purchasing trucks is a major advantage to Ryder customers, and the company's more than 60 years of experience offers a real advantage in recommending the most appropriate vehicles for each customer's situation. A different vehicle would be recommended, for example, for interstate transportation of heavy freight in mountainous terrain than for transportation of similar freight in an urban environment, and the differences between the two vehicles could have significant cost and operating impacts.

### **PROPER MAINTENANCE IS KEY**

Once the vehicles have been purchased, they must be maintained. No organization in the world is better than Ryder at maintaining trucks.

The company's service technicians are continually trained on the latest vehicle maintenance procedures, and with the new automated shop system soon to be operational in each of the service facilities operated by Ryder Commercial Leasing & Services in the U.S. and Canada, vehicle service will become even better. No other vehicle mainte-

Ryder Commercial Truck Rental guarantees customer satisfaction.

nance organization in the world has Ryder's scheduling, inventory management, computer-assisted diagnostics, electronic information and environmental management systems.

Vehicle maintenance and having vehicles available for customers' use are important, so Ryder works with the manufacturers of vehicles and components in a variety of research and development efforts. Belts, hoses, tires, lubricants, engines and other mechanical components are often field tested on Ryder trucks. As a result, Ryder's technicians develop significant knowledge about new designs and materials. This knowledge provides the company with an excellent understanding of maintenance costs, helping Ryder to assure its customers that there will be no maintenance surprises.

Because it has such a large vehicle maintenance operation, Ryder has developed an industry-leading, pro-active environmental management program. The program includes responsible disposal or recycling of such things as tires, batteries, oil, coolants and other vehicle fluids as well as state-of-the-art fuel storage systems. The ambitious goal of the program is 100 percent recycling of all vehicle maintenance waste.

**VEHICLE MANAGEMENT EXPERTISE**

Under its full service leases, Ryder assumes responsibility for appropriate licensing of the vehicles, acquisition of permits from various states in which the vehicles will be operated, payment of taxes, and similar requirements of vehicle operation. Substitute and additional vehicles are available to customers from Ryder's truck rental fleets, and Ryder usually extends insurance coverage and paints vehicles according to customers' preferences. In addition, such things as vehicle washing, tire maintenance and related services are also included.

Beyond those strictly vehicle related services, Ryder customers have access to state-of-the-art safety programs, which help to assure that customers' drivers are both qualified and properly licensed to operate the equipment to which they are assigned.

The technology for managing Ryder's large and diverse fleet and the expertise of the people who manage the technology are significant differentiators for Ryder in the marketplace.

**NO VEHICLE DISPOSAL CONCERNS**

Depending on the service in which they are operated, trucks in Ryder's lease and rental fleets seldom are kept longer than four to seven years. Under its full service lease agreements, Ryder typically takes the vehicle residual value risk at the end of the lease, relieving customers of concern about market conditions several years from the time they sign the lease agreement.

Ryder minimizes its risk by maintaining its vehicles in top condition and by operating its own used vehicle sales organization in the U.S. and Canada, where both trucks and school buses are sold. Ryder Road Ready vehicles sold through Ryder centers are regarded as among the best in the market.

In addition to operating its own sales centers, the company has had success over the past few years in exporting used vehicles. A number of vehicles have been exported to Latin America, and some have been sold in Eastern Europe and Africa.

Such creative solutions to the problem of used vehicle disposal are indicative of the importance Ryder places on the active and successful management of assets. The transfer of the benefits of this asset management focus to its customers is an important reason why so many knowledgeable companies choose to do business with Ryder.

Ryder Dedicated Logistics works with customers continuously to improve efficiency and productivity and reduce distribution costs.

**DEDICATED  
LOGISTICS**

Out-bound delivery systems for customers like Xerox involve not only delivery, but also final assembly, installation and initial training for users.

Ryder's most sophisticated service and the one that makes the fullest use of the company's core competencies, including asset management and the application of state-of-the-art technology, is offered by Ryder Dedicated Logistics, a value-added third-party supplier of contract logistics services. Dedicated Logistics brings value to its customers by planning, implementing and controlling the efficient, cost-effective flow and storage of raw materials, in-process inventory, finished goods and related information from the point of origin to the point of consumption. In its most complete form, this service not only relieves a customer of all the burdens of running a transportation system, it also helps a customer develop efficiencies along the entire logistics supply chain. Handling challenges ranging from hiring and managing drivers and the scheduling and transportation of in-bound materials and components through the delivery of the finished product to the end user, dedicated logistics can deliver significant productivity gains and cost savings to customers.

Ryder Dedicated Logistics is the company's fastest growing business unit and is one of the largest presences in its marketplace. Experts predict continued market growth, because rising distribution costs and increased global competition have created new logistics challenges in all industries. Businesses are realizing that outsourcing logistics functions can provide the edge needed to gain such critical competitive advantages as improved customer service, lower overall costs, increased flexibility and enhanced control.

### **RYDER HAS YEARS OF EXPERIENCE**

For over 25 years, Ryder Dedicated Logistics has been successful in assisting other firms with improving their transportation and distribution operations and with lowering their overall cost. Much of this business unit's success has come from its operating philosophy under which its people consider themselves to be more than just their customers' business associates, they consider themselves to be their customers' partners.

In the 1960s, the company began designing and operating dedicated contract carriage systems for

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Just-in-time manufacturing: parts and components for Saturn cars are delivered to the manufacturing plant on strict, carefully planned and controlled schedules.

(Photo)

(Photo)

companies that saw the benefits of outsourcing some or all of their highway transportation requirements. Computer links were established in later years. Among the first electronic data interchange (EDI) "pull" systems were those that allow auto dealers to order parts instantly from manufacturers' regional warehouses. Using unattended nighttime delivery systems, Ryder's dedicated contract carriage operations deliver the parts overnight for use the next day.

More recently, just-in-time in-bound delivery systems with electronic data interchange links were established by Ryder at Saturn's Spring Hill, Tennessee assembly plant, Toyota's Georgetown, Kentucky manufacturing facility and Chrysler's Jeep(R) Grand Cherokee and Dodge Viper plants in Detroit, Michigan.

### **LOGISTICS SOLUTIONS**

Many customers ask Ryder to work with them on highly complex logistics challenges. The relationship usually progresses rapidly to more than simply outsourcing of certain services. It becomes a strategic partnership between the customer and Ryder, which applies its experience and expertise to analyze and reconfigure or create an entire supply chain. That chain might require any number of advanced strategies, including flow-through centers, pool distribution, contract warehousing, continuous replenishment of inventory, just-in-time delivery, quick response systems, EDI and more. The benefits of the new system often include reduction in the customer's inventory levels, an increase in inventory velocity through the customer's pipelines or elimination of unnecessary storage facilities.

Ryder's solution development process begins with a blank sheet of paper. The only "givens" are the requirements of the customer and, often, the customer's customer. By thoroughly studying and understanding the customer's needs, Ryder's logistics analysts can design the optimum solution, incorporating only the assets and capabilities

that are required for efficient and cost effective operation of the system.

As the system is designed, refined and accepted by the customer, measurement and feedback systems are incorporated so that both the customer and Ryder have the tools to assure maximum levels of

Transporting vehicles to dealers from assembly plants, railheads and ports, Ryder is the largest highway transporter of new cars and trucks in the U.S. and Canada.

customer satisfaction and to pursue continuous improvement of the operation. These tools, like the systems themselves, are modified and improved as a routine part of dedicated logistics operations.

### **CUSTOMERS IN MANY INDUSTRIES**

Ryder's expertise in logistics management has been applied to many industries. For example, the company has provided out-bound logistics to Xerox since 1984. The out-bound system combines warehousing, final assembly of Xerox machines, delivery and installation of the equipment and the provision of initial training for the Xerox customer's staff.

For Montgomery Ward and Mervyn's, Ryder utilizes quick response distribution systems, which use EDI systems linked to store sales for inventory replenishment. For Montgomery Ward, Ryder also operates home delivery systems, taking appliances to the homes of the retailer's customers and installing them. The company is also beginning to serve the grocery industry with "efficient consumer response" systems. In all, Ryder provides dedicated logistics services to over 30 industries representing a diverse cross section of business.

### **TECHNOLOGY ADVANTAGES**

Two of the major competitive advantages which Ryder enjoys in the dedicated logistics market are its proprietary software systems and its team of system designers who have the knowledge and experience to apply the systems technology with which to operate,

(Photo)

Ryder transports over 420,000 students every school day for more than 500 school systems.

monitor and measure the performance of logistics systems.

Ryder system-design software, for example, can allow customers to ask "what-if" questions, examining the implications of hundreds of different solutions for their specific needs. The system-design software can be used by a manufacturer to help decide where to locate a new warehouse or it may calculate the costs and service levels associated with an alternative relay routing solution, where an over-the-road truck carries product to local or regional distribution points and locally domiciled trucks handle final delivery. Other software can determine the number, size and type of local delivery trucks needed to complete the system. Using this technology, a relay routing system developed by Ryder Dedicated Logistics for AC Delco, for example, helped reduce the number of warehouses required for distribution of automotive batteries.

### **DEDICATED LOGISTICS DEMAND IS GROWING**

Dedicated logistics is a dynamic, fast-changing business, where Ryder enjoys distinct market leadership. Expansion of Ryder's dedicated logistics business will come from growth of the market, from development of new logistics capabilities, and from transfer of this technology to international markets as opportunities become available. Ryder is already a supplier of dedicated logistics in Canada and the United Kingdom, and these services will continue to be in demand as the global marketplace more fully recognizes the efficiencies and competitive advantages that dedicated logistics systems can offer to sophisticated manufacturers.

## **ROADS TO GROWTH**

21

Pepsi-Cola's fleet of delivery trucks in Warsaw, Poland is maintained by Ryder.



Ryder's strengths in asset management, information technologies and logistics are solid reasons for its standing as the leading highway transportation services company. Those same strengths, plus the company's talented work force, its market leadership in both full service truck leasing and dedicated logistics and its important logistics partnerships with such well-known manufacturers as General Motors, Xerox, Chrysler and others, provide Ryder with a strong foundation upon which to not only continue its industry leadership, but also to grow in both new and existing markets.

### **GROWING IN NEW MARKETS**

With greater emphasis on marketing, the company is developing new services within existing product lines, increasing its presence with a larger and more experienced sales force and exploring opportunities for international growth. The International Division is pursuing opportunities, often with foreign subsidiaries of existing U.S. customers, in Europe and the Americas.

At the request of longtime customer Pepsi-Cola, for example, in 1993, Ryder Transport Services of Germany and Ryder Polska began maintaining a fleet of nearly 70 vehicles operated by Pepsi-Cola in Warsaw, Poland. That agreement followed the opening of Ryder's first location in Puerto Rico earlier in the year to provide full service truck leasing and Ryder Programmed Maintenance for the Pepsi fleet in that area. Similar opportunities exist with other companies that are expanding and strengthening their foreign operations.

Ryder's transportation expertise, distribution technology and record of

Ryder believes that a diversified work force is good business, and it is the company's goal to be a good place to work for all people.

success give the company an important edge for growth in international markets. Application of the technology, however, is not simply a matter of turning on a computer and loading a program. More importantly, it requires properly trained and motivated people who understand how to apply the technology to customers' unique situations. In that area, Ryder is particularly well prepared.

### **TALENTED PEOPLE MAKE THE DIFFERENCE**

Ryder believes that a diversified work force is not only good business, it is the right thing to do. It is the company's goal to be a good place to work for all people, because such traits as intelligence and a willingness to work hard are not defined by race, gender or physical limitation. Competing in the global marketplace, Ryder needs the best human resources available.

The company has developed recruiting and training partnerships with local Urban League affiliates in several U.S. cities and participates in a variety of other minority recruiting activities. It also recruits at colleges and universities where high quality women, Hispanics, African Americans and other minority students are educated, and pursues other avenues to find, recruit and hire the best people. Once the best people are part of the Ryder work force, sophisticated training activities designed to improve the performance and productivity of every employee help assure the quality of both customer services and planning for the company's future.

Its well trained and motivated work force and leading-edge transportation and distribution technology help assure that Ryder will maintain its highway transportation leadership and will grow. With opportunities still emerging in Europe and with the passage of the North American Free Trade Agreement beginning to define new relationships in the Americas, the future will be exciting, indeed.

## **CORPORATE RESPONSIBILITY**

In the communities where employees live and work, Ryder seeks to provide leadership that will make a difference in meeting social needs. The company believes that providing such leadership is not only the right thing to do, but good business as well.

Ryder channels most of its support through the Ryder System Charitable Foundation which the company funds with a portion of its profits. While underwriting a diverse array of projects, the foundation looks most favorably upon those that will bring minorities and the disadvantaged more fully into society's economic mainstream.

Reflecting a growing belief that education provides the best hope, significant disbursements are now made in this area. The most direct forms of educational assistance are the scholarships and financial aid made available to minority students at the community college, undergraduate and graduate school levels. One worthwhile arrangement with the Jackie Robinson Foundation combines college scholarships with internships at Ryder locations.

The foundation renders indirect, though equally valuable, assistance through program funding. Commitments range from an endowed teaching chair at Miami-Dade Community College to general operating support for Florida Memorial College, a predominantly African-American institution. Another important beneficiary is the United Negro College Fund.

Also, Ryder's Matching Gifts Program enables employees to help determine which colleges and universities receive corporate support.

At the K through 12 level, dropout prevention is an important priority. To help combat unacceptably high dropout rates among Hispanics, Ryder teamed up with HISPANIC Magazine to sponsor the 1993 Schools of Excellence awards. These awards pay tribute to five schools nationwide that offer outstanding and unique programs to prepare Hispanic youths for the next century.

In Ryder's home South Florida community, the company supports Dade County Public Schools magnet programs in tourism and international business and finance. These specialized academy programs bridge the gap between the classroom and the workplace.

Another promising educational investment is Impact II, a voice for teachers in the national debate on school reform. This nationwide teachers' organization has issued a declaration of principles as the first step in implementing a teachers' vision of the future of education in America.

To improve the skills of school administrators, 16 chosen annually as Ryder Fellows spend a year in Washington attending the Institute for Educational Leadership's Education Policy Fellowship Program. These mid-career educators explore challenging public policy and leadership questions.

Outside the scope of its foundation grant program, Ryder furnished immediate and substantial aid to victims of 1993's devastating Midwest floods. The company donated cash to the American Red Cross and local United Way organizations and mobilized fleets of trucks in Des Moines, Kansas City and St. Louis to haul needed supplies. Meanwhile, employees in flood areas received assistance from the company's emergency relief fund, established after Florida's Hurricane Andrew.

In every activity, Ryder strives to be a leader in meeting the highest standards of corporate citizenship. The company recognizes the importance of creating opportunities for all people to reach their potential.

**Ryder System, Inc. and Consolidated Subsidiaries****OVERVIEW**

In addition to successfully completing the spin off of its aviation services subsidiaries as a new public company ("Aviall, Inc." or "Aviall") in 1993, the company also continued its strong earnings trend, recording its best results from continuing operations since 1987. In fact, pretax earnings for Vehicle Leasing & Services were the highest in its history. In the accompanying consolidated statements of earnings, Aviall's results of operations have been combined with those of the company's previously discontinued aircraft leasing business and reported as discontinued operations (see the "Discontinued Operations" note to the consolidated financial statements).

The company continued its strong earnings trend, recording its best results from continuing operations since 1987.

Earnings from continuing operations in 1993 increased to \$115 million, or \$1.43 per common share, compared with \$98 million, or \$1.17 per common share in 1992, and \$31 million, or \$0.28 per common share in 1991. The increase in 1993 earnings was primarily attributable to both record revenue and pretax earnings in Vehicle Leasing & Services, partially offset by lower pretax earnings at Automotive Carriers, which included a charge of \$6 million associated with the streamlining of that operation. Earnings comparisons were negatively impacted by the increase in the corporate Federal income tax rate from 34% to 35%, effective January 1, 1993. The higher 1993 income tax rate increased income tax expense \$10 million, or \$0.13 per common share, of which \$8 million relates to a one-time adjustment to accumulated deferred income tax balances.

Revenue in 1993 totaled \$4.2 billion, an increase of \$197 million, or 5%, over 1992. This increase was attributable mainly to improvements in revenue from commercial and consumer truck rental, another year of record revenue from dedicated logistics and a slight increase in revenue from full service lease. These increases were somewhat offset by a revenue decline at Automotive Carriers, due to a decrease in average length of haul combined with extended model changeover periods and the closure of a General Motors assembly plant. In 1992 revenue increased \$168 million, or 4%, compared with 1991. Dedicated logistics led the 1992 increase in revenue followed by smaller increases at most of the company's other businesses.

Operating expense in 1993 increased 5% compared with 1992 due primarily to the company's increased revenue, investments in logistics and other systems technology, reengineering and intensified marketing and sales efforts in Vehicle Leasing & Services. Also contributing to the 1993 increase in operating expense were the Automotive Carriers' streamlining costs and higher levels of corporate spending. Offsetting some of these increases was a \$6 million reduction in workers' compensation expense and a \$10 million decrease in vehicle liability expense as a result of company-wide safety programs and improved experience with prior years' claims. Operating expense in 1992 increased 4% compared to 1991 due primarily to increased revenue, partially offset by a \$22 million reduction in workers' compensation expense.

Depreciation expense (net of gains) in 1993 decreased slightly compared with 1992. This decrease was due to gains on vehicle sales in 1993 which were \$20 million higher than in 1992. Higher gains were primarily due to an increase in the average gain per vehicle sold. Offsetting higher gains was an increase in depreciation due to an increase in the fleet size needed to support higher 1993 revenues. Depreciation expense also decreased in 1992 compared with 1991 due to higher gains on sale of vehicles of \$22 million, which resulted from an increase in the average gain per vehicle sold. An increase in the number of vehicles on operating leases also contributed to the 1992 reduction in depreciation expense.

Interest expense totaled \$125 million in 1993, compared with \$140 million in 1992 and \$167 million in 1991. The 1993 decrease resulted primarily from lower average interest rates on the company's debt. Interest expense in 1992 was lower than the previous year due to both a decrease in debt outstanding and lower interest rates compared with 1991.

Miscellaneous expense totaled \$1 million in 1993, compared with \$3 million in 1992 and \$7 million in 1991. Miscellaneous expense consists primarily of the discount associated with sales of receivables on a revolving basis, offset by net gains associated on the sale of non-operating equipment and property.

The company's effective tax rate for continuing operations was 45.3% in 1993, compared with 40.8% in 1992 and 48.9% in 1991. The increase in the 1993 tax rate resulted primarily from the impact of the increase in the corporate Federal income tax rate, including the one-time adjustment to accumulated deferred tax balances. The decrease in the 1992 tax rate compared with 1991 resulted primarily from the impact of a similar amount of non-deductible expenses on higher pretax earnings, and adjustments made in 1991 to deferred income taxes to reflect higher state income tax rates.

## **ACCOUNTING CHANGES**

Effective January 1, 1993, the company adopted Statement of Financial Accounting Standards No. 106, "Employers' Accounting for Postretirement Benefits Other Than Pensions," and recorded a pretax charge of \$41 million (\$25 million after tax, or \$0.33 per common share) to establish the resulting transition obligation. Expense for postretirement benefits for continuing operations was \$5 million in 1993, compared with \$3 million in both 1992 and 1991 under the previous accounting policy.

The company also adopted Statement of Financial Accounting Standards No. 109, "Accounting for Income Taxes," and Statement of Financial Accounting Standards No. 112, "Employers' Accounting for Postemployment Benefits," effective January 1, 1993. The adoption of these statements did not impact earnings in 1993. However, the company classified its deferred income tax balances in the 1993 balance sheet in accordance with the provisions of Statement No. 109. Prior year financial statements have not been restated.

## **FINANCIAL RESOURCES AND LIQUIDITY**

### **CASH FLOW**

Even with higher levels of capital spending in 1993 and the company's continued investment in various programs designed to improve future profitability, the company's cash needs continued to be funded internally through operations, sales of revenue earning equipment and in 1993, through the repayment by Aviall of its net indebtedness to Ryder at the time of the spin off. Cash flow from continuing operating activities was \$771 million in 1993, compared with \$847 million in 1992 and \$647 million in 1991. The decrease in cash flow from continuing operations in

Even with higher levels of capital spending in 1993 and the company's continued investment in various programs designed to improve future profitability, the company's cash needs continued to be funded internally.

1993 compared with 1992, resulted primarily from several changes in working capital items, partially offset by higher 1993 earnings from continuing operations. The most significant working capital change affecting cash flow comparisons was the impact of a change in the outstanding balance of receivables sold on a revolving basis between December 31, 1991 and 1992, which resulted in \$115 million of additional operating cash flow in 1992. Impacting cash flow comparisons for discontinued operations was the 1993 repayment by Aviall of its net indebtedness to Ryder at the time of the spin off.

Capital expenditures were \$1.2 billion in 1993, compared with \$1.1 billion and \$598 million in 1992 and 1991, respectively. In full service truck leasing, 1993 capital expenditures increased \$157 million compared with 1992, due to an increase in lease sales. Commercial truck rental capital expenditures in 1993 were \$31 million lower than in 1992. Impacting the comparison was unusually high spending in 1992, due to low spending in both 1991 and 1990. Consumer truck rental capital expenditures increased \$33 million in 1993 compared with 1992, as part of a program to increase the size and reduce the average age of the fleet in order to match market demand and reduce maintenance costs.

Cash flow from continuing operating activities (excluding sales of receivables) plus asset sales as a percentage of capital expenditures was 80% in 1993, compared with 89% in 1992 and 143% in 1991. The ratio in 1991 was unusually high due to lower capital requirements in that year.

In 1994, management projects that capital expenditures will increase approximately 10% compared with 1993. The company plans to increase its capital expenditures for full service truck leasing, commercial truck rental and student transportation services. The company expects to fund its 1994 capital expenditures with both internally generated funds and additional financing.

### **FINANCING**

Ryder is a capital intensive company and often depends on external capital. The company has a variety of financing alternatives available to fund its capital needs. These alternatives include long- and medium-term public and private debt, as well as variable-rate financing available through bank credit facilities and commercial paper. The company also periodically enters into sale and leaseback agreements for revenue earning equipment, the majority of which are accounted for as operating leases.

Debt decreased from \$1.7 billion at the end of 1992 to \$1.5 billion at the end of 1993. This reduction was primarily due to the repayment of debt with the proceeds received from Aviall when it repaid its net indebtedness to Ryder at the time of the spin off. During 1993, the company issued \$129 million of fixed-rate unsecured notes. The company also made \$138 million of scheduled unsecured note payments and repaid \$56 million of bankers' acceptances. U.S. commercial paper outstanding at December 31, 1993, was \$84 million, compared with \$95 million at the end of 1992. During the second quarter of 1993, the company redeemed all of its Fixed Rate Auction Preferred Stock (Series A and B) for

\$100 million. The redemption of these securities, which yielded a 10.5% fixed-rate dividend, allowed the company to take advantage of more economical financing alternatives.

As explained in the notes to the consolidated financial statements, the estimated fair value of the company's debt portfolio (excluding capital lease obligations) exceeded its net book value by 10%, or \$150 million, as of December 31, 1993. This difference reflected current market rates which are below the interest rates on much of the company's unsecured fixed-rate debt, most of which was issued during the mid- to late-1980's. Unless the company chooses to buy back its debt, much of which is not callable at par, this excess will be reflected through future interest expense above current market rates. However, the company has entered into various interest rate swap agreements to manage its interest rate exposure in its existing debt portfolio.

At the end of 1993, available committed lines of credit totaled \$609 million. At December 31, 1993, the company had \$871 million of debt securities available for issuance under shelf registrations filed in 1988 and 1992.

The ratio of debt to equity at December 31, 1993 was 155%, compared with 113% at December 31, 1992. The ratio of debt to tangible equity at December 31, 1993 was 202%, compared with 135% at December 31, 1992.

## RESULTS OF OPERATIONS

### VEHICLE LEASING & SERVICES

(In millions)	1993	1992	1991
Revenue	\$3,597	3,385	3,229
Earnings before income taxes	205	135	53

**REVENUE.** Revenue for Vehicle Leasing & Services increased 6% in 1993 compared with 1992. The increase reflected better demand in all of the division's product lines.

Revenue from full service truck leasing increased 2% in 1993 compared with 1992 and was relatively flat in 1992 compared with 1991.

Revenue in 1993 benefited from an increase in lease sales partly offset by prices lower than those of previous years' leases (primarily due to lower implicit interest rates). As a result of the increase in lease sales made in 1993 the average fleet size was 5% higher than the previous year.

Commercial truck rental revenue increased 16% in 1993 compared with 1992, reflecting higher demand as a result of a change in vehicle mix to better match the demands of the market. Also impacting demand in 1993 was the continued improvement in the U.S. economy. To satisfy the higher demand, the average fleet size increased approximately 15% in 1993 compared with 1992. Revenue from commercial truck rental increased 4% in 1992 compared with 1991, primarily as a result of higher demand.

Consumer truck rental revenue increased 8% in 1993, reflecting higher demand for both local and long-distance rentals driven by continued improvement in the U.S. economy, combined with an increase in market share by the product line. Improvements in revenue per transaction also contributed to the increase in revenue for local rentals. Consumer truck rental revenue increased 10% in 1992 compared with 1991, primarily as a result of higher demand for local rentals.

Revenue from dedicated logistics increased 14% in 1993. The revenue increase was attributable to growing customer demand for this product, evidenced by the addition of approximately 90 new accounts during 1993. Investments in logistics technology and intensified marketing and sales efforts continue to drive revenue growth. For the same reasons, dedicated logistics revenue increased 20% in 1992 compared with 1991. Revenue from the division's public transportation services business increased 7% in 1993 compared with 1992, due to higher revenue from new contracts and several small acquisitions made in late 1992. The same business reported revenue that was 19% higher in 1992 compared with 1991, due primarily to a late-1991 public transit contracting acquisition and slightly higher student transportation revenue in 1992.

**EARNINGS BEFORE INCOME TAXES.** Pretax earnings for Vehicle Leasing & Services increased \$70 million in 1993 compared with 1992, the highest earnings in its history. Overall, higher pretax earnings in 1993 were the result of increased revenue, a reduction in workers' compensation and vehicle liability expense, and higher gains on vehicle sales. Offsetting some of these items were investments in reengineering, marketing and sales programs and logistics and other systems technology, all designed to improve the future profitability of the division.

Margin (revenue less direct operating expenses, depreciation and interest expense) for full service truck leasing increased slightly in 1993 as a result of higher revenue, while margin as a percentage of revenue was relatively flat com-

Pretax earnings for Vehicle Leasing & Services increased \$70 million in 1993 compared with 1992, the highest earnings in its history.

pared to the prior year. Full service truck leasing margin in 1992 increased slightly compared with 1991, primarily as a result of lower interest expense and a decrease in workers' compensation expense.

Commercial truck rental margin and its margin as a percentage of revenue increased substantially in 1993, reflecting higher revenue, lower maintenance costs, improved asset utilization and lower interest expense. Lower maintenance costs resulted from a reduction in the average age of the fleet and a shift in fleet mix toward lower maintenance vehicles. Both margin and margin as a percentage of revenue increased significantly in 1992 compared with 1991, primarily as a result of increased revenue, improved utilization and lower interest expense. Consumer truck rental recorded higher margin and an increase in margin as a percentage of revenue in both 1993 and 1992. Most of the improvements in 1993 and 1992 resulted from revenue growth, better asset utilization and improved vehicle liability expense. Also contributing to the improvement in margin for 1993 were lower maintenance costs, primarily due to the decrease in the average age of the fleet.

Dedicated logistics reported higher margin in both 1993 and 1992 as a result of continued growth in revenue. Margin as a percentage of revenue for dedicated logistics was relatively flat for all periods. Margin for the division's public transportation services business increased in 1993 compared with 1992 primarily as a result of higher revenue, a decrease in vehicle liability expense and a slight decrease in workers' compensation expense. Margin for the division's public transportation services business increased in 1992 compared with 1991, as a result of higher revenue.

The impact on pretax earnings in 1993 of higher margin in each of the division's product lines was partially offset by increases in indirect operating expenses. These increases were primarily the result of higher investments in logistics and other systems technology, reengineering, and higher costs associated with intensified marketing and sales efforts. The investments in these programs are designed to improve future profitability. Also positively impacting 1993 results were gains from the sale of vehicles which increased \$21 million. Pretax earnings for the division in 1992 increased \$82 million compared to the prior year, as a result of margin increases, somewhat offset by a slight increase in indirect operating expenses. Gains from the sale of vehicles increased \$22 million in 1992 compared with 1991.

## AUTOMOTIVE CARRIERS

(In millions)	1993	1992	1991
Revenue	\$635	651	645
Earnings before income taxes	32	48	24

REVENUE. Automotive Carriers revenue decreased 2% in 1993 and increased slightly in 1992. Lower 1993 revenue resulted from a decrease in average length of haul, due to more long-haul General Motors shipments going by rail, extended model changeover periods and the closure of a General Motors assembly plant. Partially offsetting these factors was an increase in the number of vehicles shipped by the division, resulting from an increase in domestic automobile sales. Higher revenue in 1992 compared with 1991 reflected a 4% increase in vehicle shipments, resulting from increased domestic automobile sales in 1992, partially offset by a decline in average length of haul.

EARNINGS BEFORE INCOME TAXES. Pretax earnings decreased in 1993 primarily as a result of both the decline in revenue and the impact of a \$6 million charge for the cost of a program to streamline the division's operations. This program resulted in the elimination of numerous salaried positions in order to consolidate certain functional responsibilities and is designed to improve the division's future performance. Pretax earnings were also unfavorably impacted by higher labor costs, primarily driver salaries, with no commensurate increase in rates charged to customers. Also impacting pretax earnings was an increase in cargo damage expense and vehicle liability expense, somewhat offset by a decrease in workers' compensation expense. Despite only a slight improvement in revenue, Automotive Carriers pretax earnings increased substantially in 1992 compared with 1991. The increase in earnings resulted from a decline in cargo damage expense and a decrease in workers' compensation expense primarily as a result of improved experience with prior years' claims.

During 1992, the automobile transport industry reached a four-year agreement (retroactive to June 1, 1991) with the International Brotherhood of Teamsters. Significant provisions of the agreement include wage and benefit increases over the four-year term and certain restrictions on the use of additional non-Teamster drivers to transport automobiles. As a result of these provisions, the division's results for 1993 were negatively impacted by wage and benefit increases.

The division's largest customer, General Motors, accounts for approximately 55% of the division's revenue. In 1992, General Motors commenced several major cost reduction programs, including closing certain assembly plants. The 1993 results have been adversely impacted by some of these programs.

## OTHER

(In millions)	1993	1992	1991
Earnings before income taxes	\$(28)	(18)	(16)

The decline in Other pretax earnings in 1993 resulted primarily from lower reimbursement of corporate administrative costs from the divisions combined with higher levels of corporate spending, including costs associated with establishing an international corporate management team and development of a new strategic planning process.

## **FOREIGN OPERATIONS**

The majority of the company's foreign operations are in Canada and the United Kingdom. These operations are comprised primarily of full service truck leasing, commercial and consumer truck rental, dedicated logistics and automotive carriage. The results of these operations have been included in the Vehicle Leasing & Services and Automotive Carriers discussions above. In 1993, revenue and pretax earnings from foreign operations were \$311 million and \$9 million, respectively, compared with \$336 million and \$7 million in 1992. The 1993 decrease in revenue was due to the strengthening of the U.S. dollar against both the Canadian dollar and British pound during 1993 combined with lower Canadian automotive carriage revenue. The 1993 increase in pretax earnings was primarily attributable to higher gains on the sale of vehicles in 1993 somewhat offset by the strengthening of the U.S. dollar. There are no current legal restrictions regarding the repatriation of cash flows of the foreign operations to the U.S.

## **ENVIRONMENTAL MATTERS**

The operations of the company involve storing and dispensing petroleum products, primarily diesel fuel, regulated under environmental protection laws. These laws require the company to eliminate or mitigate the effect of such substances on the environment. In response to these requirements, the company has upgraded operating facilities and implemented various programs to detect and minimize contamination. Capital expenditures related to these programs totaled approximately \$7 million in 1993. The company expects the level of capital expenditures, primarily related to its underground tank replacement program, to be equal to 1993's level in the near-term. The company incurred \$24 million of environmental expenses in 1993, compared with \$23 million in 1992 and \$22 million in 1991. Based on increasingly stringent standards imposed by governmental regulations, management currently expects that environmental expenses will continue to increase in the near-term.

The ultimate cost of the company's environmental liabilities cannot presently be projected with certainty due to the presence of several unknown factors, primarily the level of contamination, the effectiveness of selected remediation methods, the stage of management's investigation at the individual sites, and the recoverability of such costs from third parties. Based upon information presently available, management believes that the ultimate disposition of these matters, although potentially material to the results of operations in any one year, will not have a material adverse effect on the company's financial condition or liquidity. See the "Environmental Matters" note to the consolidated financial statements for a further discussion.

## **RECENT ACCOUNTING PRONOUNCEMENTS**

See the "Summary of Significant Accounting Policies" note to the consolidated financial statements for a description of new accounting pronouncements and their expected impact on the company.

## **OUTLOOK**

In 1994, the company will focus on four primary strategies designed to maximize shareholder value through long-term revenue growth and profitability. The first of these strategies is to accelerate the growth of our dedicated logistics operations by increasing our investment in sales and marketing, training and new systems technology. Second, the company will continue to emphasize the profitable growth of full service truck leasing through development of customized product offerings. Third, the company will increase its investment in the reengineering of its sales and marketing, maintenance, and finance and administration functions. And finally, the company will continue expansion internationally into high potential countries with high potential customers.

Strong financial results in 1993 along with the successful spin off of Aviall have positioned Ryder for continued earnings growth in 1994.

Strong financial results in 1993 along with the successful spin off of Aviall have positioned Ryder for continued earnings growth in 1994. Continued strong earnings improvement in 1994, however, depends to a great extent on domestic economic growth. The company will continue to focus on maximizing shareholder value by continuing to invest in programs and initiatives that will strongly position the company for the long-term.

## SELECTED FINANCIAL AND OPERATIONAL DATA

Ryder System, Inc. and Consolidated Subsidiaries

(Dollars in thousands)	1993	1992	1991
<b>VEHICLE LEASING &amp; SERVICES</b>			
Revenue:			
Full service lease and programmed maintenance	\$1,749,592	1,718,090	1,725,075
Commercial and consumer rental	935,792	835,722	778,089
Dedicated logistics	569,479	497,509	415,963
Other	558,041	514,326	465,417
Eliminations	(216,101)	(180,695)	(155,107)
Total	3,596,803	3,384,952	3,229,437
Operating expense	2,757,687	2,598,020	2,464,623
Depreciation expense	557,406	536,951	541,716
Gains on sale of revenue earning equipment	(54,084)	(33,525)	(11,396)
Interest expense	128,760	145,336	173,300
Miscellaneous expense, net	1,670	2,879	8,683
Earnings before income taxes	\$ 205,364	135,291	52,511
Fleet size (owned and leased):			
Full service lease	78,544	74,902	72,345
Commercial and consumer rental	67,016	62,924	60,416
Buses operated or managed	12,154	11,860	11,924
Ryder Truck Rental service locations	979	971	938
<b>AUTOMOTIVE CARRIERS</b>			
Revenue	\$ 634,634	651,216	645,051
Earnings before income taxes	\$ 31,955	48,220	24,318
Total units transported (000)	5,934	5,871	5,664
Total miles traveled (000)	238,840	247,034	247,823
Auto transports:			
Owned and leased	4,131	4,237	4,326
Owner-operators	505	508	517
Locations	89	92	89



## REPORT OF MANAGEMENT

### To the Shareholders of Ryder System, Inc.:

The financial information in this annual report has been prepared by the management of Ryder System. Management is responsible for the fair presentation of the financial statements of the company in accordance with generally accepted accounting principles and for the objectivity of key underlying assumptions and estimates.

Ryder System maintains a dynamic system of internal controls to provide reasonable assurance that assets are safeguarded and transactions are properly authorized, recorded and reflected in the financial statements. This system is continually reviewed, evaluated and revised to reflect changes in the company and in the businesses in which we operate. One of the key elements of Ryder System's internal financial controls has been the company's success in recruiting, selecting, training and developing professional financial managers who implement and oversee the financial control system.

The board of directors, acting through its audit committee, is responsible for determining that management fulfills its responsibilities in the preparation of financial statements and the financial control of operations. The audit committee is composed solely of outside directors. The committee recommends to the board of directors the appointment of the independent public accountants and meets regularly with management, internal auditors and independent accountants.

Our commitment to social responsibility is a key management principle. Management is responsible for conducting our businesses in an ethical, moral manner assuring that our business practices encompass the highest, most uncompromising standards of personal and business conduct. These standards, which address conflicts of interest, compliance with laws and acceptable business practices, and proper employee conduct are included in our Code of Conduct. The importance of these standards is stressed throughout the company and all of our employees are expected to comply with them.

M. Anthony Burns  
Chairman, President and  
Chief Executive Officer

Edwin A. Huston  
Senior Executive Vice President-Finance  
and Chief Financial Officer

## INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders  
Ryder System, Inc.:

We have audited the accompanying consolidated balance sheets of Ryder System, Inc. and subsidiaries as of December 31, 1993 and 1992, and the related consolidated statements of earnings and cash flows for each of the years in the three-year period ended December 31, 1993. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Ryder System, Inc. and subsidiaries as of December 31, 1993 and 1992, and the results of their operations and their cash flows for each of the years in the three-year period ended December 31, 1993, in conformity with generally accepted accounting principles.

As discussed in the notes to the consolidated financial statements, the Company changed its method of accounting for income taxes and for postretirement benefits other than pensions in 1993.

KPMG Peat Marwick  
Miami, Florida  
February 7, 1994

	Years ended December 31		
(In thousands, except per share amounts)	1993	1992	1991
REVENUE	\$4,217,030	4,019,675	3,851,334
Operating expense	3,338,477	3,164,775	3,038,418
Depreciation expense, net of gains	543,338	547,013	577,994
Interest expense	124,789	139,664	167,346
Miscellaneous expense, net	650	2,678	7,097
	4,007,254	3,854,130	3,790,855
Earnings from continuing operations before income taxes	209,776	165,545	60,479
Provision for income taxes	95,054	67,495	29,556
Earnings from continuing operations	114,722	98,050	30,923
Earnings (loss) from discontinued operations	(150,713)	25,876	(16,906)
Earnings (loss) before cumulative effect of change in accounting	(35,991)	123,926	14,017
Cumulative effect of change in accounting	(25,433)	-	-
NET EARNINGS (LOSS)	(61,424)	123,926	14,017
Preferred dividend requirements	3,617	10,500	10,500
EARNINGS (LOSS) APPLICABLE TO COMMON SHARES	\$ (65,041)	113,426	3,517
Earnings (loss) per common share:			
Continuing operations	\$ 1.43	1.17	0.28
Discontinued operations	(1.94)	0.34	(0.23)
Cumulative effect of change in accounting	(0.33)	-	-
EARNINGS (LOSS) PER COMMON SHARE	\$ (0.84)	1.51	0.05

See accompanying notes to consolidated financial statements.

	Years ended December 31		
(In thousands)	1993	1992	1991
<b>CONTINUING OPERATIONS</b>			
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Earnings from continuing operations	\$ 114,722	98,050	30,923
Depreciation expense, net of gains	543,338	547,013	577,994
Deferred income taxes	44,905	22,292	(4,200)
Proceeds from sales of receivables	-	115,000	-
Decrease (increase) in receivables	(6,616)	2,282	(80,353)
Decrease (increase) in inventories	881	(4,030)	4,645
Increase in accounts payable	41,738	4,580	36,389
Increase in accrued expenses	7,584	13,909	25,445
Increase in other non-current liabilities	21,255	25,380	46,684
Other, net	3,226	22,126	9,594
	771,033	846,602	647,121
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>			
Debt proceeds	165,503	244,494	344,386
Debt repaid, including capital lease obligations	(295,144)	(533,503)	(755,658)
Preferred stock redeemed	(100,000)	-	-
Common stock issued	37,225	31,242	489
Dividends on common and preferred stock	(50,790)	(55,141)	(54,684)
	(243,206)	(312,908)	(465,467)
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>			
Purchases of property and revenue earning equipment	(1,237,486)	(1,070,472)	(597,750)
Sales of property and revenue earning equipment	224,921	220,334	208,252
Sale and leaseback of revenue earning equipment	-	200,000	113,590
Acquisitions, net of cash acquired	-	(20,525)	(10,200)
Proceeds from businesses sold	-	-	8,027
Other, net	43,840	40,273	20,935
	(968,725)	(630,390)	(257,146)
<b>NET CASH FLOWS FROM CONTINUING OPERATIONS</b>	<b>(440,898)</b>	<b>(96,696)</b>	<b>(75,492)</b>
<b>NET CASH FLOWS FROM DISCONTINUED OPERATIONS</b>	<b>446,842</b>	<b>87,448</b>	<b>41,522</b>
<b>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>5,944</b>	<b>(9,248)</b>	<b>(33,970)</b>
Cash and cash equivalents at January 1	50,747	59,995	93,965
<b>CASH AND CASH EQUIVALENTS AT DECEMBER 31</b>	<b>\$ 56,691</b>	<b>50,747</b>	<b>59,995</b>

See accompanying notes to consolidated financial statements.

	December 31	
(Dollars in thousands, except per share amounts)	1993	1992
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 56,691	50,747
Receivables	197,956	191,348
Inventories	52,963	53,844
Tires in service	144,488	123,776
Deferred income taxes	60,326	-
Prepaid expenses and other current assets	89,020	69,282
<b>Total current assets</b>	<b>601,444</b>	<b>488,997</b>
Revenue earning equipment	2,676,047	2,293,854
Operating property and equipment	510,489	504,064
Net assets of discontinued operations	-	910,124
Direct financing leases and other assets	223,374	220,959
Intangible assets and deferred charges	247,034	260,535
	<b>\$4,258,388</b>	<b>4,678,533</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
Current liabilities:		
Current portion of long-term debt	\$ 156,503	169,182
Accounts payable	297,282	253,571
Accrued expenses	514,982	518,389
<b>Total current liabilities</b>	<b>968,767</b>	<b>941,142</b>
Long-term debt	1,374,943	1,499,765
Other non-current liabilities	397,873	335,905
Deferred income taxes	526,624	426,587
Shareholders' equity:		
Preferred stock without par value		
Authorized, 3,800,917; outstanding, 1993 - none; 1992 - 1,000,000	-	98,025
Common stock of \$.50 par value per share		
Authorized, 400,000,000; outstanding, 1993 - 77,294,484;		
1992 - 75,411,422 (exclusive of 7,883,291 treasury shares)	508,832	463,315
Retained earnings	496,623	924,812
Translation adjustment	(15,274)	(11,018)
<b>Total shareholders' equity</b>	<b>990,181</b>	<b>1,475,134</b>
	<b>\$4,258,388</b>	<b>4,678,533</b>

See accompanying notes to consolidated financial statements.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**Ryder System, Inc. and Consolidated Subsidiaries**

**December 31, 1993, 1992 and 1991**

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**BASIS OF CONSOLIDATION.** The consolidated financial statements include Ryder System, Inc. and subsidiaries. All significant intercompany transactions have been eliminated in consolidation.

**REVENUE RECOGNITION.** Lease revenue and other transportation services revenue is recognized as earned.

**CASH EQUIVALENTS.** All investments in highly liquid debt instruments with a maturity of three months or less at purchase are classified as cash equivalents.

**INVENTORIES.** Inventories which consist primarily of fuel and truck parts are valued using the lower of cost (specific identification or average cost) or market.

**REVENUE EARNING EQUIPMENT, OPERATING PROPERTY AND**

**EQUIPMENT AND DEPRECIATION.** Revenue earning equipment, principally vehicles, and operating property and equipment are stated at cost. Provision for depreciation and amortization on substantially all depreciable assets is computed using the straight-line method. Gains on operating property and equipment sales are reflected in miscellaneous expense. Gains on sales of revenue earning equipment, net of costs incurred in preparing the equipment for sale, are reported as reductions of depreciation expense and totaled \$55 million, \$34 million and \$12 million in 1993, 1992 and 1991, respectively.

**INTANGIBLE ASSETS.** Intangible assets consist principally of goodwill totaling \$215 million in 1993 and \$225 million in 1992. These amounts are reported net of accumulated amortization of \$57 million and \$50 million, respectively. Goodwill is amortized on a straight-line basis primarily over 40 years. Goodwill was reduced by \$1 million in 1993 and \$6 million in 1992 as a result of the recognition of tax benefits associated with prior year acquisitions. The company continually reevaluates the propriety of the carrying value of intangibles as well as the amortization periods to determine whether current events and circumstances warrant an adjustment to the carrying value or a revision to estimated useful lives.

**ACCRUED INSURANCE AND LOSS RESERVES.** The company retains a portion of the risk under vehicle liability, workers' compensation and other insurance programs. In addition, the company has indemnified the buyer of its reinsurance operations (sold in 1989) from adverse loss development in excess of loss reserves transferred to the buyer. Reserves have been recorded which reflect the undiscounted estimated liabilities including claims incurred but not reported. Amounts estimated to be paid within one year have been classified as accrued expenses with the remainder included in other non-current liabilities.

**ACCOUNTING CHANGES.** Effective January 1, 1993, the company adopted Statement of Financial Accounting Standards No. 106, "Employers' Accounting for Postretirement Benefits Other Than Pensions" and Statement No. 109, "Accounting for Income Taxes." The company also adopted Statement No. 112, "Employers' Accounting for Postemployment Benefits," effective January 1, 1993, which applies to employers who provide certain benefits to former or inactive employees after employment but before retirement. The statement requires that the cost of such benefits be recognized over the service period of employees as these benefits vest or accumulate. The adoption of this statement did not impact the company's financial position or results of operations.

In June 1993, the Financial Accounting Standards Board issued Statement No. 116, "Accounting for Contributions Received and Contributions Made." The statement applies to all entities that receive or make contributions. The company makes contributions both directly and through the Ryder System Charitable Foundation. The statement requires that promises to make contributions be recognized in the financial statements as an expense and a liability when a promise is made. The provisions of this statement must be adopted for fiscal years beginning after December 15, 1994. Based on the company's current level of charitable commitments, the adoption of this statement is not expected to have a material effect on the company's financial position or results of operations.

**FOREIGN EXCHANGE.** The company's foreign operations use the local currency as their functional currency. For these companies, the impact of currency fluctuation is included in stockholders' equity as a translation adjustment.

**INTEREST RATE SWAP AGREEMENTS.** The company enters into interest rate swap agreements to manage its third-party interest rate exposure. Amounts to be paid or received under the agreements are recognized over the terms of the agreements as adjustments to earnings. Although the company is exposed to credit loss for the interest rate differential in the event of nonperformance by the financial institutions which are counterparties to the agreements described above, it does not anticipate nonperformance by the counterparties. The company had interest rate swap agreements outstanding at December 31, 1993 and 1992 with aggregate notional amounts of \$315 million and \$215 million, respectively. These swaps mature at various dates through 2003. The estimated fair value of these swaps at December 31, 1993 and 1992, was an asset of \$4 million and a liability of \$0.7 million, respectively.

The estimated fair value of the swaps was determined from dealer quotations and represents the estimated amount the company would receive or pay to terminate the agreements.

## SALES OF RECEIVABLES

The company participates in an agreement to sell, with limited recourse, undivided percentage ownership interests in certain trade receivables. The agreement allows the company to sell up to \$220 million of such interests on a revolving basis through September 1995. The costs associated with this program approximate the costs of issuing commercial paper and are charged to miscellaneous expense. At both December 31, 1993 and 1992, the outstanding balance of receivables sold pursuant to this agreement was \$220 million.

## DISCONTINUED OPERATIONS

On December 7, 1993, the company completed the spin off of its aviation services subsidiaries as a new public company ("Aviall, Inc." or "Aviall"). Under the terms of the spin off, the company distributed to common stockholders one share of Aviall, Inc. common stock for each four Ryder System, Inc. common shares owned. The distribution had the effect of reducing the company's retained earnings by \$314 million. In the fourth quarter of 1990, the company discontinued its aircraft leasing business, which included aircraft and other assets. The company completed its disposition of this business in 1992.

In the accompanying consolidated statements of earnings, Aviall's results of operations have been combined with those of the company's previously discontinued aircraft leasing business and reported as discontinued operations. The net assets of Aviall have been segregated in the 1992 consolidated balance sheet.

The results of discontinued operations are summarized below:

(In thousands)	Period Ended December 7	Years ended December 31	
	1993	1992	1991
Net sales	\$1,086,600	1,171,847	1,209,765
Earnings (loss) from operations before income taxes and disposition gain (loss)	\$ (191,874)	33,099	54,396
Income tax benefit (provision)	41,161	(13,223)	(19,599)
Earnings (loss) from operations before disposition gain (loss)	(150,713)	19,876	34,797
Estimated gain (loss) on disposition	-	9,272	(80,000)
Income tax benefit (provision)	-	(3,272)	28,297
Net gain (loss) on disposition	-	6,000	(51,703)
Earnings (loss) from discontinued operations	\$ (150,713)	25,876	(16,906)

The loss from discontinued operations in 1993 includes an after tax charge of \$169 million (\$2.18 per common share). This charge includes \$76 million for the planned disposition of certain businesses; \$49 million for the write off of goodwill associated with those dispositions; \$35 million for the consolidation of some aviation facilities; and \$9 million for transaction costs associated with the spin off.

The 1991 results of discontinued operations include an after tax charge of \$52 million (\$0.70 per common share) related to revised estimates of aircraft disposition losses. Results of discontinued operations for 1992 include an after tax gain of \$6 million (\$0.08 per common share) on the final disposition of the discontinued aircraft leasing business. The gain resulted from higher proceeds from the sale of aircraft and lower operating costs than anticipated.

Interest expense was allocated to the discontinued businesses based upon an assumed debt to equity ratio consistent with other similar businesses and with the company's historical interest allocation method for segment reporting. Interest expense of \$24 million, \$33 million and \$36 million was included in the operating results of discontinued operations for 1993, 1992 and 1991, respectively.

The company will continue to guarantee, for a limited period, approximately \$25 million of Aviall's indebtedness to the European Investment Bank in exchange for a customary guarantee fee. In addition, the company entered into a formal tax sharing agreement with Aviall that provides that Aviall will, to the extent not previously paid to the company, be liable for all Federal, state, local and foreign tax liabilities which are attributable to Aviall through the distribution date. The amounts owed to the company from Aviall under this agreement totaled approximately \$8 million, and have been included in prepaid expenses and other current assets in the 1993 consolidated balance sheet.

## REVENUE EARNING EQUIPMENT

(In thousands)	1993	1992
Full service lease	\$ 2,361,684	2,077,607
Commercial and consumer rental	1,728,299	1,539,678
	4,089,983	3,617,285

Accumulated depreciation	(1,636,778)	(1,563,751)
-----		
	2,453,205	2,053,534
-----		
Other revenue earning equipment	694,139	681,184
Accumulated depreciation	(471,297)	(440,864)
-----		
	222,842	240,320
-----		
	\$ 2,676,047	2,293,854
=====		

## OPERATING PROPERTY AND EQUIPMENT

(In thousands)	1993	1992
Land	\$ 108,209	108,330
Buildings and improvements	409,028	398,391
Machinery and equipment	323,359	297,472
Other	72,825	62,610
	913,421	866,803
Accumulated depreciation	(402,932)	(362,739)
	\$ 510,489	504,064

## ACCRUED EXPENSES AND OTHER NON-CURRENT LIABILITIES

(In thousands)	1993	1992
Salaries and wages	\$ 104,787	101,512
Employee benefits	13,527	17,339
Interest	29,578	32,393
Operating taxes	61,898	56,540
Insurance and loss reserves	382,607	385,168
Postretirement benefits other than pensions	47,076	10,485
Other	273,382	250,857
	912,855	854,294
Less - non-current portion	(397,873)	(335,905)
Accrued expenses	\$ 514,982	518,389

## ACQUISITIONS

The company completed a number of acquisitions during the two-year period ended December 31, 1992 accounted for using the purchase method. Acquisitions during this period were not material in relation to the company's total assets. The consolidated financial statements reflect the results of operations of the acquired businesses from the acquisition dates. Had the acquisitions been consummated at January 1, 1991, consolidated revenue and net earnings for the two-year period would not have been materially affected.

The fair value of assets acquired and liabilities assumed in connection with these acquisitions follows:

(In thousands)	1993	1992	1991
Working capital	\$ -	435	2,168
Goodwill	-	3,072	3,503
Other net assets	-	17,173	6,563
Debt assumed	-	(155)	-
Net assets acquired	\$ -	20,525	12,234

## LEASES

**OPERATING LEASES AS LESSOR.** One of the company's major product lines is full service leasing of commercial trucks, tractors and trailers. The standard full service lease requires the company to furnish the customer a vehicle, together with all services, supplies and equipment necessary for its operation. These services include maintenance, parts, tires, licenses, taxes, a substitute vehicle if needed and, in most cases, fuel. The agreements provide for a fixed time charge plus a fixed per-mile charge and, in some instances, a provision for guaranteed mileage. A portion of these charges is often adjusted in accordance with changes in the Consumer Price Index.

**DIRECT FINANCING LEASES.** The company leases additional revenue earning equipment under agreements that are accounted for as direct financing leases. The provisions of these lease agreements are essentially the same as operating leases, except some of the direct financing leases contain residual value guarantees. The net investment in direct financing leases consists of:

(In thousands)	1993	1992
Minimum lease payments receivable	\$259,654	254,400
Executory costs and unearned income	(70,387)	(70,461)
Unguaranteed residuals	38,736	34,962



Net investment in direct financing leases	228,003	218,901
Current portion included in receivables	43,143	43,152
-----		
Non-current portion included in other assets	\$184,860	175,749
=====		

OPERATING LEASES AS LESSEE. The company leases vehicles, facilities and office equipment under operating lease agreements. The majority of these agreements are vehicle leases which specify that rental payments be adjusted every six months based on changes in interest rates and provide for early termination at stipulated values. During 1993, 1992 and 1991, rent expense was \$137 million, \$132 million and \$116 million, respectively.

CAPITAL LEASES. The company enters into vehicle lease arrangements accounted for as capitalized leases. Capital leases entered into during the three-year period ended December 31, 1993, were not material. Capital leases are amortized over the effective economic lease term. At December 31, 1993 and 1992, the investment in capitalized lease equipment net of accumulated amortization was \$28 million and \$50 million, respectively.

LEASE PAYMENTS. Future minimum payments for leases in effect at December 31, 1993, which include an estimate of the future fixed time and guaranteed mileage charges for operating leases as lessor, are as follows:

(In thousands)	As Lessor		As Lessee	
	Operating Leases	Direct Financing Leases	Operating Leases	Capital Leases
1994	\$ 684,567	61,954	125,142	14,176
1995	541,929	54,038	120,542	5,615
1996	400,713	44,331	108,830	5,700
1997	277,149	34,497	74,551	3,523
1998	164,625	22,568	66,215	3,286
Thereafter	105,058	42,266	65,932	3,022
	\$2,174,041	259,654	561,212	35,322
Portion representing interest				(6,856)
Present value of minimum lease payments				\$28,466

The amounts on the previous table are based upon the assumption that revenue earning equipment will remain on lease for the length of time specified by the respective lease agreements. This is not a projection of future fixed lease revenue; no effect has been given to renewals, new business, cancellations or future rate changes.

### INCOME TAXES

Effective January 1, 1993, the company adopted Statement of Financial Accounting Standards No. 109, "Accounting for Income Taxes." Under this method, deferred tax assets and liabilities are determined based upon differences between financial reporting and tax bases of assets and liabilities and are measured using the enacted tax rates and laws that will be in effect when the differences are expected to reverse.

Additionally, deferred tax balances are adjusted in periods that include the enactment of tax rate changes. The adoption of this statement, which was made on a prospective basis, did not have a material impact on the company's financial condition or results of operations. The company classified its deferred income tax balances in accordance with the provisions of the statement in the 1993 consolidated balance sheet. Prior to 1993, the company followed the accounting for income taxes prescribed by Statement No. 96.

The total provision for income taxes (excluding taxes related to discontinued operations and cumulative effect of change in accounting) includes the following components:

(In thousands)	1993	1992	1991
Current tax expense:			
Federal	\$45,557	31,648	24,908
State	3,563	13,841	8,044
Foreign	1,029	(286)	804
	50,149	45,203	33,756
Deferred tax expense:			
Federal	28,836	20,825	(6,391)
State	11,332	(3,041)	541
Foreign	4,737	4,607	2,233
	44,905	22,391	(3,617)
Amortization of deferred investment tax credits	-	(99)	(583)
Provision for income taxes	\$95,054	67,495	29,556

A reconciliation of the Federal statutory tax rate with the effective tax rate for continuing operations follows:

	% of Pretax Income		
	1993	1992	1991
Statutory rate	35.0	34.0	34.0
Impact on deferred taxes for changes in tax rates	3.7	-	3.6
State income taxes, net of Federal income tax benefit	4.6	4.3	5.0
Amortization and write down of goodwill,			

net of benefits realized from business sold	1.0	1.0	0.9
Miscellaneous items, net	1.0	1.5	5.4
-----			
Effective rate	45.3	40.8	48.9
=====			

The significant temporary differences which gave rise to the net deferred income tax liability as of December 31, 1993 pursuant to Statement No. 109, were as follows:

(In thousands)	1993
-----	
Deferred income tax assets:	
Accrued insurance and loss reserves	\$ 145,719
Alternative minimum taxes	34,869
Accrued compensation & benefits	37,191
Accrued reserves and other items	63,027
-----	
	280,806
Valuation allowance	(5,723)
-----	
	275,083
-----	
Deferred income tax liabilities:	
Property and equipment basis differences	(672,341)
Other items	(69,040)
-----	
Deferred income tax liabilities	(741,381)
-----	
	\$(466,298)
=====	

At December 31, 1992, the company's deferred income tax liability reflected the impact of "temporary differences" between the amount of assets and liabilities for financial reporting purposes and such amounts for tax purposes as determined pursuant to Statement No. 96. The most significant type of

temporary difference that gave rise to these deferred tax liabilities related to higher tax depreciation over book depreciation. This was partially offset by the temporary difference created by expenses for book purposes being in excess of amounts currently deductible for tax purposes (primarily accrued insurance and loss reserves).

Deferred taxes have not been provided on temporary differences related to investments in foreign subsidiaries that are considered permanent in duration. These temporary differences consist primarily of undistributed foreign earnings of \$47 million at December 31, 1993. A full foreign tax provision has been made on these undistributed foreign earnings. Determination of the amount of deferred taxes on these temporary differences is not practicable due to foreign tax credits and exclusions.

The company had unused investment tax credits, for tax purposes, of \$3 million and unused alternative minimum tax credits, for tax purposes, of \$35 million at December 31, 1993, available to reduce future income tax liabilities. The investment tax credits are expected to be utilized before their expiration, ranging from 1997 to 1998, and have been reflected in the financial statements as a reduction of deferred income taxes. Income taxes paid totaled \$52 million in 1993, \$44 million in 1992 and \$41 million in 1991 and include amounts related to both continuing and discontinued operations.

## DEBT

(In thousands)	1993	1992
U.S. commercial paper	\$ 83,500	95,000
Unsecured U.S. term loans	63,411	41,069
Unsecured notes		
Series C, 9.10%	-	13,720
Series E, 8.75% through 1996, due 2000	15,499	15,499
Series G, 9%, due 2016	100,000	100,000
Series H, 8.375%, due 2017	125,000	125,000
Series J, 8.75%, due 2017	100,000	100,000
Series K, 9.875%, due 2017	100,000	100,000
Series L, 9.375%, due 1998	100,000	100,000
Series M, 9.2%, due 1998	200,000	200,000
Series N, 9.25%, due 2001	100,000	100,000
Medium-term notes, 4.94% to 10.08%, due 1994 to 2021	393,300	381,150
Discount on unsecured notes	(22,776)	(23,294)
Capital lease obligations	28,466	62,189
Other	145,046	258,614
Total debt	1,531,446	1,668,947
Less - amount classified as current	156,503	169,182
Long-term debt	\$1,374,943	1,499,765

In 1993, the company redeemed its Series C unsecured notes at par.

Debt maturities (including sinking fund requirements and excluding capital lease obligations) during the five years subsequent to December 31, 1993, are as follows:

(In thousands)	Debt Maturities
1994	\$144,841
1995	70,747
1996	197,161
1997	35,215
1998	387,968

To support the company's outstanding U.S. commercial paper, the company maintains two revolving credit agreements. The primary agreement, with a total commitment of \$500 million, has no expiration date. The second agreement, with a total commitment of \$150 million, expires in December 1994. No compensating balances are required for either of these facilities and the agreements carry annual commitment fees of 1/8% to 1/4%. There were no borrowings under either of these agreements during 1993 or 1992. The company had \$567 million available under these agreements at December 31, 1993. The company also has available other committed lines of credit totaling \$42 million as of December 31, 1993. The weighted average interest rate for outstanding U.S. commercial paper was 3.63% at December 31, 1993.

The primary revolving loan agreement contains the most restrictive covenants as to the payment of cash dividends. As of December 31, 1993, approximately \$90 million of consolidated retained earnings were available for the payment of cash dividends.

The estimated fair value of the company's debt (excluding capital lease obligations) was \$1.65 billion at December 31, 1993 and \$1.69 billion at December 31, 1992. This compares to the net book value of \$1.50 billion at December 31, 1993 and \$1.61 billion at December 31, 1992. The estimated fair value of debt was calculated by discounting future cash flows through estimated maturity using the borrowing rate currently available to the company for debt of similar maturity.

Interest paid totaled \$154 million in 1993, \$187 million in 1992 and \$210 million in 1991 and includes amounts related to both continuing and discontinued operations.



SHAREHOLDERS' EQUITY

(In thousands, except share and per share amounts)	Preferred Stock	Common Stock	Retained Earnings	Translation Adjustment	Total
At December 31, 1990	\$ 98,025	429,470	896,694	4,257	1,428,446
Net earnings	-	-	14,017	-	14,017
Dividends declared:					
Common stock - \$.60 per share	-	-	(44,184)	-	(44,184)
Fixed Rate Auction Preferred Stock (FRAPS) - \$10.50 per share	-	-	(10,500)	-	(10,500)
Common stock issued under employee plans (35,712 shares)	-	489	-	-	489
Foreign currency translation adjustment	-	-	-	(688)	(688)
Other	-	74	-	-	74
At December 31, 1991	98,025	430,033	856,027	3,569	1,387,654
Net earnings	-	-	123,926	-	123,926
Dividends declared:					
Common stock - \$.60 per share	-	-	(44,641)	-	(44,641)
Preferred stock (FRAPS) - \$10.50 per share	-	-	(10,500)	-	(10,500)
Common stock issued under employee plans (1,720,115 shares)	-	31,242	-	-	31,242
Foreign currency translation adjustment	-	-	-	(14,587)	(14,587)
Other	-	2,040	-	-	2,040
At December 31, 1992	98,025	463,315	924,812	(11,018)	1,475,134
Net loss	-	-	(61,424)	-	(61,424)
Dividends declared:					
Common stock - \$.60 per share	-	-	(45,832)	-	(45,832)
Preferred stock (FRAPS) - \$4.96 per share	-	-	(4,958)	-	(4,958)
Aviall, Inc. stock	-	-	(314,000)	-	(314,000)
Redemption of preferred stock (FRAPS) (98,025)	(98,025)	-	(1,975)	-	(100,000)
Common stock issued under employee plans (1,883,062 shares)	-	37,225	-	-	37,225
Foreign currency translation adjustment	-	-	-	(4,256)	(4,256)
Other	-	8,292	-	-	8,292
AT DECEMBER 31, 1993	\$ -	508,832	496,623	(15,274)	990,181

In 1993, the company redeemed all of its outstanding Fixed Rate Auction Preferred Stock (Series A and B) for \$100 million. At December 31, 1993, the company had 77,294,484 Preferred Stock Purchase Rights (Rights) outstanding. The Rights were issued in March 1986 as a dividend to common shares outstanding and expire in 1996. The Rights contain provisions to protect shareholders in the event of an unsolicited attempt to acquire the company which is not believed by the Board of Directors to be in the best interest of shareholders. The Rights are evidenced by common stock certificates, are subject to antidilution provisions, and are not exercisable or transferable apart from the common stock until ten days after a person, or a group of affiliated or associated persons, acquires beneficial ownership of 10% or more, or makes a tender offer for 30% or more, of the company's common stock. The Rights entitle the holder, except such an acquiring person, to purchase at the current exercise price of \$100 that number of the company's common shares which at the time would have a market value of \$200. In the event the company is acquired in a merger or other business combination (including one in which the company is the surviving corporation), each Right entitles its holder to purchase at the current exercise price of \$100 that number of common shares of the surviving corporation which would then have a market value of \$200. In lieu of common shares, Rights holders can purchase 1/150 of a share of Series C Preferred Stock for each Right. The Series C Preferred Stock would be entitled to quarterly dividends equal to the greater of \$10 per share or 150 times the common stock dividend per share, and have 150 votes per share, voting together with the common stock. The Rights have no voting rights and are redeemable, at the option of the company, at a price of \$.033 per Right prior to the acquisition by a person or a group of affiliated or associated persons of beneficial ownership of 10% or more of the company's common stock.

**EMPLOYEE STOCK OPTION AND PURCHASE PLANS**

**OPTION PLANS.** The Profit Incentive Stock Plan provides for the granting of stock options to certain non-officer employees to purchase common shares at prices not less than 85% of the fair market value at the date of grant; all options granted in 1993, 1992 and 1991 were at fair market value. These options are for terms not exceeding 10 years and are exercisable cumulatively 25% or 50% each year, based on the terms of the grant.

The 1980 Stock Incentive Plan provides for the granting of stock options to key employees at a price equal to the fair market value of shares at the date of grant. These options are for terms not exceeding 10 years, are generally exercisable cumulatively 50% each year, and may be granted in tandem with stock appreciation rights, limited stock appreciation rights and perfor-

mance units. The plan also provides for restricted stock rights to these employees at no cost to them; none were granted in 1993, 1992 or 1991. The following table summarizes the status of the company's stock option plans:

(Shares in thousands)	1993	1992	1991
Outstanding, January 1	6,342	6,557	6,036
Average per share	\$23.09	22.37	23.23
Granted	772	840	930
Average per share	\$26.43	23.93	18.75
Exercised	1,305	757	34
Average per share	\$20.32	17.18	13.44
Expired or cancelled	127	298	375
Average per share	\$24.98	24.57	28.10
Adjustment for dividend of Aviall stock	428	-	-
Outstanding, December 31	6,110	6,342	6,557
Average per share	\$22.45	23.09	22.37
Exercisable, December 31	4,901	4,957	4,619
Available for future grant	1,858	903	1,445

During December 1993, the number and exercise price of all options outstanding at the time of the spin off of Aviall were adjusted using a conversion ratio such that: (1) the aggregate difference between the exercise price and the market value of the shares which are subject to the options is unchanged from the same calculation immediately prior to the spin off and (2) the ratio of the exercise price per option to the market value per share is also unchanged.

**PURCHASE PLANS.** The Employee Stock Purchase Plan provides for periodic offerings to substantially all U.S. and Canadian employees to subscribe shares of the company's common stock at 85% of the fair market value on either the date of offering or the last day of the purchase period, whichever is less. The U.K. Stock Purchase Scheme provides for periodic offerings to substantially all U.K. employees to subscribe shares of the company's common stock at 85% of the fair market value on the day prior to the offering. The following table summarizes the status of the company's stock purchase plans:

(Shares in thousands)	1993	1992	1991
Outstanding, January 1	1,784	1,350	1,692
Average per share	\$ 19.79	19.06	19.23
Granted	-	1,745	45
Average per share	\$ -	19.92	14.93
Exercised	641	1,019	2
Average per share	\$ 19.92	19.23	19.23
Expired or cancelled	53	292	385
Average per share	\$ 19.92	19.24	19.23
Adjustment for dividend of Aviall stock	97	-	-
Outstanding, December 31	1,187	1,784	1,350
Average per share	\$ 18.08	19.79	19.06
Exercisable, December 31	1,142	-	1,305
Available for future grant	3,260	3,207	4,660

Shares outstanding at the time of the spin off of Aviall were adjusted using a method similar to the one used for the company's stock option plans.

## PENSION PLANS

The company and its subsidiaries sponsor several pension plans, primarily defined benefit plans, covering substantially all employees not covered by union-administered plans, including certain employees in foreign countries. These plans generally provide participants with benefits based on years of service and career-average compensation levels. Funding policy for these plans is to make contributions based on normal costs plus amortization of unfunded past service liability, but not greater than the maximum allowable contribution deductible for Federal income tax purposes. The majority of the plans' assets are invested in a master trust which, in turn, is primarily invested in listed stocks and bonds. The company also contributed to various defined benefit, union-administered, multi-employer plans for employees under collective bargaining agreements. Total pension expense for 1993, 1992 and 1991 was as follows:

(In thousands)	1993	1992	1991
Company-administered plans:			
Present value of benefits earned during the year	\$ 21,780	20,320	16,966
Interest cost on projected benefit obligation	28,263	25,269	21,895
Return on plan assets:			

Actual	(43,551)	(26,387)	(68,576)
Deferred	11,366	(2,271)	46,837
Other, net	(2,066)	(2,113)	(2,683)
-----			
Union-administered plans	15,792	14,818	14,439
	19,239	19,448	18,356
-----			
Net pension expense	\$ 35,031	34,266	32,795
=====			

Included in the above amounts is the pension expense allocated to discontinued operations totaling \$2 million in 1993, 1992 and 1991. The following table sets forth the plans' funded status at December 31, 1993 and 1992:

(In thousands)	1993	1992
-----		
Plan assets at fair value	\$ 423,636	370,491
-----		
Actuarial present value of service rendered to date:		
Accumulated benefit obligation, including vested benefits of \$376,951 in 1993 and \$288,498 in 1992	(402,560)	(296,749)
Additional benefit based on estimated future salary levels	(56,431)	(45,935)
-----		
Projected benefit obligation	(458,991)	(342,684)
-----		
Projected benefit obligation (in excess of) less than plan assets	\$ (35,355)	27,807
=====		



The following table sets forth the actuarial assumptions used for the company's dominant plan:

	1993	1992
Discount rate for determining projected benefit obligation	7.00%	8.25%
Rate of increase in compensation levels	5.00%	5.00%
Expected long-term rate of return on plan assets	8.50%	8.50%
Transition amortization in years	15	15
Gain and loss amortization in years	9	9

The cumulative effect of the change in the discount rate is included below in unrecognized net gains (losses). The change in the 1993 discount rate is expected to increase pension expense in 1994 by approximately \$8 million.

A reconciliation of the company's prepaid pension expense to the plans' funded status at December 31, 1993 and 1992 is as follows:

(In thousands)	1993	1992
Prepaid pension expense	\$ 5,234	9,064
Unrecognized transition amount	26,276	30,895
Other, primarily unrecognized prior service cost and net gains (losses)	(66,865)	(12,152)
Projected benefit obligation (in excess of) less than plan assets	\$(35,355)	27,807

In connection with the spin off of Aviall, the company agreed to retain the accumulated benefit obligation and associated assets related to participants in the company's primary pension plan who are either present or former employees of Aviall for services rendered through the date of the spin off. The company will treat all present or former employees of Aviall as terminated participants of this plan as of the date of the spin off.

#### POSTRETIREMENT BENEFITS OTHER THAN PENSIONS

The company and its subsidiaries sponsor plans which provide retired employees with certain health care and life insurance benefits. Substantially all employees not covered by union-administered retirement plans are eligible for these benefits. Health care benefits for the company's principal plans are generally provided to qualified retirees under age 65 and eligible dependents. Generally, these plans require employee contributions which vary based on years of service and include provisions which cap company contributions.

Effective January 1, 1993, the company adopted Statement of Financial Accounting Standards No. 106, "Employers' Accounting for Postretirement Benefits Other Than Pensions." The statement requires that the expected costs of health care and life insurance provided to retired employees be recognized as expense during the years employees render service. As a result of adopting this new statement, a pretax charge of \$41 million (\$25 million after tax, or \$0.33 per common share) was recorded as the cumulative effect of a change in accounting principle to establish a liability for the present value of expected future benefits attributed to employees' service rendered prior to January 1, 1993. Under the company's previous accounting policy the cost of these benefits was recognized as expense as claims were incurred. Costs under this method were \$3 million in both 1992 and 1991.

Total periodic postretirement benefit cost for continuing operations in 1993 under the provisions of the new statement included the following components:

(In thousands)	1993
Current year service cost	\$1,360
Interest accrued on postretirement benefit obligations	3,682
Periodic postretirement benefit cost	\$5,042

The company's postretirement benefit plans are not funded. The company's obligation under the plans as of December 31, 1993 for continuing operations is as follows:

(In thousands)	1993
-----	
Accumulated postretirement benefit obligation:	
Retirees	\$27,487
Fully eligible active plan participants	4,401
Other active plan participants	20,697
-----	
	52,585
-----	
Unrecognized net loss	(5,509)
-----	
Accrued unfunded postretirement benefit obligation	\$47,076
=====	

The accumulated postretirement benefit obligation as of January 1, 1993 (initial adoption) and December 31, 1993 was determined using a discount rate of 8.25% and 7.00%, respectively. The annual rate of increase in the per capita cost of covered health benefits was assumed to be 12.5% for 1994. This rate was assumed to decrease gradually to 6% through the year 2003 and remain at that level thereafter. Increasing the assumed health care cost trend rates by 1% in each year would increase the accumulated postretirement benefit obligation as of December 31, 1993 by \$2 million and would not have a material effect on periodic postretirement benefit cost for 1993. The cumulative effect of the change in the discount rate as of December 31, 1993 is included above in unrecognized net loss. The change in the discount rate will not have a material effect on periodic postretirement benefit cost in 1994.

#### **ENVIRONMENTAL MATTERS**

The company's operations involve storing and dispensing petroleum products, primarily diesel fuel. In 1988, the Environmental Protection Agency issued regulations that established requirements for testing and replacing underground storage tanks. The company is involved in various stages of investigation, cleanup and tank replacement in order to comply with the regulations. In addition, the company received notices from the Environmental Protection Agency and others that it has been identified as a potentially responsible party (PRP) under the Comprehensive Environmental

Response, Compensation and Liability Act and the Superfund Amendments and Reauthorization Act and may be required to share in the cost of cleanup of 29 identified disposal sites.

The company records a liability for environmental assessments and/or cleanup when it is probable a loss has been incurred. Generally, the timing of these accruals coincides with the identification of an environmental problem through the company's internal procedures or upon notification from regulatory agencies. The company's probable environmental loss is based on information obtained from independent environmental engineers and/or from company experts regarding the nature and extent of environmental contamination, remedial alternatives available, and the cleanup criteria required by relevant governmental agencies. The estimated costs include anticipated site testing, consulting, remediation, disposal, and post-remediation monitoring, and legal fees, as appropriate, based on information available at that time. These amounts represent the estimated undiscounted costs to fully resolve the environmental matters in accordance with prevailing Federal, state and local requirements based on information presently available. At December 31, 1993, the company had accrued \$45 million for environmental liabilities. The company incurred \$24 million of environmental expenses in 1993, compared with \$23 million in 1992 and \$22 million in 1991. The ultimate costs of the company's environmental liabilities cannot be projected with certainty due to the presence of several unknown factors, primarily the level of contamination, the effectiveness of selected remediation methods, the stage of investigation at the individual sites, the determination of the company's liability in proportion to other responsible parties and the recoverability of such costs from third parties. Based on information presently available, management believes that the ultimate disposition of these matters, although potentially material to the results of operations in any one year, will not have a material adverse effect on the company's financial condition or liquidity.

#### **OTHER MATTERS**

The company is a party to various claims, legal actions and complaints arising in the ordinary course of business. While any proceeding or litigation has an element of uncertainty, management believes that the disposition of these matters will not have a material impact on the financial condition, liquidity or results of operations of the company.

#### **SEGMENT INFORMATION**

The company's operating segments are Vehicle Leasing & Services and Automotive Carriers. Vehicle Leasing & Services offers a variety of truck-related services including full service truck leasing, commercial and consumer truck rental, programmed maintenance service and dedicated logistics. It also operates student transit services and manages and operates public transit services. Automotive Carriers is the largest highway transporter of new cars and trucks in the United States and a major transporter in Canada.

Revenue by segment includes intersegment transactions which are based on substantially the same terms as transactions with unaffiliated customers. These amounts are eliminated in consolidation. Revenue of \$453 million, \$468 million and \$494 million was derived from General Motors in 1993, 1992 and 1991, respectively.

(In thousands)	1993	1992	1991
<b>REVENUE:</b>			
Vehicle Leasing & Services	\$3,596,803	3,384,952	3,229,437
Automotive Carriers	634,634	651,216	645,051
Intersegment	(14,407)	(16,493)	(23,154)
	\$4,217,030	4,019,675	3,851,334
Foreign portion of revenue	\$ 311,265	336,499	326,679
<b>OPERATING PROFIT:</b>			
Vehicle Leasing & Services	\$ 335,793	283,505	234,493
Automotive Carriers	31,832	47,876	22,434
Other	(49)	118	270
Operating profit	367,576	331,499	257,197
Miscellaneous expense, net	(650)	(2,678)	(7,097)
Interest expense	(124,789)	(139,664)	(167,346)
Unallocated corporate overhead expense	(32,361)	(23,612)	(22,275)
Earnings from continuing operations before income taxes	\$ 209,776	165,545	60,479
Foreign portion of operating profit	\$ 26,176	25,692	30,318
Foreign portion of earnings from continuing operations before income taxes	\$ 9,140	6,711	8,245
<b>DEPRECIATION:</b>			
Vehicle Leasing & Services	\$ 557,406	536,951	541,716
Automotive Carriers	39,418	43,155	47,198
Other	1,074	1,144	1,286
Gains on vehicle sales	597,898	581,250	590,200
	(54,560)	(34,237)	(12,206)
	\$ 543,338	547,013	577,994
<b>IDENTIFIABLE ASSETS:</b>			
Vehicle Leasing & Services	\$3,908,931	3,446,998	3,544,169
Automotive Carriers	277,310	303,917	319,844
Other	107,327	61,283	125,413
Eliminations	(35,180)	(43,789)	(103,984)
Net assets of discontinued operations	4,258,388	3,768,409	3,885,442
	-	910,124	958,549
Total assets	\$4,258,388	4,678,533	4,843,991
Foreign portion of identifiable assets	\$ 414,173	394,571	433,979
<b>CAPITAL EXPENDITURES, INCLUDING CAPITAL LEASES:</b>			
Vehicle Leasing & Services	\$1,205,620	1,030,012	554,222
Automotive Carriers	31,045	40,528	43,097
Other	856	494	725
	\$1,237,521	1,071,034	598,044

## QUARTERLY DATA

(In thousands, except per share amounts)	Quarters			
	First	Second	Third	Fourth
Revenue:				
1993	\$999,657	1,080,233	1,043,495	1,093,645
1992	\$950,891	1,035,004	1,005,141	1,028,639
Earnings from continuing operations:				
1993	\$ 19,946	40,744	23,488	30,544
1992	\$ 12,244	34,726	27,378	23,702
Net earnings (loss):				
1993	\$ (1,197)	(122,204)	27,783	34,194
1992	\$ 17,409	37,575	39,138	29,804
Earnings per common share from continuing operations:				
1993	\$ 0.23	0.51	0.30	0.39
1992	\$ 0.13	0.43	0.33	0.28
Net earnings (loss) per common share:				
1993	\$ (0.05)	(1.60)	0.36	0.44
1992	\$ 0.20	0.47	0.49	0.36

Quarterly and year-to-date computations of per share amounts are made independently; therefore, the sum of per share amounts for the quarters may not equal per share amounts for the year.

Net loss in the first quarter of 1993 includes the cumulative effect of a change in accounting resulting in an after tax charge of \$25 million (\$0.33 per common share). See "Summary of Significant Accounting Policies" note for additional discussion.

Net loss for the second quarter of 1993 includes an after tax charge of \$169 million (\$2.18 per common share) related to the discontinued aviation services subsidiaries. Net earnings in the third quarter of 1992 include an after tax gain of \$6 million (\$0.08 per common share) related to the final disposition of the discontinued aircraft leasing business. See "Discontinued Operations" note for additional discussion.

**COMMON STOCK DATA**

At December 31, 1993 and 1992, the company had 77,294,484 and 75,411,422 shares, respectively, of common stock outstanding. Common stock outstanding was exclusive of 7,883,291 common treasury shares at year-end 1992. As of January 31, 1994, there were 19,078 common shareholders. The payment of cash dividends is subject to the restrictions described on page 38.

The company's common shares are traded on the New York Stock Exchange, the Midwest Stock Exchange and the Pacific Stock Exchange and its ticker symbol is "R". Quarterly market price ranges of the common shares and quarterly cash dividends on common shares during 1993 and 1992 were as follows:

	Market Price				Common Share Cash Dividends	
	1993		1992		1993	1992
	High	Low	High	Low		
First quarter	\$32 1/4	27 1/4	25 3/8	19 5/8	.15	.15
Second quarter	31 7/8	26 1/2	27 1/4	22 1/4	.15	.15
Third quarter	33 1/2	27 7/8	26 7/8	22 1/4	.15	.15
Fourth quarter (a)	26 5/8	24 3/4	28 7/8	21	.15	.15

(a) On December 7, 1993, the company completed the spin off of its aviation services subsidiaries by distributing to common stockholders one share of Aviall, Inc. common stock valued at \$16.25 for each four Ryder System, Inc. common shares owned. The high and low presented for the first, second, and third quarter of 1993 represent the values of the company's common stock before the spin off. The high and low for the fourth quarter of 1993 represent the values of the company's common stock after the spin off. The high and low for the fourth quarter prior to the spin off were 31 3/4 and 26 1/4, respectively.

**SUPPLEMENTAL FINANCIAL DATA**

**ELEVEN YEAR SUMMARY**

(Dollars in thousands, except per share amounts)	1993	1992	1991	1990
Revenue	\$4,217,030	4,019,675	3,851,334	3,950,024
Earnings from continuing operations (a):				
Before income taxes	\$ 209,776	165,545	60,479	98,690
After income taxes	\$ 114,722	98,050	30,923	58,632
Per common share	\$ 1.43	1.17	0.28	0.64
Net earnings (loss) (b)	\$ (61,424)	123,926	14,017	42,680
Per common share (b)	\$ (0.84)	1.51	0.05	0.43
Cash dividends per common share	\$ 0.60	0.60	0.60	0.60
Average number of common and common equivalent shares (in thousands)	77,535	75,046	73,837	74,769
Average common equity	\$1,266,715	1,327,624	1,317,888	1,365,269
Return on average common equity (%) (c)	10.2	8.1	4.2	5.0
Book value per common share	\$ 12.81	18.26	17.50	18.06
Market price-high (d)	\$ 26 5/8	28 7/8	21 5/8	23 3/8
Market price-low (d)	\$ 24 3/4	19 5/8	14	12 1/4
Total debt	\$1,531,446	1,668,947	1,988,509	2,402,741
Long-term debt	\$1,374,943	1,499,765	1,742,911	1,883,869
Debt to equity (%)	155	113	143	168
Debt to tangible equity (%)	202	135	176	213
Year-end assets	\$4,258,388	4,678,533	4,843,991	5,263,498
Return on average assets (%) (e)	2.7	2.3	0.5	1.1
Average asset turnover (%) (e)	103.2	104.0	95.2	88.7
Cash flow from continuing operating activities and asset sales	\$ 995,954	1,066,936	855,373	1,093,739
Capital expenditures, including capital leases	\$1,237,521	1,071,034	598,044	787,740
Number of vehicles (e)	168,278	160,188	155,159	160,983
Number of employees (e)	37,949	37,336	35,566	35,591

(a) Earnings from continuing operations for 1989 include a pretax charge of \$83 million (\$52 million after tax or \$0.67 per common share) related to several unusual items, primarily anticipated losses on accelerated vehicle dispositions, changes to prior years' workers' compensation loss reserves and staff and facility reductions. Earnings from continuing operations for 1988 include a pretax charge of \$66 million (\$50 million after tax or \$0.63 per common share) related to provision for business restructurings and revaluation of goodwill.

(b) Net loss for 1993 includes the cumulative effect of a change in accounting resulting in an after tax charge of \$25 million (\$0.33 per common share), and an after tax charge of \$169 million (\$2.18 per common share) related to the discontinued aviation services subsidiaries. Net earnings for 1992 include an after tax gain of \$6 million (\$0.08 per common share), related to the final disposition of the discontinued aircraft leasing business. Net earnings for 1991 and 1990 include after tax charges of \$52 million (\$0.70 per common share) and \$36 million (\$0.48 per common share), respectively, for the discontinuance of the same business. Net earnings for 1989 and 1988 include, in addition to the items discussed in (a) above, after tax extraordinary losses of \$6 million (\$0.08 per common share) and \$19 million (\$0.23 per common share), respectively, related to the early retirement of debt. Also included in 1988 is a one-time favorable adjustment of \$81 million (\$1.02 per common share) for the cumulative effect of a change in accounting for income taxes. Net earnings (loss) for all years include the results of discontinued operations.

(c) Excludes the cumulative effect of a change in accounting and special charges and gains related to discontinued operations.

(d) On December 7, 1993, the company completed the spin off of its aviation services subsidiaries by distributing to common stockholders one share of Aviall, Inc. common stock valued at \$16.25 for each four Ryder System, Inc. common shares owned. The high and low presented for 1993 were the values of the company's common stock after the spin off. The high and low for 1993 prior to the spin off were 33-1/2% and 26-1/4%, respectively.

(e) Excludes discontinued operations.

Average common shares and all per share information have been adjusted for 3% stock dividends in 1983-1984, the March 1985 two-for-one split and the May 1986 three-for-two split, as appropriate.

Ryder System, Inc. and Consolidated Subsidiaries

1989	1988	1987	1986	1985	1984	1983
3,889,063	3,842,724	3,621,526	3,105,632	2,723,705	2,445,038	2,013,734
54,090	167,131	237,560	232,855	188,686	191,125	160,346
31,975	100,249	149,615	139,317	118,496	115,736	98,375
0.31	1.18	1.82	1.80	1.64	1.62	1.39
45,986	197,173	187,113	160,933	125,316	135,908	101,094
0.50	2.40	2.29	2.09	1.73	1.91	1.43
0.60	0.56	0.52	0.44	0.40	0.36	0.36
77,275	79,641	79,621	74,898	72,410	71,226	70,529
1,419,226	1,406,470	1,227,372	957,084	814,897	702,972	597,179
3.1	9.1	14.8	16.3	15.4	16.8	16.9
18.24	18.71	16.75	14.72	12.20	10.84	9.32
31 1/8	32 1/2	43	35 1/2	24 5/8	19 5/8	19 7/8
19 3/4	22 5/8	20	21 1/2	14 5/8	12 3/4	14 5/8
2,674,884	2,576,568	2,614,018	2,037,824	1,553,100	1,055,471	856,849
2,151,411	2,281,604	2,476,715	1,866,980	1,459,235	1,012,054	828,363
180	162	185	164	160	138	132
226	202	232	214	231	151	146
5,690,450	5,639,674	5,450,809	4,526,087	3,643,599	2,718,591	2,243,860
0.5	2.0	3.5	3.6	3.8	4.8	4.7
83.0	83.5	87.2	83.4	87.2	100.6	96.7
1,017,418	1,004,776	1,006,819	891,601	697,987	658,935	584,334
1,032,056	1,120,751	1,157,993	758,450	768,509	865,463	536,263
163,082	162,633	153,848	134,987	109,644	100,654	85,033
37,628	40,625	36,811	30,865	24,624	21,688	22,770

BOARD OF DIRECTORS

M. Anthony Burns  
Chairman, President and  
Chief Executive Officer

Arthur H. Bernstein (1,3)  
President and Chief  
Executive Officer,  
Bancorp Capital Group, Inc.

Edward T. Foote II (2,3)  
President, University of Miami

John A. Georges (1,4)  
Chairman and Chief  
Executive Officer,  
International Paper Company

Vernon E. Jordan, Jr. (1,4)  
Senior Partner, Akin, Gump,  
Strauss, Hauer & Feld

Howard C. Kauffmann (2,4)  
Retired President,  
Exxon Corporation

David T. Kearns (1,3)  
Chairman, New American  
Schools Development  
Corporation and Retired  
Chairman and Chief Executive  
Officer, Xerox Corporation

Lynn M. Martin (2,3)  
Former U.S. Secretary of Labor;  
Chairperson, Deloitte & Touche's  
Council for the Advancement  
of Women; advisor to Deloitte  
& Touche

James W. McLamore (1,4)  
Chairman Emeritus,  
Burger King Corporation

Donald V. Seibert (1,4)  
Retired Chairman of the Board  
and Chief Executive Officer,  
J.C. Penney Company, Inc.

Hicks B. Waldron (2,4)  
Retired Chairman and Chief  
Executive Officer,  
Avon Products, Inc.

Alva O. Way (2,3)  
Chairman of the Board,  
IBJ Schroder Bank  
and Trust Company

Mark H. Willes (2,3)  
Vice Chairman,  
General Mills, Inc.

- (1) Audit Committee
- (2) Compensation Committee
- (3) Finance Committee
- (4) Committee on Directors and  
Public Responsibility

(Photo)

(Photo)

(Left to right) Alva O. Way, Lynn M.  
Martin, M. Anthony Burns, Mark H.  
Willes

(Left to right) John A. Georges, Hicks B.  
Waldron, Vernon E. Jordan, Jr.

(Photo)

(Photo)

(Left to right) James W. McLamore,  
Donald V. Seibert, Howard C. Kauffmann

(Left to right) Edward T. Foote II,  
David T. Kearns, Arthur H. Bernstein



## CORPORATE MANAGEMENT

M. Anthony Burns  
Chairman, President and  
Chief Executive Officer

James M. Herron  
Senior Executive Vice President  
and General Counsel

Edwin A. Huston  
Senior Executive Vice President-  
Finance and Chief Financial  
Officer

Wendell R. Beard  
Executive Vice President-  
Office of the Chairman

C. Robert Campbell  
Executive Vice President-  
Human Resources and  
Administration

Anthony G. Tegnella  
Senior Vice President and  
Controller

R. Ray Goode  
Senior Vice President-  
Public Affairs

Steven R. Goldberg  
Vice President and Treasurer

Joshua High  
Vice President-Corporate Tax

J. Wayne Johnson  
Vice President-Risk Management

Dennis M. Klinger  
Vice President-Management  
Information Systems

Lisa A. Rickard  
Vice President-Federal Affairs

Fred Ray Stuever  
Vice President-Environment,  
Health and Safety

H. Judith Chozianin  
Secretary

## EXECUTIVE COMMITTEE

(Photo)

(Left to Right) Randall E. West, C. Robert Campbell, Dwight D. Denny, James B. Griffin, Edwin A. Huston, R. Ray Goode, Gerald R. Riordan, Wendell R. Beard, M. Anthony Burns, James M. Herron, Larry S. Mulkey

DIVISION MANAGEMENT

VEHICLE LEASING &  
SERVICES DIVISION

RYDER COMMERCIAL  
LEASING & SERVICES  
President  
Dwight D. Denny

Senior Vice President-  
Marketing and Sales  
J. Ernie Riddle

Vice Presidents  
& General Managers  
Joel E. Biggerstaff  
(Southeast Region)  
Christopher H. Culley  
(Mid West Region)  
Robert A. Dickinson  
(Southwest Region)  
John R. Hosmer  
(Mid Atlantic Region)  
Stephen E. Hunt  
(Northeast Region)  
Edward R. Justis, Jr.  
(Mid South Region)  
William L. O'Donnell  
(Great Lakes Region)  
Douglas M. Slack  
(West Region)

Vice Presidents  
George E. Arseneau  
Thomas D. Hjertquist  
Michael W. Kuryla  
Tracy A. Leinbach

RYDER TRUCK RENTAL  
CANADA LTD.  
Vice President &  
General Manager  
Gordon J. Box

RYDER DEDICATED  
LOGISTICS, INC.  
President  
Larry S. Mulkey

Vice Presidents  
William A. Baum  
(Finance)  
Jerry W. Bowman  
(Central Area)  
Shar Javad  
(Logistics Services)  
C. Michael McCanta  
(Western Area)  
Miles M. Raper  
(Eastern Area)

RYDER PUBLIC  
TRANSPORTATION  
SERVICES  
Senior Vice President  
& General Manager  
John H. Dorr

RYDER CONSUMER  
TRUCK RENTAL  
President  
Gerald R. Riordan

Area Vice Presidents  
Raymond W. Casey  
(Eastern Area)  
Wayne M. Mincey  
(Central Area)  
Jack P. Summerville  
(Western Area)

Vice President  
David S. Russell

PURCHASING &  
ASSET MANAGEMENT  
Senior Vice President  
Franklin W. Stephens

AUTOMOTIVE  
CARRIER DIVISION

RYDER AUTOMOTIVE  
CARRIER GROUP, INC.  
President  
James B. Griffin

Executive Vice President  
Michael J. Wagner

Vice President  
Roland G. Hill

A.T.G. AUTOMOTIVE  
TRANSPORT GROUP, INC.  
Vice President &  
General Manager  
David N. Flett

BLAZER TRUCK  
LINES, INC.  
Vice President  
& General Manager  
Donn B. Whitmer

RYDER AUTOMOTIVE  
OPERATIONS, INC.  
Senior Vice Presidents  
Bruce R. LeMar  
Steven C. Nichols

Vice Presidents  
Ronald R. Borges  
Ronald L. Butterbaugh  
Vincent E. Fortuna  
John S. Gottlieb  
Gerald J. MacDonald  
Craig J. McGrath  
Donald A. Tomrell  
W. Joseph Tripp

INTERNATIONAL DIVISION

Senior Vice President & General  
Manager  
Randall E. West

Vice Presidents  
Kenneth V. Eckhart  
Scott R. Francis  
Glenn A. Schneider

RYDER PLC.  
Managing Director  
Carl D. Simmons

RYDER TRANSPORT SERVICES, GmbH  
Managing Director  
William A. Gilliam

## **RYDER IN THE MARKETPLACE**

### **VEHICLE LEASING & SERVICES DIVISION**

Ryder Commercial Leasing & Services  
Ryder Dedicated Logistics, Inc.  
Ryder Consumer Truck Rental  
Ryder Student Transportation Services, Inc. Ryder Truck Rental Canada Ltd.  
ATE Management and Service Company, Inc. Ryder Move Management, Inc.  
Managed Logistics Systems, Inc.

### **AUTOMOTIVE CARRIER DIVISION**

Automobile Transport Inc.  
Blazer Truck Lines Inc.  
Commercial Carriers, Inc.  
Delavan  
F.J. Boutell Driveaway Co., Inc.  
MCL Motor Carriers Limited  
QAT, Inc.

### **INTERNATIONAL DIVISION**

Ryder Plc. (United Kingdom)  
Ryder Transport Services, GmbH (Germany) Ryder Polska Sp.z o.o (Poland)

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### **DIVIDEND REINVESTMENT PLAN**

Stockholders may automatically reinvest their dividends and cash in additional shares of Ryder System stock by enrolling in the company's Dividend Reinvestment Plan. Costs of the plan are paid by the company.

Information about the Dividend Reinvestment Plan may be obtained by writing to the following address:

First Chicago Trust Company of New York Ryder Dividend Reinvestment Plan  
Post Office Box 2598  
Jersey City, New Jersey 07303-2598  
(201) 324-0498

### **CORPORATE INFORMATION**

#### **ANNUAL MEETING**

The annual meeting of stockholders of Ryder System, Inc. will be held at 11:00 a.m., Friday, May 6, 1994, at the Miami Airport Hilton and Towers, 5101 Blue Lagoon Drive, Miami, Florida. A formal notice of the meeting, together with a proxy statement and a form of proxy, was mailed to each stockholder with this annual report.

#### **STOCKHOLDER INFORMATION AND 1993 FORM 10-K**

For stockholder information or to obtain without charge a copy of Ryder System's Form 10-K Annual Report to the Securities and Exchange Commission, which will be available after March 31, 1994, please write to:

Robert H. Tromberg  
Group Director-Investor Relations  
Ryder System, Inc.  
3600 N.W. 82nd Avenue  
Miami, Florida 33166

#### **AUDITORS**

KPMG Peat Marwick  
Certified Public Accountants  
One Biscayne Tower  
Suite 2900  
2 South Biscayne Boulevard  
Miami, Florida 33131

#### **TRANSFER AGENT AND REGISTRAR**

First Chicago Trust Company of New York  
Post Office Box 2500  
Jersey City, New Jersey 07303-2500  
(201) 324-0498

#### **COMMON STOCK LISTINGS**

New York Stock Exchange

Midwest Stock Exchange  
Pacific Stock Exchange

**STOCK SYMBOL: R**

**EXECUTIVE OFFICES**

Ryder System, Inc.  
3600 N.W. 82nd Avenue  
Miami, Florida 33166  
(305) 593-3726

EXHIBIT 21.1 List of subsidiaries of the registrant, with the state or other jurisdiction of incorporation or organization of each and the name under which each subsidiary does business.

**RYDER SYSTEM, INC.**

**Subsidiaries as of March 1, 1994**

Name of Company -----	State/Country of ----- Incorporation -----
ATE Management and Service Company, Inc. (1)	Delaware
ATE Management of Duluth, Inc.	Minnesota
A.T.G. Automotive Transport Group, Inc.	Canada
Automobile Transport Inc.	Canada
B & C, Inc.	Michigan
Blazer Truck Lines Inc. (2)	Michigan
F. J. Boutell Driveaway Co., Inc.	Michigan
Cape Area Transportation Systems, Inc.	Massachusetts
Central Virginia Transit Management Company, Inc.	Virginia
Commercial Carriers, Inc. (3)	Michigan
Commuter Services, Inc.	Virginia
Complete Auto Transit, Inc.	Michigan
E/H Service Corporation	Wisconsin
Far East Freight, Inc.	Florida
Fleet Carrier Corporation	New York
Forrest Rental Services Limited	England
Harbor Drive Realty, Inc.	Florida
H.N.S. Management Company, Inc.	Connecticut
Jackson Public Transportation Company, Inc.	Mississippi
M & G Convoy, Inc.	New York
Managed Logistics System, Inc.	Delaware
MCL Motor Carriers Limited	Canada
Merrimack Valley Area Transportation Co., Corp.	Massachusetts
Metro Service Corp.	Wisconsin
Mid-South Transportation Management, Inc.	Tennessee
Mitchell Self Drive Limited	England
Murray Recon, Inc.	New York
Network Sales, Inc. (4)	Tennessee
Network Vehicle Central, Inc.	Florida
9755 S.W. 67 Avenue, Inc.	Florida
Old Dominion Transit Management Company	Virginia
OSHCO, Inc.	Florida
Parking Management of Southwest Virginia, Inc.	Virginia
QAT, Inc.	Florida
RMX, Inc. (5)	Delaware
RSI Acquisition Corp.	Delaware
RSI Purchase Corp.	Delaware
Ryder Automotive Carrier Group, Inc.	Florida
Ryder Automotive Operations, Inc.	Florida
RYDERCORP	Florida
RYDERCORP, Inc.	Delaware
Ryder Dedicated Capacity, Inc.	Tennessee
Ryder Dedicated Logistics, Inc.	Delaware
Ryder Distribution Services Ltd.	England
Ryder Driver Leasing, Inc.	Florida

Ryder Energy Distribution Corporation	Florida
Ryder Finance, Inc.	Florida
Ryder Freight Broker, Inc.	Virginia
Ryder Mexicana, S.A. de C.V.	Mexico
Ryder Move Management, Inc.	Oregon
Ryder Polska Sp. z o. o.	Poland
Ryder Public Limited Company	England
Ryder Puerto Rico, Inc.	Delaware
Ryder Realty, Inc.	Delaware
Ryder Relocation Services, Inc.	Florida
Ryder Services Corporation (6)	Florida
Ryder St. Louis Redevelopment Corporation	Missouri
Ryder Student Transportation Services, Inc. (7)	Florida
Ryder System, B.V.	Amsterdam, Netherlands
Ryder System, Ltd.	England
Ryder System Holdings (UK) Limited	England
Ryder Transport Services GmbH	West Germany
Ryder Truck Rental, Inc. (8)	Florida
Ryder Truck Rental Canada Ltd. (9)	Canada
Ryder Truck Rental-One Way, Inc.	Delaware
Ryder Truck Rental Trustees Limited	England
Ryder Truckstops, Inc.	Florida
Ryder Vehicle Leasing & Sales Corp.	Barbados
Saunders Leasing System of Canada Limited (Canada) - being dissolved	
South Florida Mortgage Group, Inc.	Florida
Southwestern Virginia Transit Management Company, Inc.	Virginia
Terminal Service Co.	Washington
Transit Management Company of Laredo	Texas
Transit Management of Alexandria, Inc.	Virginia
Transit Management of Charlotte, Inc.	North Carolina
Transit Management of Connecticut, Inc.	Connecticut
Transit Management of Danville, Inc.	Illinois
Transit Management of Decatur, Inc.	Illinois
Transit Management of Durham, Inc.	North Carolina
Transit Management of Great Falls, Inc.	Montana
Transit Management of Hamilton, Inc.	Ohio
Transit Management of Jamestown, Inc.	New York
Transit Management of Nashua, Inc.	New Hampshire
Transit Management of Richland, Inc.	Ohio
Transit Management of Monroe County, Inc.	Michigan
Transit Management of St. Joseph, Inc.	Missouri
Transit Management of Sioux Falls, Inc.	South Dakota
Transit Management of Spartanburg, Inc.	South Carolina
Transit Management of Tucson, Inc.	Arizona
Transit Management of Tyler, Inc.	Texas
Transit Management of Washoe, Inc.	Nevada
Transit Management of Waukesha, Inc.	Wisconsin
Transport Support, Inc.	Delaware
United Contract Hire Limited	England
Westland Trailer Co., S.A. de C.V. (Mexico) - being dissolved	
Westside Corporate Center, Inc.	Florida

- (1) Minnesota: Metro Mobility Service Center
- (2) California: Michigan Blazer Truck Lines Inc.
- (3) Florida: d/b/a Commercial Carriers of Michigan, Inc.  
Michigan and New York: Delavan
- (4) Ontario, Canada: d/b/a Vehicle Network Sales
- (5) Texas: Delaware RMX, Inc.
- (6) New Jersey, Ohio and Texas: d/b/a Ryder Claims Services Corporation
- (7) California, Colorado, Connecticut, Illinois, Minnesota, Missouri, Montana and New Jersey: d/b/a Ryder Transportation  
Colorado: d/b/a Grand Connection  
Illinois: d/b/a North American Motor Coach  
Massachusetts: d/b/a DePalma Transportation Sales  
Minnesota: d/b/a Kare Kabs  
New York: d/b/a Ryder Student Transportation  
Rhode Island: d/b/a Ryder Student Transportation Sales
- (8) Maryland and Virginia: d/b/a Ryder/Jacobs  
Michigan: d/b/a Atlas Trucking, Inc.  
Michigan: d/b/a Ryder Atlas Trucking of Western Michigan
- (9) French Name: Location de Camions Ryder du Canada Ltee.  
Canadian Provinces: Ryder Distribution Resources Canada  
Canadian Provinces: Ryder Dedicated Logistics



EXHIBIT 23.1 Auditors' consent to incorporation by reference in certain Registration Statements on Forms S-3 and S-8 of their reports on consolidated financial statements and schedules of Ryder System, Inc. and its consolidated subsidiaries.

## Independent Auditor's Consent

The Board of Directors and Shareholders  
Ryder System, Inc.:

We consent to incorporation by reference in the following Registration Statements on Forms S-3 and S-8 of Ryder System, Inc. of our reports dated February 7, 1994, relating to the consolidated balance sheets and financial statement schedules of Ryder System, Inc. and subsidiaries as of December 31, 1993 and 1992, and the related consolidated statements of earnings, cash flows, and financial statement schedules for each of the years in the three-year period ended December 31, 1993, which reports appear in, or are incorporated by reference in, the December 31, 1993 annual report on Form 10-K of Ryder System, Inc.:

### Form S-3:

- Registration Statement No. 33-20359 covering \$1,000,000,000 aggregate principal amount of debt securities.
- Registration Statement No. 33-50232 covering \$800,000,000 aggregate principal amount of debt securities.

### Form S-8:

- Registration Statement No. 33-20608 covering the Ryder System Employee Stock Purchase Plan.
- Registration Statement No. 33-4333 covering the Ryder Employee Savings Plan.
- Registration Statement No. 1-4364 covering the Ryder System Profit Incentive Stock Plan.
- Registration Statement No. 33-69660 covering the Ryder System, Inc. 1980 Stock Incentive Plan.
- Registration Statement No. 33-37677 covering the Ryder System UK Stock Purchase Scheme.
- Registration Statement No. 33-442507 covering the Ryder Student Transportation Services, Inc. Retirement/Savings Plan.
- Registration Statement No. 33-63990 covering the Ryder System, Inc. Directors' Stock Plan.

*/s/ KPMG PEAT MARWICK*

*Miami, Florida*

*March 29, 1994*

EXHIBIT 24.1 Manually executed powers of attorney for each of:

Arthur H. Bernstein Edward T. Foote II John A. Georges Vernon E. Jordan, Jr.

Howard C. Kauffmann  
David T. Kearns  
Lynn M. Martin  
James W. McLamore  
Donald V. Seibert  
Hicks B. Waldron  
Alva O. Way  
Mark H. Willes

**POWER OF ATTORNEY**

KNOW ALL MEN BY THESE PRESENTS, that the person whose signature appears below constitutes and appoints James M. Herron, Serge G. Martin and H. Judith Chozianin, and each of them, his or her true and lawful attorney-in-fact and agent, with full power of substitution and resubstitution, for the undersigned and in his or her name, place and stead, in any and all capacities, to sign the Ryder System, Inc. Form 10-K (Annual Report pursuant to the Securities Exchange Act of 1934) for the fiscal year ended December 31, 1993 (the "Form 10-K"), and any and all amendments thereto, and to file the same, with all exhibits thereto and other documents in connection therewith, with the Securities and Exchange Commission and with the New York Stock Exchange, Midwest Stock Exchange and Pacific Stock Exchange, granting unto each said attorney-in-fact and agent full power and authority to perform every act requisite and necessary to be done in connection with the execution and filing of the Form 10-K and any and all amendments thereto, as fully for all intents and purposes as he or she might or could do in person, hereby ratifying all that each said attorney-in-fact and agent, or his or her substitute or substitutes, may lawfully do or cause to be done by virtue thereof.

*/s/ Arthur H. Bernstein*  
-----  
*Arthur H. Bernstein*

STATE OF FLORIDA                                )  
  )    *ss:*  
COUNTY OF DADE                                )

Before me personally appeared Arthur H. Bernstein, to me known and known to me to be the person described in and who executed the foregoing instrument, and acknowledged to and before me that he or she executed said instrument for the purposes therein expressed.

Witness my hand and official seal this 18th day of February, 1994.

*/s/ R.D. Rosen*  
-----  
*NOTARY PUBLIC*

*My commission expires:*

**POWER OF ATTORNEY**

KNOW ALL MEN BY THESE PRESENTS, that the person whose signature appears below constitutes and appoints James M. Herron, Serge G. Martin and H. Judith Chozianin, and each of them, his or her true and lawful attorney-in-fact and agent, with full power of substitution and resubstitution, for the undersigned and in his or her name, place and stead, in any and all capacities, to sign the Ryder System, Inc. Form 10-K (Annual Report pursuant to the Securities Exchange Act of 1934) for the fiscal year ended December 31, 1993 (the "Form 10-K"), and any and all amendments thereto, and to file the same, with all exhibits thereto and other documents in connection therewith, with the Securities and Exchange Commission and with the New York Stock Exchange, Midwest Stock Exchange and Pacific Stock Exchange, granting unto each said attorney-in-fact and agent full power and authority to perform every act requisite and necessary to be done in connection with the execution and filing of the Form 10-K and any and all amendments thereto, as fully for all intents and purposes as he or she might or could do in person, hereby ratifying all that each said attorney-in-fact and agent, or his or her substitute or substitutes, may lawfully do or cause to be done by virtue thereof.

*/s/ Edward T. Foote II*  
-----  
*Edward T. Foote II*

*STATE OF FLORIDA* )  
 ) *ss:*  
*COUNTY OF DADE* )

Before me personally appeared Edward T. Foote II, to me known and known to me to be the person described in and who executed the foregoing instrument, and acknowledged to and before me that he or she executed said instrument for the purposes therein expressed.

Witness my hand and official seal this 18th day of February, 1994.

*/s/ R.D. Rosen*  
-----  
*NOTARY PUBLIC*

*My commission expires:*

**POWER OF ATTORNEY**

KNOW ALL MEN BY THESE PRESENTS, that the person whose signature appears below constitutes and appoints James M. Herron, Serge G. Martin and H. Judith Chozianin, and each of them, his or her true and lawful attorney-in-fact and agent, with full power of substitution and resubstitution, for the undersigned and in his or her name, place and stead, in any and all capacities, to sign the Ryder System, Inc. Form 10-K (Annual Report pursuant to the Securities Exchange Act of 1934) for the fiscal year ended December 31, 1993 (the "Form 10-K"), and any and all amendments thereto, and to file the same, with all exhibits thereto and other documents in connection therewith, with the Securities and Exchange Commission and with the New York Stock Exchange, Midwest Stock Exchange and Pacific Stock Exchange, granting unto each said attorney-in-fact and agent full power and authority to perform every act requisite and necessary to be done in connection with the execution and filing of the Form 10-K and any and all amendments thereto, as fully for all intents and purposes as he or she might or could do in person, hereby ratifying all that each said attorney-in-fact and agent, or his or her substitute or substitutes, may lawfully do or cause to be done by virtue thereof.

STATE OF FLORIDA                             )  
   )  
   )  
COUNTY OF DADE                             )     *ss:*

*/s/ John A. Georges*  
-----  
*John A. Georges*

Before me personally appeared John A. Georges, to me known and known to me to be the person described in and who executed the foregoing instrument, and acknowledged to and before me that he or she executed said instrument for the purposes therein expressed.

Witness my hand and official seal this 18th day of February, 1994.

*/s/ R.D. Rosen*  
-----  
*NOTARY PUBLIC*

*My commission expires:*

**POWER OF ATTORNEY**

KNOW ALL MEN BY THESE PRESENTS, that the person whose signature appears below constitutes and appoints James M. Herron, Serge G. Martin and H. Judith Chozianin, and each of them, his or her true and lawful attorney-in-fact and agent, with full power of substitution and resubstitution, for the undersigned and in his or her name, place and stead, in any and all capacities, to sign the Ryder System, Inc. Form 10-K (Annual Report pursuant to the Securities Exchange Act of 1934) for the fiscal year ended December 31, 1993 (the "Form 10-K"), and any and all amendments thereto, and to file the same, with all exhibits thereto and other documents in connection therewith, with the Securities and Exchange Commission and with the New York Stock Exchange, Midwest Stock Exchange and Pacific Stock Exchange, granting unto each said attorney-in-fact and agent full power and authority to perform every act requisite and necessary to be done in connection with the execution and filing of the Form 10-K and any and all amendments thereto, as fully for all intents and purposes as he or she might or could do in person, hereby ratifying all that each said attorney-in-fact and agent, or his or her substitute or substitutes, may lawfully do or cause to be done by virtue thereof.

*/s/ Vernon E. Jordan, Jr.*  
-----  
*Vernon E. Jordan, Jr.*

*STATE OF FLORIDA* )  
 ) *ss:*  
*COUNTY OF DADE* )

Before me personally appeared Vernon E. Jordan, Jr., to me known and known to me to be the person described in and who executed the foregoing instrument, and acknowledged to and before me that he or she executed said instrument for the purposes therein expressed.

Witness my hand and official seal this 18th day of February, 1994.

*/s/ R.D. Rosen*  
-----  
*NOTARY PUBLIC*

*My commission expires:*

**POWER OF ATTORNEY**

KNOW ALL MEN BY THESE PRESENTS, that the person whose signature appears below constitutes and appoints James M. Herron, Serge G. Martin and H. Judith Chozianin, and each of them, his or her true and lawful attorney-in-fact and agent, with full power of substitution and resubstitution, for the undersigned and in his or her name, place and stead, in any and all capacities, to sign the Ryder System, Inc. Form 10-K (Annual Report pursuant to the Securities Exchange Act of 1934) for the fiscal year ended December 31, 1993 (the "Form 10-K"), and any and all amendments thereto, and to file the same, with all exhibits thereto and other documents in connection therewith, with the Securities and Exchange Commission and with the New York Stock Exchange, Midwest Stock Exchange and Pacific Stock Exchange, granting unto each said attorney-in-fact and agent full power and authority to perform every act requisite and necessary to be done in connection with the execution and filing of the Form 10-K and any and all amendments thereto, as fully for all intents and purposes as he or she might or could do in person, hereby ratifying all that each said attorney-in-fact and agent, or his or her substitute or substitutes, may lawfully do or cause to be done by virtue thereof.

*/s/ Howard C. Kauffmann*  
-----  
*Howard C. Kauffmann*

*STATE OF FLORIDA* )  
 ) *ss:*  
*COUNTY OF DADE* )

Before me personally appeared Howard C. Kauffmann, to me known and known to me to be the person described in and who executed the foregoing instrument, and acknowledged to and before me that he or she executed said instrument for the purposes therein expressed.

Witness my hand and official seal this 18th day of February, 1994.

*/s/ R.D. Rosen*  
-----  
*NOTARY PUBLIC*

*My commission expires:*



**POWER OF ATTORNEY**

KNOW ALL MEN BY THESE PRESENTS, that the person whose signature appears below constitutes and appoints James M. Herron, Serge G. Martin and H. Judith Chozianin, and each of them, his or her true and lawful attorney-in-fact and agent, with full power of substitution and resubstitution, for the undersigned and in his or her name, place and stead, in any and all capacities, to sign the Ryder System, Inc. Form 10-K (Annual Report pursuant to the Securities Exchange Act of 1934) for the fiscal year ended December 31, 1993 (the "Form 10-K"), and any and all amendments thereto, and to file the same, with all exhibits thereto and other documents in connection therewith, with the Securities and Exchange Commission and with the New York Stock Exchange, Midwest Stock Exchange and Pacific Stock Exchange, granting unto each said attorney-in-fact and agent full power and authority to perform every act requisite and necessary to be done in connection with the execution and filing of the Form 10-K and any and all amendments thereto, as fully for all intents and purposes as he or she might or could do in person, hereby ratifying all that each said attorney-in-fact and agent, or his or her substitute or substitutes, may lawfully do or cause to be done by virtue thereof.

*/s/ David T. Kearns*  
-----  
*David T. Kearns*

*STATE OF FLORIDA* )  
 ) *ss:*  
*COUNTY OF DADE* )

Before me personally appeared David T. Kearns, to me known and known to me to be the person described in and who executed the foregoing instrument, and acknowledged to and before me that he or she executed said instrument for the purposes therein expressed.

Witness my hand and official seal this 18th day of February, 1994.

*/s/ R.D. Rosen*  
-----  
*NOTARY PUBLIC*

*My commission expires:*



**POWER OF ATTORNEY**

KNOW ALL MEN BY THESE PRESENTS, that the person whose signature appears below constitutes and appoints James M. Herron, Serge G. Martin and H. Judith Chozianin, and each of them, his or her true and lawful attorney-in-fact and agent, with full power of substitution and resubstitution, for the undersigned and in his or her name, place and stead, in any and all capacities, to sign the Ryder System, Inc. Form 10-K (Annual Report pursuant to the Securities Exchange Act of 1934) for the fiscal year ended December 31, 1993 (the "Form 10-K"), and any and all amendments thereto, and to file the same, with all exhibits thereto and other documents in connection therewith, with the Securities and Exchange Commission and with the New York Stock Exchange, Midwest Stock Exchange and Pacific Stock Exchange, granting unto each said attorney-in-fact and agent full power and authority to perform every act requisite and necessary to be done in connection with the execution and filing of the Form 10-K and any and all amendments thereto, as fully for all intents and purposes as he or she might or could do in person, hereby ratifying all that each said attorney-in-fact and agent, or his or her substitute or substitutes, may lawfully do or cause to be done by virtue thereof.

STATE OF FLORIDA                    )  
  )    *ss:*  
COUNTY OF DADE                    )

*/s/ James W. McLamore*  
-----  
*James W. McLamore*

Before me personally appeared James W. McLamore, to me known and known to me to be the person described in and who executed the foregoing instrument, and acknowledged to and before me that he or she executed said instrument for the purposes therein expressed.

Witness my hand and official seal this 18th day of February, 1994.

*/s/ R.D. Rosen*  
-----  
*NOTARY PUBLIC*

*My commission expires:*





**POWER OF ATTORNEY**

KNOW ALL MEN BY THESE PRESENTS, that the person whose signature appears below constitutes and appoints James M. Herron, Serge G. Martin and H. Judith Chozianin, and each of them, his or her true and lawful attorney-in-fact and agent, with full power of substitution and resubstitution, for the undersigned and in his or her name, place and stead, in any and all capacities, to sign the Ryder System, Inc. Form 10-K (Annual Report pursuant to the Securities Exchange Act of 1934) for the fiscal year ended December 31, 1993 (the "Form 10-K"), and any and all amendments thereto, and to file the same, with all exhibits thereto and other documents in connection therewith, with the Securities and Exchange Commission and with the New York Stock Exchange, Midwest Stock Exchange and Pacific Stock Exchange, granting unto each said attorney-in-fact and agent full power and authority to perform every act requisite and necessary to be done in connection with the execution and filing of the Form 10-K and any and all amendments thereto, as fully for all intents and purposes as he or she might or could do in person, hereby ratifying all that each said attorney-in-fact and agent, or his or her substitute or substitutes, may lawfully do or cause to be done by virtue thereof.

*/s/ Alva O. Way*

-----  
*Alva O. Way*

*STATE OF FLORIDA* )  
 ) *ss:*  
*COUNTY OF DADE* )

Before me personally appeared Alva O. Way, to me known and known to me to be the person described in and who executed the foregoing instrument, and acknowledged to and before me that he or she executed said instrument for the purposes therein expressed.

Witness my hand and official seal this 18th day of February, 1994.

*/s/ R.D. Rosen*

-----  
*NOTARY PUBLIC*

*My commission expires:*

**POWER OF ATTORNEY**

KNOW ALL MEN BY THESE PRESENTS, that the person whose signature appears below constitutes and appoints James M. Herron, Serge G. Martin and H. Judith Chozianin, and each of them, his or her true and lawful attorney-in-fact and agent, with full power of substitution and resubstitution, for the undersigned and in his or her name, place and stead, in any and all capacities, to sign the Ryder System, Inc. Form 10-K (Annual Report pursuant to the Securities Exchange Act of 1934) for the fiscal year ended December 31, 1993 (the "Form 10-K"), and any and all amendments thereto, and to file the same, with all exhibits thereto and other documents in connection therewith, with the Securities and Exchange Commission and with the New York Stock Exchange, Midwest Stock Exchange and Pacific Stock Exchange, granting unto each said attorney-in-fact and agent full power and authority to perform every act requisite and necessary to be done in connection with the execution and filing of the Form 10-K and any and all amendments thereto, as fully for all intents and purposes as he or she might or could do in person, hereby ratifying all that each said attorney-in-fact and agent, or his or her substitute or substitutes, may lawfully do or cause to be done by virtue thereof.

STATE OF FLORIDA )  
 )  
COUNTY OF DADE ) ss:

/s/ Mark H. Willes  
-----  
Mark H. Willes

Before me personally appeared Mark H. Willes, to me known and known to me to be the person described in and who executed the foregoing instrument, and acknowledged to and before me that he or she executed said instrument for the purposes therein expressed.

Witness my hand and official seal this 18th day of February, 1994.

/s/ R.D. Rosen  
-----  
NOTARY PUBLIC

My commission expires:

---

**End of Filing**



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