

RYDER SYSTEM INC

FORM 10-K405

(Annual Report (Regulation S-K, item 405))

Filed 03/27/96 for the Period Ending 12/31/95

| | |
|-------------|---|
| 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-K405

(Annual Report (Regulation S-K, item 405))

Filed 3/27/1996 For Period Ending 12/31/1995

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

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 [FEE REQUIRED]
FOR THE FISCAL YEAR ENDED DECEMBER 31, 1995

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934 [NO FEE REQUIRED]
FOR THE TRANSITION PERIOD FROM TO

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) | 59-0739250 (I.R.S. Employer Identification No.) |
| 3600 N.W. 82 AVENUE, MIAMI, FLORIDA 33166 (Address of principal executive offices including zip code) | (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, 1996, was \$1,852,783,055. The number of shares of Ryder System, Inc. Common Stock (\$.50 par value) outstanding as of January 31, 1996, was 79,317,214.

| Documents Incorporated by Reference into this Report ----- | Part of Form 10-K into which Document is Incorporated ----- |
|--|---|
| Ryder System, Inc. 1995 Annual Report to Shareholders* | Parts I, II and IV |
| Ryder System, Inc. 1996 Proxy Statement | Part III |

*The Ryder System, Inc. 1995 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, transferable or exchangeable apart from the Common Stock) | New York Stock Exchange Pacific Stock Exchange Chicago 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 1/4% Series N Notes, due May 15, 2001 | None |
| 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 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 |
| Ryder System, Inc. Medium-Term Notes, Series 9, due 9 months or more from date of issue at rate based on market rates at time of issuance | None |

[Cover page 2 of 3 pages]

| Title of each class of securities ----- | Exchange on which registered ----- |
|---|---------------------------------------|
| Ryder System, Inc. Medium-Term Notes, Series 10, due 9 months or more from date of issue at rate based on market rates at time of issuance | None |
| Ryder System, Inc. Medium-Term Notes, Series 11, due 9 months or more from date of issue at rate based on market rates at time of issuance | None |
| Ryder System, Inc. Medium-Term Notes, Series 12, due 9 months or more from date of issue at rate based on market rates at time of issuance | None |
| Ryder System, Inc. Medium-Term Notes, Series 13, due 9 months or more 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

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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) integrated logistics, including dedicated contract carriage, the management of common carriers, inventory deployment, and information technology; 2) full service leasing and short-term rental of trucks, tractors and trailers; 3) public transportation management, operations and maintenance services, and student transportation services; and 4) transportation of new automobiles and trucks. The Company's main operating segments are Vehicle Leasing & Services (which is engaged in the businesses described in 1) through 3) above) and Automotive Carriers (which is engaged in the business described in 4) above). General Motors Corporation ("GM") is the largest single customer of the Company, accounting for approximately 9%, 10% and 11% of consolidated revenue of the Company in 1995, 1994 and 1993, respectively.

At December 31, 1995, the Company and its subsidiaries had a fleet of 203,932 vehicles and 44,503 employees.(1)

Segment Information

Financial information about industry segments is incorporated by reference from the "Financial Review" on pages 18 through 28 and the "Notes to Consolidated Financial Statements - Segment Information" on page 42 of the Ryder System, Inc. 1995 Annual Report to Shareholders.

Vehicle Leasing & Services

The Vehicle Leasing & Services Division, which is comprised of Ryder Dedicated Logistics, Inc. ("Ryder Dedicated Logistics"), the Commercial Leasing and Services and Consumer Truck Rental Divisions of Ryder Truck Rental, Inc. ("Ryder Commercial Leasing & Services" and "Ryder Consumer Truck Rental," respectively), the Ryder Public Transportation Services group of companies ("Ryder Public Transportation"), and Ryder International, Inc. ("Ryder International"), provides a wide variety of highway transportation services, including integrated logistics (including dedicated contract carriage, the management of common carriers, inventory deployment, and information technology), full service leasing of trucks, tractors and trailers, commercial and consumer truck rental, contract and non-contract truck maintenance, public transportation management, operations and maintenance services, and student transportation services. As of December 31, 1995, the Vehicle Leasing & Services Division had 197,029 vehicles and 39,383 employees (excluding the personnel described in footnote 1 below). The total revenue contributed by the Vehicle Leasing & Services Division was 89%, 86% and 85% of the consolidated revenue of the Company in 1995, 1994 and 1993, respectively.

Through Ryder Dedicated Logistics, the Vehicle Leasing & Services Division provides integrated logistics services (a system-wide management view of a customer's entire supply chain, from raw materials supply through finished goods distribution), and custom-tailored commercial and consumer product distribution, including dedicated contract carriage, the management of common carriers, inventory deployment, and information technology, from 747 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 (including cross docking and flow-through distribution), transportation management, vehicle dispatch, just-in-time delivery, and information systems support. Logistics systems include modal procurement and management of all modes of transportation, shuttles, interstate long-haul operations,

(1) This number does not include: (a) operating personnel of local transit authorities managed by certain subsidiaries of the Company (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); or (b) drivers obtained by certain subsidiaries of the Company under driver leasing agreements.

just-in-time service to assembly plants, and factory-to-warehouse-to-retail facility service. These services are used in the automotive, paper and paper packaging, chemical, electronic and office equipment, news, food and beverage, housing, and general retail industries, along with other industries. Ryder Dedicated Logistics specializes in inbound and aftermarket automotive parts delivery. These specialized services are used by customers such as GM (including Saturn), Chrysler Corporation ("Chrysler"), Toyota Motor Manufacturing USA Inc. ("Toyota"), Ford Motor Company ("Ford"), and various auto parts retailers. In 1995, Ryder Dedicated Logistics continued to expand its presence in the logistics market through internal growth.

Through Ryder Commercial Leasing & Services, the Vehicle Leasing & Services Division provides full service truck leasing to more than 12,400 customers (ranging from large national enterprises to small companies), with a fleet of 91,697 vehicles (including 12,623 vehicles leased to affiliates), through 1,032 locations in 49 states, Puerto Rico, and 8 Canadian provinces. Under a full service lease, Ryder Commercial Leasing & Services provides customers with vehicles, maintenance, supplies and related equipment necessary for operation, while the customers furnish and supervise their own drivers, and dispatch and exercise control over the vehicles. Additionally, Ryder Commercial Leasing & Services provides contract maintenance services to more than 1,250 customers, servicing 34,610 vehicles (including approximately 7,900 vehicles owned by affiliates) under maintenance contracts, and provides short-term commercial truck rental, which tends to be seasonal, to commercial customers to supplement their fleets during peak business periods. In 1995, Ryder Commercial Leasing & Services focused on the expansion of its long-term contractual businesses such as the full service leasing of trucks, tractors and trailers, and contract truck maintenance, through internal growth. Additionally in 1995, Ryder Commercial Leasing & Services continued to develop new services for customers. Such developments include the Ryder Citicorp Finance Lease, which was introduced to select customers in the fall of 1995. By expanding its vehicle financing options, Ryder Commercial Leasing & Services gives customers the flexibility to choose full service lease or finance lease with contract maintenance for their vehicles. The Ryder Citicorp Finance Lease is scheduled to be rolled out nationwide in 1996.

Through Ryder Consumer Truck Rental, the Vehicle Leasing & Services Division provides short-term consumer truck rental, which tends to be seasonal, principally to consumers who use the trucks primarily for the movement of household goods. A fleet of 78,975 vehicles, ranging from heavy-duty tractors and trailers to light-duty trucks, is available for commercial and consumer short-term rental from over 5,000 locations and independent dealers in 49 states, the District of Columbia, Puerto Rico, and Canada.

Through Ryder Public Transportation, the Vehicle Leasing & Services Division provides public transportation management, operations and maintenance services, and student transportation services. Ryder Public Transportation now manages or operates 92 public transportation systems with 4,580 vehicles in 29 states and the District of Columbia, operates 8,267 school buses in 20 states, maintains approximately 20,000 public transportation or fleet vehicles in 18 states and Puerto Rico, and provides public transportation management consulting services. In 1995, Ryder Public Transportation continued to expand its presence in the public transportation management, operations and maintenance markets and student transportation markets through internal growth. An increasing number of U.S. school districts now have the option of contracting with private operators such as Ryder Public Transportation for student transportation services.

Through Ryder International, the Vehicle Leasing & Services Division provides a wide variety of highway transportation services in international markets outside the United States and Canada, including integrated logistics (which includes dedicated contract carriage, the management of common carriers, inventory deployment, and information technology), full service leasing of trucks, tractors and trailers, commercial truck rental, and contract and non-contract truck maintenance. As of December 31, 1995, the International Division had 12,146 vehicles, 3,229 employees, and provided service through 104 locations in the United Kingdom, Germany, Mexico, Poland, Argentina and Brazil. The International Division has developed, and is in the process of implementing, a strategy for growth in international markets outside the United States and Canada. This strategy is designed to enable the International Division to take full advantage of, and build upon, the Company's expertise in providing logistics solutions to businesses involved in the over-the-road transportation of goods. In 1995, the International Division continued to expand its presence in Mexico through internal growth. Additionally, in the fourth quarter of 1995, the International Division opened offices in Argentina and Brazil.

The Vehicle Leasing & Services Division has historically disposed of its used surplus revenue earning equipment at prices in excess of book value. The Vehicle Leasing & Services Division reported gains on the sale of revenue earning equipment (reported as reductions in depreciation expense) of approximately 20%, 19% and 16% of the Vehicle Leasing & Services Division's earnings before interest and taxes in 1995, 1994 and 1993, respectively. The extent to which the Vehicle Leasing & Services 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 Vehicle Leasing & Services Division's fleet and depreciation policies with respect to its vehicles.

Automotive Carriers

The Automotive Carrier Division transports new automobiles and trucks to dealers, and to and from various distribution points, throughout the United States and several Canadian provinces for GM, Chrysler, Toyota, Ford, American Honda Motor Co., Inc., and for most other automobile and light truck manufacturers. GM remains the Automotive Carrier Division's largest single customer accounting for 54%, 54% and 57% of the Automotive Carrier Division's revenue in 1995, 1994 and 1993, respectively. The total revenue contributed by the Automotive Carrier Division was 11%, 14% and 15% of the consolidated revenue of the Company in 1995, 1994 and 1993, respectively.

The GM carriage contracts are typically subject to cancellation upon 30 days notice by either party. The business is primarily dependent upon 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 other conditions.

As of December 31, 1995, the Automotive Carrier Division had 3,367 auto transport vehicles (including owner-operator vehicles), 4,763 employees (excluding leased drivers), and provided service through 85 locations in 34 states and 3 Canadian provinces. Most of the Automotive Carrier Division's employees are covered by an industry-wide collective bargaining agreement, the term of which ends May 31, 1999.

Competition

As an alternative to using the Company's services, customers may choose to provide similar services for themselves, or may choose to purchase similar or alternative services from other third-party vendors.

The integrated logistics operations of the Vehicle Leasing & Services Division (which includes dedicated contract carriage, the management of common carriers, inventory deployment, and information technology) and the Automotive Carrier Division compete with companies providing similar services on a national, regional and local level. Additionally, these businesses are subject to potential competition in most of the regions they serve from railroads and motor carriers. Competitive factors include price, equipment, maintenance, geographical coverage, and expertise in logistics related technology. Value-added differentiation of these service offerings has been, and will continue to be, the Company's strategy.

The full service truck leasing, commercial and consumer truck rental, and contract and non-contract truck maintenance operations of the Vehicle Leasing & Services Division compete with companies providing similar services on a national, regional and local level. Regional and local competitors may sometimes provide services on a national level through their participation in various cooperative programs and through their membership in various industry associations. Competitive factors include price, equipment, maintenance and geographical coverage. The Vehicle Leasing & Services Division also competes, to an extent, with a number of truck and trailer manufacturers who have entered the field of truck and trailer leasing, extended warranty maintenance, rental, and other forms of transportation services. Value-added differentiation of the Vehicle Leasing & Services Division's full service truck leasing, commercial and consumer truck rental, and contract and non-contract truck maintenance service offerings has been, and will continue to be, the Company's strategy.

The public transportation management, operations and maintenance services and the student transportation services of the Vehicle Leasing & Services Division compete with companies providing similar services on a national, regional and local level. Additionally, many governmental entities choose to provide these services for themselves. In geographical

areas where third-party vendors are used, the market tends to be fragmented and competitive. Competitive factors include price, equipment, maintenance, and geographical coverage. Value-added differentiation of these service offerings has been, and will continue to be, the Company's strategy.

The International Division competes, on a country-by-country basis, with companies providing similar services in international markets outside the United States and Canada. In the United Kingdom, the markets for full service leasing of trucks, tractors and trailers, and dedicated contract carriage services are well developed and competitive, similar to those in the U.S. and Canada. Recent developments in Mexico following the approval of the North American Free Trade Agreement (NAFTA), Germany's continued integration into the European Community and the resulting deregulation, and Poland's transformation to a market economy, create a growing opportunity for the International Division to provide services in these new markets. Additionally, recent developments in Argentina and Brazil, such as the expanded investment in automotive manufacturing, create a growing opportunity for the International Division to provide services in these new markets. The International Division expects that competition with its services in these emerging markets will develop. Competitive factors include price, equipment, maintenance, geographical coverage, market knowledge and expertise in logistics related technology. Value-added differentiation of the Company's service offerings continues to be the International Division's strategy in those markets.

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 and various wastes associated with vehicle maintenance activities. Compliance with these laws and with the Company's environmental protection policies involves the expenditure of considerable funds. 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 Company 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 5, 1995 in conjunction with the Company's 1995 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 | 53 | Chairman, President and Chief Executive Officer |
| Dwight D. Denny | 52 | Executive Vice President - Development |
| R. Ray Goode | 59 | Senior Vice President - Public Affairs |
| James B. Griffin | 41 | President - Ryder Commercial Leasing & Services |
| John R. Haddock | 49 | Senior Vice President - Marketing |
| James M. Herron | 61 | Senior Executive Vice President and General Counsel |
| Edwin A. Huston | 57 | Senior Executive Vice President - Finance and Chief Financial Officer |
| Thomas E. McKinnon | 51 | Executive Vice President - Human Resources |
| Larry S. Mulkey | 52 | President - Ryder Dedicated Logistics, Inc |
| Bruce D. Parker | 48 | Senior Vice President - Management Information Systems and Chief Information Officer |
| J. Ernest Riddle | 54 | President - Ryder International, Inc. |
| Gerald R. Riordan | 47 | President - Ryder Consumer Truck Rental and President - Ryder Public Transportation Services, Inc. |
| Anthony G. Tegnalia | 50 | Senior Vice President and Controller |
| Randall E. West | 47 | President - Ryder Automotive Carrier Group, Inc. |

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.

Dwight D. Denny has been Executive Vice President - Development since January 1996, and was President - Ryder Commercial Leasing & Services from December 1992 to December 1995. Mr. Denny served Ryder Truck Rental, Inc. as Executive Vice President and General Manager - Commercial Leasing & Services from June 1991 to 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. Mr. Goode served as President and Chief Executive Officer of the We Will Rebuild organization from September 1992 to November 1993. Mr. Goode 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 previously served as County Manager for Metropolitan Dade County, Florida from 1970 to 1976.

James B. Griffin has been President - Ryder Commercial Leasing & Services since January 1996, and was President - Ryder Automotive Carrier Group, Inc. from February 1993 to December 1995. Mr. Griffin served Ryder Truck Rental, Inc. as Vice President and General Manager - Mid-South Region 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.

John R. Haddock has been Senior Vice President - Marketing since January 1996, and was Senior Vice President - Industry and Commercial Marketing from November 1994 to December 1995. Mr. Haddock previously served General Electric Company as Vice President - Global Business Development of General Electric Medical Systems from April 1994 to November 1994, as Vice President and General Manager of Global X-Ray of General Electric Medical Systems from January 1993 to April 1994, and as Vice President and General Manager of Americas Marketing and Engineering from 1990 to January 1993.

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.

Thomas E. McKinnon has been Executive Vice President - Human Resources since June 1995. Mr. McKinnon previously served Unisys Corporation as Vice President
- - Human Resources from August 1990 to June 1995.

Larry S. Mulkey has been President - Ryder Dedicated Logistics, Inc. (formerly Ryder Distribution Resources, Inc.) since November 1990. Mr. Mulkey was President - Ryder Public Transportation Services from June 1993 to October 1994, and, prior to the organization of the Ryder Public Transportation Services group, was President of each of the companies comprising that group from November 1990 to June 1993. From November 1990 to December 1992, Ryder's operations in the United Kingdom and Germany reported to Mr. Mulkey. 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.

Bruce D. Parker has been Senior Vice President - Management Information Systems and Chief Information Officer since September 1994. Mr. Parker served American Airlines, Inc. as a Vice President of American and as President of Sabre Development Services Division from April 1993 to September 1994. Mr. Parker previously served as a Vice President of Sabre Computer Services Division from 1988 to April 1993, and as Managing Director of Customer Services for Sabre Computer Services Division from 1987 to 1988.

J. Ernest Riddle has been President - Ryder International, Inc. since January 1996, and was Executive Vice President - Marketing from June 1994 to December 1995. Mr. Riddle served as Senior Vice President - Marketing and Sales of Ryder Commercial Leasing & Services from January 1993 to June 1994. Mr. Riddle previously served Xerox

Corporation as European Director of Marketing and Sales from October 1992 to January 1993, as Vice President - Worldwide Marketing Operations from November 1990 to October 1992, and as Vice President - Field Operations for the U.S. Group from November 1988 to November 1990.

Gerald R. Riordan has been President - Ryder Consumer Truck Rental since December 1992 and has been President - Ryder Public Transportation Services, Inc. since October 1994. Mr. Riordan served as Senior Vice President and General Manager of the Consumer Rental Division of Ryder Truck Rental, Inc. from June 1991 to December 1992. Mr. Riordan previously served Ryder Truck Rental, Inc. as Senior Vice President - Rental and Quality from December 1990 to June 1991, as Vice President of Quality from January 1988 to December 1990, and as 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. Mr. Tegnalia is the Company's principal accounting officer. Mr. Tegnalia served as 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 as Senior Vice President - Finance of Ryder Distribution System (now Ryder Dedicated Logistics, Inc.) from March 1984 to August 1985.

Randall E. West has been President - Ryder Automotive Carrier Group, Inc. since January 1996, and was Senior Vice President and General Manager of the International Division from December 1993 to December 1995. Mr. West served Ryder Truck Rental, Inc. as Vice President and General Manager - Southwest Region from September 1991 to December 1993. Mr. West previously served Ryder Truck Rental, Inc. as Region Vice President in 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 2,086 locations in the United States, Canada and Puerto Rico; 471 of these facilities are owned and the remainder are leased. Such locations generally include a repair shop and administrative offices.

The International Division has 104 locations in the United Kingdom, Germany, Mexico, Poland, Argentina and Brazil; 16 of these facilities are owned and the remainder are leased. Such locations generally include a repair shop and administrative offices.

The Automotive Carrier Division has 78 locations in 34 states throughout the United States and 7 locations in Canada; 24 of these facilities are owned and the remainder are leased.

ITEM 3. LEGAL PROCEEDINGS

The Company and its subsidiaries are involved in various claims, lawsuits, 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, 1995.

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. 1995 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. 1995 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 18 through 28 of the Ryder System, Inc. 1995 Annual Report to Shareholders.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

The information required by Item 8 is incorporated by reference from pages 30 through 42 and page 43 ("Quarterly Data") of the Ryder System, Inc. 1995 Annual Report to Shareholders.

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

Not applicable.

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 8 of the Ryder System, Inc. 1996 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.

Additional information required by Item 10 is incorporated by reference from page 15 ("Filings Under Section 16(a)") of the Ryder System, Inc. 1996 Proxy Statement.

ITEM 11. EXECUTIVE COMPENSATION

The information required by Item 11 is incorporated by reference from pages 9, 10 ("Compensation of Directors") and 19 through 22 of the Ryder System, Inc. 1996 Proxy Statement.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The information required by Item 12 is incorporated by reference from pages 14 and 15 of the Ryder System, Inc. 1996 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. 1996 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 29 through 42 of the Ryder System, Inc. 1995 Annual Report to Shareholders.

A) Consolidated Statements of Earnings for years ended December 31, 1995, 1994 and 1993.

B) Consolidated Balance Sheets for December 31, 1995 and 1994.

C) Consolidated Statements of Cash Flows for years ended December 31, 1995, 1994 and 1993.

D) Notes to Consolidated Financial Statements.

E) Independent Auditors' Report.

2. Not applicable.

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. 1995 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 |
|-------------------|--|
| [S] | [C] |
| 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, previously filed with the Commission as an exhibit to the Company's Annual Report on Form 10-K for the year ended December 31, 1993, are incorporated by reference into this report. |
| 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, 1994, 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(a) | 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. |
| 4.4(b) | 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, are 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, previously filed with the Commission as an exhibit to the Company's Annual Report on Form 10-K for the year ended December 31, 1993, are incorporated by reference into this report.
- 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, 1994, 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, previously filed with the Commission as an exhibit to the Company's Annual Report on Form 10-K for the year ended December 31, 1993, is incorporated by reference into this report.
- 10.2(c) The form of change of control severance agreement for executive officers effective as of July 1, 1993, previously filed with the Commission as an exhibit to the Company's Annual Report on Form 10-K for the year ended December 31, 1993, is incorporated by reference into this report.
- 10.3(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, 1994, is incorporated by reference into this report.
- 10.3(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, previously filed with the Commission as an exhibit to the Company's Annual Report on Form 10-K for the year ended December 31, 1993, is incorporated by reference into this report.
- 10.3(c) The form of severance agreement for executive officers effective as of July 1, 1993, previously filed with the Commission as an exhibit to the Company's Annual Report on Form 10-K for the year ended December 31, 1993, is incorporated by reference into this report.
- 10.4(a) The form of Ryder System, Inc. Incentive Compensation Deferral Agreement dated as of November 30, 1994, previously filed with the Commission as an exhibit to the Company's Annual Report on Form 10-K for the year ended December 31, 1994, is incorporated by reference into this report.

- 10.4(b) The form of Ryder System, Inc. Incentive Compensation Deferral Agreement dated as of November 30, 1995.
- 10.5(a) The form of Ryder System, Inc. Salary Deferral Agreement dated as of November 30, 1994, previously filed with the Commission as an exhibit to the Company's Annual Report on Form 10-K for the year ended December 31, 1994, is incorporated by reference into this report.
- 10.5(b) The form of Ryder System, Inc. Salary Deferral Agreement dated as of November 30, 1995.
- 10.6(a) The form of Ryder System, Inc. director's fee deferral agreement dated as of December 31, 1994, previously filed with the Commission as an exhibit to the Company's Annual Report on Form 10-K for the year ended December 31, 1994, is incorporated by reference into this report.
- 10.6(b) The form of Ryder System, Inc. director's fee deferral agreement dated as of December 31, 1995.
- 10.7(a) The Ryder System, Inc. 1995 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, 1994, is incorporated by reference into this report.
- 10.7(b) The Ryder System, Inc. 1996 Incentive Compensation Plan for Headquarters Executive Management.
- 10.7(c) The Ryder System, Inc. 1996 Hybrid Incentive Compensation Plan for Headquarters Executive Management.
- 10.8(a) The Ryder System, Inc. 1995 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, 1994, is incorporated by reference into this report.
- 10.8(b) The Ryder System, Inc. 1996 Incentive Compensation Plan for Ryder System, Inc. Senior Executive Vice Presidents and Executive Vice President - Development.
- 10.9(a) The Ryder System, Inc. 1995 Incentive Compensation Plan for Senior Vice President and General Manager, International 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, 1994, is incorporated by reference into this report.
- 10.9(b) The Ryder System, Inc. 1996 Incentive Compensation Plan for President - Ryder International.
- 10.10(a) The Ryder System, Inc. 1995 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, 1994, is incorporated by reference into this report.
- 10.10(b) The Ryder System, Inc. 1996 Incentive Compensation Plan for President - Automotive Carrier Division.

- 10.11(a) The Ryder System, Inc. 1995 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, 1994, is incorporated by reference into this report.
- 10.11(b) The Ryder System, Inc. 1996 Incentive Compensation Plan for Chairman, President & Chief Executive Officer, Ryder System, Inc.
- 10.12(a) The Ryder System, Inc. 1995 Incentive Compensation Plan for President-Commercial Leasing & Services, previously filed with the Commission as an exhibit to the Company's Annual Report on Form 10-K for the year ended December 31, 1994, is incorporated by reference into this report.
- 10.12(b) The Ryder System, Inc. 1996 Incentive Compensation Plan for President-Commercial Leasing & Services.
- 10.13(a) The Ryder System, Inc. 1995 Incentive Compensation Plan for President-Consumer Truck Rental, previously filed with the Commission as an exhibit to the Company's Annual Report on Form 10-K for the year ended December 31, 1994, is incorporated by reference into this report.
- 10.13(b) The Ryder System, Inc. 1996 Incentive Compensation Plan for President-Consumer Truck Rental.
- 10.14(a) The Ryder System, Inc. 1995 Incentive Compensation Plan for President - Ryder Dedicated Logistics, previously filed with the Commission as an exhibit to the Company's Annual Report on Form 10-K for the year ended December 31, 1994, is incorporated by reference into this report.
- 10.14(b) The Ryder System, Inc. 1996 Incentive Compensation Plan for President - Ryder Dedicated Logistics.
- 10.15(a) The Ryder System, Inc. 1980 Stock Incentive Plan, as amended and restated as of August 18, 1995.
- 10.15(b) The form of Ryder System, Inc. 1980 Stock Incentive Plan, United Kingdom Section, dated May 4, 1995.
- 10.15(c) The form of Ryder System, Inc. 1980 Stock Incentive Plan, United Kingdom Section, dated October 3, 1995.
- 10.15(d) The form of Combined Non-Qualified Stock Option and Limited Stock Appreciation Right Agreement, dated October 3, 1995.
- 10.15(e) Combined Non-Qualified Stock Option and Limited Stock Appreciation Right Agreement, dated January 15, 1996, between Ryder System, Inc. and E.A. Huston.
- 10.16 The Ryder System, Inc. Directors Stock Plan, as amended and restated as of December 17, 1993, previously filed with the Commission as an exhibit to the Company's Annual Report on Form 10-K for the year ended December 31, 1993, is incorporated by reference into this report.

- 10.17(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.
- 10.17(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, 1994, is incorporated by reference into this report.
- 10.18 Letter agreement, dated April 9, 1993, between Ryder System, Inc. and James Ernest Riddle, previously filed with the Commission as an exhibit to the Company's Annual Report on Form 10-K for the year ended December 31, 1994, is incorporated by reference into this report.
- 10.19 Distribution and Indemnity Agreement dated as of November 23, 1993 between Ryder System, Inc. and Aviall, 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, 1993, is incorporated by reference into this report.
- 10.20 Tax Sharing Agreement dated as of November 23, 1993 between Ryder System, Inc. and Aviall, 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, 1993, is incorporated by reference into this report.
- 10.21 The Ryder System, Inc. Stock for Merit Increase Replacement Plan, as amended and restated as of August 18, 1995.
- 10.22 The Ryder System, Inc. 1995 Stock Incentive Plan, as amended and restated as of August 18, 1995.
- 10.23 The Ryder System, Inc. Savings Restoration Plan effective April 1, 1995.
- 11.1 Statement regarding computation of per share earnings.
- 13.1 Portions of the Ryder System, Inc. 1995 Annual Report to Shareholders. Those portions of the Ryder System, Inc. 1995 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
Joseph L. Dionne
Edward T. Foote II

John A. Georges Vernon E. Jordan, Jr.

David T. Kearns
Lynn M. Martin
James W. McLamore
Paul J. Rizzo
Hicks B. Waldron
Alva O. Way
Mark H. Willes

27.1 Financial Data Schedule.

(b) Reports on Form 8-K:

The Company did not file any reports on Form 8-K during the last quarter of 1995.

(c) Executive Compensation Plans and Arrangements:

Please refer to the description of Exhibits 10.1 through 10.23 set forth under under Item 14(a)3 of this report for a listing of all management contracts and 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 duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Date: March 27, 1996

RYDER SYSTEM, INC.

By: /s/ M. Anthony Burns

*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 27, 1996

By: /s/ M. Anthony Burns

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

Date: March 27, 1996

By: /s/ Edwin A. Huston

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

Date: March 27, 1996

By: /s/ Anthony G. Tegnalia

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

Date: March 27, 1996 By: /s/ Arthur H. Bernstein *

Arthur H. Bernstein
Director

Date: March 27, 1996 By: /s/ Joseph L. Dionne *

Joseph L. Dionne
Director

Date: March 27, 1996 By: /s/ Edward T. Foote II *

Edward T. Foote II
Director

Date: March 27, 1996 By: /s/ John A. Georges *

John A. Georges
Director

Date: March 27, 1996 By: /s/ Vernon E. Jordan, Jr. *

Vernon E. Jordan, Jr.
Director

Date: March 27, 1996 By: /s/ David T. Kearns *

David T. Kearns
Director

Date: March 27, 1996 By: /s/ Lynn M. Martin *

Lynn M. Martin
Director

Date: March 27, 1996 By: /s/ James W. McLamore *

James W. McLamore
Director

Date: March 27, 1996

By: /s/ Paul J. Rizzo *

Paul J. Rizzo
Director

Date: March 27, 1996

By: /s/ Hicks B. Waldron *

Hicks B. Waldron
Director

Date: March 27, 1996

By: /s/ Alva O. Way *

Alva O. Way
Director

Date: March 27, 1996

By: /s/ Mark H. Willes *

Mark H. Willes
Director

*By: /s/ P. Gray Finney

P. Gray Finney
Attorney-in-Fact

EXHIBIT 10.4(b)

INCENTIVE COMPENSATION DEFERRAL AGREEMENT

THIS AGREEMENT, dated as of November 30, 1995, between Ryder System, Inc. (the "Company") and _____ (the "Executive").

WITNESSETH:

WHEREAS, the Executive is serving as an executive of the Company or one of its subsidiaries or affiliates; and

WHEREAS, the Company has established an incentive compensation plan, with respect to the performance of the Executive and the Company during 1995, 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 1995 incentive compensation award to be made in 1996, less any deductions consented to in writing by the Executive, shall be deferred by the Company.
2. The deferred incentive compensation is subject to Social Security and Medicare taxes at the time the incentive compensation award is made. Therefore, the Executive and the Company agree that the Social Security and Medicare taxes 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 18, 1995, 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 beneficiary designation shall be made by the Executive on the form attached hereto. The Executive may, at any time, change or revoke such beneficiary 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 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 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 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. However, incentive compensation deferred pursuant to this Agreement shall be included in the Executive's compensation base for purposes of the Company's Retirement Plan.

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 _____ as my beneficiary.

(Executive)

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. However, incentive compensation deferred pursuant to this Agreement shall be included in the Executive's compensation base for purposes of the Company's Retirement Plan.

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 _____ as my beneficiary.

(Executive)

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. However, incentive compensation deferred pursuant to this Agreement shall be included in the Executive's compensation base for purposes of the Company's Retirement Plan.

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: _____

Thomas E. McKinnon
Executive Vice President -
Human Resources

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

(Executive)

EXHIBIT A

TO INCENTIVE COMPENSATION DEFERRAL AGREEMENT
DATED AS OF NOVEMBER 30, 1995

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. YOU MUST COMPLETE SECTIONS I, II, III AND IV. The "FIXED DATE" event in Sections V and VI 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

 - 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 voluntary or involuntary termination.

- First day of month following effective date of voluntary or involuntary termination.

IV. Disability Termination
(prior to eligibility for retirement)

METHOD OF PAYMENT

 - Lump Sum = deferred 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 disability termination.

- 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:
_____.

If you elect a partial payment under this Section VI, you must also specify either an amount or a percentage which you would like distributed on the specified Commencement Date selected above.

Amount \$ _____ or _____ %

(Executive)

EXHIBIT 10.5(b)

SALARY DEFERRAL AGREEMENT

THIS AGREEMENT, dated as of November 30, 1995, between Ryder System, Inc. (the "Company") and _____ (the "Executive").

WITNESSETH:

WHEREAS, the Executive is serving as an executive of the Company or one of its subsidiaries or affiliates at an annual rate of \$ _____ as of November 30, 1995; 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 1996 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 Social Security and Medicare taxes at the time of deferral. Therefore, the Executive and the Company agree that the Social Security and Medicare taxes 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 18, 1995, 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 beneficiary designation shall be made by the Executive on the form attached hereto. The Executive may, at any time, change or revoke such beneficiary 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 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 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 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. However, the amount of salary deferred pursuant to this Agreement shall be included in the Executive's compensation base for purposes of the Company's Retirement Plan.

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
_____ as 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
_____ as 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: _____
Thomas E. McKinnon
Executive Vice President -
Human Resources

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

(Executive)

EXHIBIT A

**TO SALARY DEFERRAL AGREEMENT
DATED AS OF NOVEMBER 30, 1995**

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. YOU MUST COMPLETE SECTIONS I, II, III AND IV. The "FIXED DATE" event in Sections V and VI 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

- 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 voluntary or involuntary
termination.

- First day of month following
effective date of voluntary or
involuntary termination.

**IV. Disability Termination
(prior to eligibility for 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 disability termination.

- 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:
_____.

If you elect a partial payment under this Section VI, you must also specify either an amount or a percentage which you would like distributed on the specified Commencement Date selected above.

Amount \$ _____ or _____ %

(Executive)

EXHIBIT 10.6(b)

AGREEMENT

THIS AGREEMENT, dated as of December 31, 1995, 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 1996 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 1996, including (i) the cash portion of the 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 18, 1995, 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 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 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, 1995

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 |
|--|--|
| ----- - Lump Sum = deferred amount plus accrued interest. - Annual Installments Select 2-10: _____ = account balance plus interest credited thereto divided by number of installments outstanding. | ----- - First day of month of fixed date. Specify month and year: _____. |

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

| METHOD OF PAYMENT | COMMENCEMENT DATE |
|---|--|
| ----- - Lump Sum = partial payment amount with the remainder to be paid as indicated in the event of termination or retirement, whichever occurs first. - Annual Installments Select 2-10: _____ = 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. | ----- - First day of month of fixed date. Specify month and year: _____. |

If you elect a partial payment under this Section IV, you must also specify either an amount or a percentage which you would like distributed on the specified Commencement Date selected above.

Amount \$ _____ or _____%

(Director)

RYDER

**RSI HEADQUARTERS
EXECUTIVE MANAGEMENT**

1996 INCENTIVE COMPENSATION PLAN PAGE 1

Supersedes 1995 Headquarters Executive Management Incentive Compensation Plan

INTRODUCTION

The following material explains the operation and administration of the 1996 Incentive Plan for Ryder System, Inc. (RSI or the Company) headquarters staff Officers, Directors and Managers whose positions are evaluated at Management Level 9 (MS09) 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.

BONUS OPPORTUNITY

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

MAXIMUM BONUS OPPORTUNITY AS A PERCENTAGE OF BASE SALARY

| MANAGEMENT LEVEL | RSI PERFORMANCE | INDIVIDUAL PERFORMANCE | TOTAL BONUS OPPORTUNITY |
|------------------------|-----------------|------------------------|-------------------------|
| Management Level 14+ * | 80% | 20% | 100% |
| Management Level 13 | 48% | 12% | 60% |
| Management Level 12 | 40% | 10% | 50% |
| Management Level 11 | 32% | 8% | 40% |
| Management Level 10 | 24% | 6% | 30% |
| Management Level 9 | 16% | 4% | 20% |

(*) See Special ROE Award section

BONUS PERFORMANCE MEASURES

For 1996, your bonus payout will be based on RSI performance and your performance as an individual.

RSI performance is measured based on RSI Net Earnings After Tax (NAT) Return on Equity (ROE) performance and RSI Net Earnings Before Tax (NBT) performance for 1996.

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 may be 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 ROE performance and RSI NBT performance.

RSI ROE performance for the bonus year is calculated by dividing RSI NAT by RSI average equity.

- RSI NAT is defined as RSI's consolidated Net Earnings After Tax from continuing operations (before accounting changes) 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 equity is defined as the average of the four quarters' average equity. A quarter's average equity is defined as the equity, as shown on RSI's balance sheet at the beginning of each quarter plus the total equity 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.

- 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.

DIVERSITY OBJECTIVES WILL ACCOUNT FOR 25% OF EACH PARTICIPANT'S 1996 INDIVIDUAL PERFORMANCE OBJECTIVES. THIS REQUIREMENT RECOGNIZES THE IMPACT THAT SPECIFIC DIVERSITY GOALS HAVE ON THE ORGANIZATION. THE CONCEPT OF DIVERSITY NEED NOT BE LIMITED TO NUMBERS; IT EMBRACES THE INCLUSION OF OTHERS AND A VALUE OF EVERY PERSON'S UNIQUENESS.

If applicable, goals and objectives may be revised during the bonus year to reflect changing business priorities.

Individual performance awards are separate from payments based upon financial measurements and may be paid, in part or in whole, based on the Company's performance and/or ability to pay.

Bonus awards are subject to the recommendation of the Administrator of the plan and approval by the Board of Directors of RSI. (See "Bonus Payment")

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

BONUS CALCULATION

Bonus awards are based on the following grids.

1) RSI PERFORMANCE - ROE/NBT

RSI performance payout is based on a grid consisting of two performance variables: 1996 RSI NAT ROE and 1996 RSI NBT. 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

| ROE | 1996 RSI NBT (\$MM) | | | | | MAXIMUM 347.0 |
|---------------|---------------------|-------|-------|-------|-------|------------------|
| | THRESHOLD 264.4 | 280.0 | 303.0 | 324.6 | 336.0 | |
| | % OF OPPORTUNITY | | | | | |
| <14.0% | 30 | 40 | 50 | 55 | 75 | 80 |
| 14.0% - 16.0% | 40 | 50 | 60 | 65 | 85 | 90 |
| >16.0% | 50 | 60 | 65 | 75 | 90 | 100 |

2) 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 Total | Fair-Some Critical Shortfalls | Consistent with Expectations | Significantly Above Expectations | Exceptional |
|------------------------|------------|-------------------------------|------------------------------|----------------------------------|-------------|
| Diversity Objectives | 25% | 0-50% | 51-70% | 71-89% | 90-100% |
| Other MBOs | 75% | 0-50% | 51-70% | 71-89% | 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.

**RSI HEADQUARTERS
EXECUTIVE MANAGEMENT**

1996 INCENTIVE COMPENSATION PLAN PAGE 5

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 |
| 1996 RSI NAT ROE | | 15.0% |
| 1996 RSI NBT | \$ | 336MM |
| Individual Performance - Diversity Objectives | | Significantly Above Expectations |
| Individual Performance - Other MBOs | | Significantly Above Expectations |

| | | | |
|-----|---|-----------|--------------|
| 1) | RSI Performance | | |
| | 16% Maximum RSI Performance Bonus Opportunity | | |
| | 85% Potential RSI Performance Bonus Payout (from grid) | | |
| | 16% x 85% = 13.6% of Eligible Base Salary | | |
| | 13.6% x \$50,000 = | \$ | 6,800 |
| 2a) | Individual Performance - Diversity Objectives | | |
| | 4% Maximum Individual Performance Bonus Opportunity | | |
| | 25% Maximum Diversity Objectives | | |
| | 75% Potential Individual Performance Bonus Payout (from grid) | | |
| | 4% x 25% x 75% = .75% of Eligible Base Salary | | |
| | .75% x \$50,000 = | \$ | 375 |
| 2b) | Individual Performance - Other MBOs | | |
| | 4% Maximum Individual Performance Bonus Opportunity | | |
| | 75% Maximum Other MBOs | | |
| | 75% Potential Individual Performance Bonus Payout (from grid) | | |
| | 4% x 75% x 75% = 2.25% of Eligible Base Salary | | |
| | 2.25% x \$50,000 = | \$ | 1,125 |
| | | | ----- |
| | TOTAL BONUS | \$ | 8,300 |

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 \$48,858, then effective June 1 receives an increase to a base salary of \$50,810:

| | | | |
|---|---|---------------------------|-----------|
| January 1 through May 31 of Bonus Year: | | | |
| ----- | | | |
| 31 + 29 + 31 + 30 + 31 | = | 152=.415 x \$48,858/yr. = | \$ 20,276 |
| ----- | | ----- | |
| 366 days | | 366 | |
| June 1 through December 31 of Bonus Year: | | | |
| ----- | | | |
| 366 - 152 | = | 214=.585 x \$50,810/yr. = | \$ 29,724 |
| ----- | | ----- | |
| 366 days | | 366 | ----- |
| AVERAGE ANNUAL RATE OF PAY FOR BONUS YEAR = | | | \$ 50,000 |

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 Executive Committee members. 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 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 18, 1995), 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 1996, 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 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 9% of Vehicle Leasing and Services Division (VLSD) NBT may be accrued by RSI and VLSD, respectively, throughout the bonus year to fund all awards under the RSI Headquarters Executive Management Incentive Compensation Plan, the VLSD field and headquarters bonus plans, the RSI SEVP & EVP - Development Incentive Compensation Plan, the Ryder International field and headquarters bonus plans, 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 Automotive Carrier Division, the President of Commercial Leasing & Services, the President of Consumer Truck Rental, the President of Ryder Dedicated Logistics, the President of Ryder International, 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 performed 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 the RSI Headquarters Executive Management Incentive Compensation Plan, the VLSD field and headquarters bonus plans, the RSI SEVP & EVP - Development Incentive Compensation Plan, the Ryder International field and headquarters bonus plans, the Ryder Services Corporation Incentive Compensation Plan, the Automotive Carrier Division executive and field bonus plans, and the Division Presidents' bonus plans, including those granted off-cycle, may not exceed \$530,000 per year.

AMENDMENTS

The Board of Directors of RSI, or the Compensation Committee, 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, OR THE COMPENSATION COMMITTEE, RESERVES THE RIGHT TO

AMEND, SUSPEND, TERMINATE OR MAKE EXCEPTIONS TO THIS PLAN AT ANY TIME.

RYDER

**RSI HEADQUARTERS - HYBRID
EXECUTIVE MANAGEMENT**

1996 INCENTIVE COMPENSATION PLAN PAGE 1

Supersedes 1995 Headquarters Executive Management Incentive Compensation Plan

INTRODUCTION

The following material explains the operation and administration of the 1996 Incentive Plan for selected Ryder System, Inc. (RSI or the Company) headquarters staff Officers, Directors and Managers whose positions are evaluated at Management Level 9 (MS09) or higher. This hybrid plan is a combination of the Ryder System Inc. (RSI or the Company) Headquarters Executive Management Incentive Compensation Plan and the Commercial Headquarters Executive Management Incentive Compensation Plan. 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 for each participating management level:

MAXIMUM BONUS OPPORTUNITY AS A PERCENTAGE OF BASE SALARY

| MANAGEMENT LEVEL | RSI PERFORMANCE | COMMERCIAL * PERFORMANCE | INDIVIDUAL PERFORMANCE | TOTAL BONUS OPPORTUNITY |
|----------------------|-----------------|--------------------------|------------------------|-------------------------|
| Management Level 14+ | 40% | 40% | 20% | 100% |
| Management Level 13 | 24% | 24% | 12% | 60% |
| Management Level 12 | 20% | 20% | 10% | 50% |
| Management Level 11 | 16% | 16% | 8% | 40% |
| Management Level 10 | 12% | 12% | 6% | 30% |
| Management Level 9 | 8% | 8% | 4% | 20% |

(*) Commercial is defined as U.S. and Canada combined

BONUS PERFORMANCE MEASURES

For 1996, your bonus payout will be based on RSI performance, Commercial performance, and your performance as an individual.

RSI performance is measured based on RSI Net Earnings After Tax (NAT) Return on Equity (ROE) performance and RSI Net Earnings Before Tax (NBT) performance for 1996.

Commercial performance is measured based on Commercial Net Earnings After Tax (NAT) Return on Assets (ROA) and Commercial NBT for 1996.

Individual performance is determined based on a year-end assessment of your performance against objectives that you agreed to with management at the start of the year. Given their importance, the objectives should be in writing and may be 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 ROE performance and RSI NBT performance.

RSI ROE performance for the bonus year is calculated by dividing RSI NAT by RSI average equity.

- RSI NAT is defined as RSI's consolidated Net Earnings After Tax from continuing operations (before accounting changes) 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 equity is defined as the average of the four quarters' average equity. A quarter's average equity is defined as the equity, as shown on RSI's balance sheet at the beginning of each quarter plus the total equity 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's 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 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.

- 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.

DIVERSITY OBJECTIVES WILL ACCOUNT FOR 25% OF EACH PARTICIPANT'S 1996 INDIVIDUAL PERFORMANCE OBJECTIVES. THIS REQUIREMENT RECOGNIZES THE IMPACT THAT SPECIFIC DIVERSITY GOALS HAVE ON THE ORGANIZATION. THE CONCEPT OF DIVERSITY NEED NOT BE LIMITED TO NUMBERS; IT EMBRACES THE INCLUSION OF OTHERS AND A VALUE OF EVERY PERSON'S UNIQUENESS.

If applicable, goals and objectives may be revised during the bonus year to reflect changing business priorities.

Individual performance awards are separate from payments based upon financial measurements and may be paid, in part or in whole, based on the Company's performance and/or ability to pay.

Bonus awards are subject to the recommendation of the Administrator of the plan and approval by the Board of Directors of RSI. (See "Bonus Payment")

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

BONUS CALCULATION

Bonus awards are based on the following grids.

1) RSI PERFORMANCE - ROE/NBT

RSI performance payout is based on a grid consisting of two performance variables: 1996 RSI NAT ROE and 1996 RSI NBT. 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**

| | 1996 RSI NBT (\$MM) | | | | | MAXIMUM |
|---------------|---------------------|------------------|-------|-------|-------|---------|
| | THRESHOLD | 280.0 | 303.0 | 324.6 | 336.0 | |
| ROE | 264.4 | | | | | 347.0 |
| | | % OF OPPORTUNITY | | | | |
| <14.0% | 30 | 40 | 50 | 55 | 75 | 80 |
| 14.0% - 16.0% | 40 | 50 | 60 | 65 | 85 | 90 |
| >16.0% | 50 | 60 | 65 | 75 | 90 | 100 |

2) COMMERCIAL PERFORMANCE - ROA/NBT

Commercial performance payout is based on a grid consisting of two performance variables: 1996 Commercial NAT ROA and 1996 Commercial NBT. 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**

| | 1996 COMMERCIAL NBT (\$MM) | | | | | MAXIMUM |
|-------------|----------------------------|------------------|-------|-------|-------|---------|
| | THRESHOLD | 205.0 | 219.0 | 230.4 | 237.0 | |
| ROA | 188.0 | | | | | 248.0 |
| | | % OF OPPORTUNITY | | | | |
| <3.2% | 30 | 40 | 50 | 55 | 75 | 80 |
| 3.2% - 3.8% | 40 | 50 | 60 | 65 | 85 | 90 |
| >3.8% | 50 | 60 | 65 | 75 | 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.

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

| INDIVIDUAL PERFORMANCE | % OF TOTAL | FAIR - SOME CRITICAL SHORTFALLS | CONSISTENT WITH EXPECTATIONS | SIGNIFICANTLY ABOVE EXPECTATIONS | EXCEPTIONAL |
|------------------------|------------|---------------------------------|------------------------------|----------------------------------|-------------|
| DIVERSITY OBJECTIVES | 25% | 0-50% | 51-70% | 71-89% | 90-100% |
| OTHER MBOS | 75% | 0-50% | 51-70% | 71-89% | 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.

RSI HEADQUARTERS - HYBRID
EXECUTIVE MANAGEMENT

1996 INCENTIVE COMPENSATION PLAN PAGE 6

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 |
| 1996 RSI NAT ROE | | 15.0% |
| 1996 RSI NBT | | \$ 336MM |
| 1996 Commercial NAT ROA | | 3.4% |
| 1996 Commercial NBT | | \$ 230.4MM |
| Individual Performance - Diversity Objectives | Significantly Above Expectations | |
| Individual Performance - Other MBOs | Significantly Above Expectations | |

| | | | |
|-----|---|--|----------|
| 1) | RSI Performance | | |
| | 8% Maximum RSI Performance Bonus Opportunity | | |
| | 85% Potential RSI Performance Bonus Payout (from grid) | | |
| | 8% x 85% = 6.8% of Eligible Base Salary | | |
| | 6.8% x \$50,000 = | | \$ 3,400 |
| 2) | Commercial Performance | | |
| | 8% Maximum Commercial Performance Bonus Opportunity | | |
| | 65% Potential Commercial Performance Bonus Payout (from grid) | | |
| | 8% x 65% = 5.2% of Eligible Base Salary | | |
| | 5.2% x \$50,000 = | | \$ 2,600 |
| 3a) | Individual Performance - Diversity Objectives | | |
| | 4% Maximum Individual Performance Bonus Opportunity | | |
| | 25% Maximum Diversity Objectives | | |
| | 75% Potential Individual Performance Bonus Payout (from grid) | | |
| | 4% x 25% x 75% = .75% of Eligible Base Salary | | |
| | .75% x \$50,000 = | | \$ 375 |
| 3b) | Individual Performance - Other MBOs | | |
| | 4% Maximum Individual Performance Bonus Opportunity | | |
| | 75% Maximum Other MBOs | | |
| | 75% Potential Individual Performance Bonus Payout (from grid) | | |
| | 4% x 75% x 75% = 2.25% of Eligible Base Salary | | |
| | 2.25% x \$50,000 = | | \$ 1,125 |
| | | | ----- |
| | TOTAL BONUS | | \$ 7,500 |

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 \$48,858, then effective June 1 receives an increase to a base salary of \$50,810:

January 1 through May 31 of Bonus Year:

$$\begin{array}{rcl} 31 + 29 + 31 + 30 + 31 & = & 152 \\ \hline & & 366 \text{ days} \end{array} \quad \begin{array}{rcl} & & .415 \\ & & \hline & & 366 \end{array} \times \$48,858/\text{yr.} = \$ 20,276$$

June 1 through December 31 of Bonus Year:

$$\begin{array}{rcl} 366 - 152 & = & 214 \\ \hline & & 366 \text{ days} \end{array} \quad \begin{array}{rcl} & & .585 \\ & & \hline & & 366 \end{array} \times \$50,810/\text{yr.} = \$ 29,724$$

$$\text{AVERAGE ANNUAL RATE OF PAY FOR BONUS YEAR} = \$ 50,000$$

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 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 18, 1995), 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 1996, 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 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 9% of Vehicle Leasing and Services Division (VLSD) NBT may be accrued by RSI and VLSD, respectively, throughout the bonus year to fund all awards under the RSI Headquarters Executive Management Incentive Compensation Plan, the VLSD field and headquarters bonus plans, the RSI SEVP & EVP - Development Incentive Compensation Plan, the Ryder International field and headquarters bonus plans, 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 Automotive Carrier Division, the President of Commercial Leasing & Services, the President of Consumer Truck Rental, the President of Ryder Dedicated Logistics, the President of Ryder International, 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 performed 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 the RSI Headquarters Executive Management Incentive Compensation Plan, the VLSD field and headquarters bonus plans, the RSI SEVP & EVP - Development Incentive Compensation Plan, the Ryder International field and headquarters bonus plans, the Ryder Services Corporation Incentive Compensation Plan, the Automotive Carrier Division executive and field bonus plan, and the Division Presidents' bonus plans, including those granted off-cycle, may not exceed \$530,000 per year.

AMENDMENTS

The Board of Directors of RSI, or the Compensation Committee, 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, OR THE COMPENSATION COMMITTEE, RESERVES THE RIGHT TO

AMEND, SUSPEND, TERMINATE OR MAKE EXCEPTIONS TO THIS PLAN AT ANY TIME.

RYDER

**SENIOR EXECUTIVE VICE PRESIDENTS
EXECUTIVE VICE PRESIDENT -
DEVELOPMENT**

1996 INCENTIVE COMPENSATION PLAN PAGE 1

Supersedes 1995 Senior Executive Vice Presidents Incentive Compensation Plan**INTRODUCTION**

The following material explains the operation and administration of the 1996 Incentive Plan for the Senior Executive Vice Presidents and Executive Vice President - Development 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% | 20% | 20% | 120% |

(*) See Special ROE Award section

BONUS PERFORMANCE MEASURES

For 1996, 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 RSI Net Earnings After Tax (NAT) Return on Equity (ROE) performance and RSI Net Earnings Before Tax (NBT) performance for 1996.

RSI performance above plan is measured based on RSI NBT performance for 1996.

Individual performance is determined based on a year-end assessment of your performance against objectives that you agreed to with management at the start of the year. The objectives may be updated during the year to adjust for priorities that may have changed.

**SENIOR EXECUTIVE VICE PRESIDENTS
EXECUTIVE VICE PRESIDENT -
DEVELOPMENT**

1996 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 ROE performance and RSI NBT performance.

RSI ROE performance for the bonus year is calculated by dividing RSI NAT by RSI average equity.

- RSI NAT is defined as RSI's consolidated Net Earnings After Tax from continuing operations (before accounting changes) 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 equity is defined as the average of the four quarters' average equity. A quarter's average equity is defined as the equity, as shown on RSI's balance sheet at the beginning of each quarter plus the total equity 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.

- RSI PERFORMANCE ABOVE PLAN -- RSI performance above plan payout is based on RSI NBT performance. To achieve a payout, RSI NBT performance must be above Plan.

- 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.

DIVERSITY OBJECTIVES WILL ACCOUNT FOR 25% OF EACH PARTICIPANT'S 1996 INDIVIDUAL PERFORMANCE OBJECTIVES. THIS REQUIREMENT RECOGNIZES THE IMPACT THAT SPECIFIC DIVERSITY GOALS HAVE ON THE ORGANIZATION. THE CONCEPT OF DIVERSITY NEED NOT BE LIMITED TO NUMBERS; IT EMBRACES THE INCLUSION OF OTHERS AND A VALUE OF EVERY PERSON'S UNIQUENESS.

If applicable, goals and objectives may be revised during the bonus year to reflect changing business priorities.

Individual performance awards are separate from payments based upon financial measurements and may be paid, in part or in whole, based on the Company's performance and/or ability to pay.

=====

Bonus awards are subject to the recommendation of the Administrator of the plan and approval by the Board of Directors of RSI. (See "Bonus Payment")

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

BONUS CALCULATION

Bonus awards are based on the following grids.

1) RSI PERFORMANCE - ROE/NBT

RSI performance payout is based on a grid consisting of two performance variables: 1996 RSI NAT ROE and 1996 RSI NBT. 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**

| | | 1996 RSI NBT (\$MM) | | | | | |
|---------------|------------------|---------------------|-------|-------|-------|-------|---------|
| THRESHOLD | | 264.4 | 280.0 | 303.0 | 324.6 | 336.0 | MAXIMUM |
| | | | | | | | 347.0 |
| ROE | % OF OPPORTUNITY | | | | | | |
| <14.0% | 30 | 40 | 50 | 55 | 75 | 80 | |
| 14.0% - 16.0% | 40 | 50 | 60 | 65 | 85 | 90 | |
| >16.0% | 50 | 60 | 65 | 75 | 90 | 100 | |

2) RSI PERFORMANCE ABOVE PLAN - NBT

RSI performance above plan payout is based on a grid of 1996 RSI NBT. The potential bonus payout percent is determined by locating the point on the grid under the 1996 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. The potential bonus payout is expressed as a percentage of Maximum RSI Performance Above Plan Bonus Opportunity, as shown on page 1.

**SENIOR EXECUTIVE VICE PRESIDENTS
EXECUTIVE VICE PRESIDENT -
DEVELOPMENT**

1996 INCENTIVE COMPENSATION PLAN PAGE 4

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

| 1996 RSI ABOVE PLAN NBT (\$MM) | | |
|--------------------------------|-------|---------|
| THRESHOLD | | MAXIMUM |
| 324.6 | 336.0 | 347.0 |
| % OF OPPORTUNITY | | |
| 0 | 50 | 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 TOTAL | FAIR - SOME CRITICAL SHORTFALLS | CONSISTENT WITH EXPECTATIONS | SIGNIFICANTLY ABOVE EXPECTATIONS | EXCEPTIONAL |
|---------------------------|---------------|---------------------------------------|------------------------------------|--|-------------|
| DIVERSITY OBJECTIVES | 25% | 0-50% | 51-70% | 71-89% | 90-100% |
| OTHER MBOS | 75% | 0-50% | 51-70% | 71-89% | 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
EXECUTIVE VICE PRESIDENT -
DEVELOPMENT**

1996 INCENTIVE COMPENSATION PLAN PAGE 5

BONUS CALCULATION EXAMPLE

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

| | |
|---|----------------------------------|
| Eligible Base Salary | \$ 350,000 |
| 1996 RSI NAT ROE | 15.0% |
| 1996 RSI NBT | \$ 336MM |
| Individual Performance - Diversity Objectives | Significantly Above Expectations |
| Individual Performance - Other MBOs | Significantly Above Expectations |

| | | | |
|-----|---|--|------------|
| 1) | RSI Performance | | |
| | 80% Maximum RSI Performance Bonus Opportunity | | |
| | 85% Potential RSI Performance Bonus Payout (from grid) | | |
| | 80% x 85% = 68% of Eligible Base Salary | | |
| | 68% x \$350,000 = | | \$ 238,000 |
| 2) | RSI Performance Above Plan | | |
| | 20% Maximum RSI Performance Above Plan Bonus Opportunity | | |
| | 50% Potential RSI Performance Above Plan Bonus Payout (from grid) | | |
| | 20% x 50% = 10% of Eligible Base Salary | | |
| | 10% x \$350,000 = | | \$ 35,000 |
| 3a) | Individual Performance - Diversity Objectives | | |
| | 20% Maximum Individual Performance Bonus Opportunity | | |
| | 25% Maximum Diversity Objectives | | |
| | 75% Potential Individual Performance Bonus Payout (from grid) | | |
| | 20% x 25% x 75% = 3.75% of Eligible Base Salary | | |
| | 3.75% x \$350,000 = | | \$ 13,125 |
| 3b) | Individual Performance - Other MBOs | | |
| | 20% Maximum Individual Performance Bonus Opportunity | | |
| | 75% Maximum Other MBOs | | |
| | 75% Potential Individual Performance Bonus Payout (from grid) | | |
| | 20% x 75% x 75% = 11.25% of Eligible Base Salary | | |
| | 11.25% x \$350,000 = | | \$ 39,375 |
| | | | ----- |
| | TOTAL BONUS | | \$ 325,500 |

**SENIOR EXECUTIVE VICE PRESIDENTS
EXECUTIVE VICE PRESIDENT -
DEVELOPMENT**

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 \$341,993, then effective June 1 receives an increase to a base salary of \$355,680:

| | | | |
|---|---|--------------------------|--------------|
| January 1 through May 31 of Bonus Year: | | | |
| ----- | | | |
| 31 + 29 + 31 + 30 + 31 | = | 152=.415 x \$341,993/yr. | = \$ 141,927 |
| ----- | | --- | |
| 366 days | | 366 | |
| June 1 through December 31 of Bonus Year: | | | |
| ----- | | | |
| 366 - 152 | = | 214=.585 x \$355,680/yr. | = \$ 208,073 |
| ----- | | --- | ----- |
| 366 days | | 366 | |
| AVERAGE ANNUAL RATE OF PAY FOR BONUS YEAR = | | | \$ 350,000 |

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 Executive Committee members. 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
EXECUTIVE VICE PRESIDENT -
DEVELOPMENT**

1996 INCENTIVE COMPENSATION PLAN PAGE 7

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 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 18, 1995), 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
EXECUTIVE VICE PRESIDENT -
DEVELOPMENT**

1996 INCENTIVE COMPENSATION PLAN PAGE 8

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 1996, 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 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 9% of Vehicle Leasing and Services Division (VLSD) NBT may be accrued by RSI and VLSD, respectively, throughout the bonus year to fund all awards under the RSI Headquarters Executive Management Incentive Compensation Plan, the VLSD field and headquarters bonus plans, the RSI SEVP & EVP - Development Incentive Compensation Plan, the Ryder International field and headquarters bonus plans, 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 Automotive Carrier Division, the President of Commercial Leasing & Services, the President of Consumer Truck Rental, the President of Ryder Dedicated Logistics, the President of Ryder International, 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 performed 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
EXECUTIVE VICE PRESIDENT -
DEVELOPMENT**

1996 INCENTIVE COMPENSATION PLAN PAGE 9

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 the RSI Headquarters Executive Management Incentive Compensation Plan, the VLSD field and headquarters bonus plans, the RSI SEVP & EVP - Development Incentive Compensation Plan, the Ryder International field and headquarters bonus plans, the Ryder Services Corporation Incentive Compensation Plan, the Automotive Carrier Division executive and field bonus plans, and the Division Presidents' bonus plans, including those granted off-cycle, may not exceed \$530,000 per year.

AMENDMENTS

The Board of Directors of RSI, or the Compensation Committee, 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, OR THE COMPENSATION COMMITTEE, RESERVES THE RIGHT TO

AMEND, SUSPEND, TERMINATE OR MAKE EXCEPTIONS TO THIS PLAN AT ANY TIME.

RYDER

**PRESIDENT
RYDER INTERNATIONAL**

1996 INCENTIVE COMPENSATION PLAN PAGE 1

Supersedes 1995 Senior Vice President and General Manager Ryder International Incentive Compensation Plan

INTRODUCTION

The following material explains the operation and administration of the 1996 Incentive Plan for the President, Ryder 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.

BONUS OPPORTUNITY

The following table summarizes the maximum bonus opportunity:

MAXIMUM BONUS OPPORTUNITY AS A PERCENTAGE OF BASE SALARY

| RSI PERFORMANCE | INTERNATIONAL PERFORMANCE | INTERNATIONAL DEVELOPMENT OBJECTIVES | INDIVIDUAL PERFORMANCE | TOTAL BONUS OPPORTUNITY * |
|--------------------|------------------------------|--|---------------------------|------------------------------|
| 60% | 10% | 10% | 20% | 100% |

(*) See Special ROE Award section

BONUS PERFORMANCE MEASURES

For 1996, your bonus payout will be based upon Ryder System, Inc. (RSI or the Company) performance, International performance, International development objectives and your performance as an individual.

RSI performance is measured based on RSI Net Earnings After Tax (NAT) Return on Equity (ROE) performance and RSI Net Earnings Before Tax (NBT) performance for 1996.

International performance is measured based on International NBT performance for 1996.

International development is measured based on objectives set for 1996.

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 may be 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 ROE performance and RSI NBT performance.

RSI ROE performance for the bonus year is calculated by dividing RSI NAT by RSI average equity.

- RSI NAT is defined as RSI's consolidated Net Earnings After Tax from continuing operations (before accounting changes) 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 equity is defined as the average of the four quarters' average equity. A quarter's average equity is defined as the equity, as shown on RSI's balance sheet at the beginning of each quarter plus the total equity 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.

- INTERNATIONAL PERFORMANCE -- International performance payout is based on International NBT performance.

International NBT performance is defined as International'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.

- INTERNATIONAL DEVELOPMENT OBJECTIVES -- Payout is determined based on achieving the following objectives:

Objectives to be determined by Ryder International at a later date.

Note: All quantitative values are subject to interpolation.

- 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.

DIVERSITY OBJECTIVES WILL ACCOUNT FOR 25% OF EACH PARTICIPANT'S 1996 INDIVIDUAL PERFORMANCE OBJECTIVES. THIS REQUIREMENT RECOGNIZES THE IMPACT THAT SPECIFIC DIVERSITY GOALS HAVE ON THE ORGANIZATION. THE CONCEPT OF DIVERSITY NEED NOT BE LIMITED TO NUMBERS; IT EMBRACES THE INCLUSION OF OTHERS AND A VALUE OF EVERY PERSON'S UNIQUENESS.

If applicable, goals and objectives may be revised during the bonus year to reflect changing business priorities.

Individual performance awards are separate from payments based upon financial measurements and may be paid, in part or in whole, based on the Company's performance and/or ability to pay.

Bonus awards are subject to the recommendation of the Administrator of the plan and approval by the Board of Directors of RSI. (See "Bonus Payment")

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

BONUS CALCULATION

Bonus awards are based on the following grids.

1) RSI PERFORMANCE - ROE/NBT

RSI performance payout is based on a grid consisting of two performance variables: 1996 RSI NAT ROE and 1996 RSI NBT. 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**

| | | 1996 RSI NBT (\$MM) | | | | | |
|---------------|----|---------------------|-------|-------|-------|-------|---------|
| THRESHOLD | | | | | | | MAXIMUM |
| 264.4 | | 280.0 | 303.0 | 324.6 | 336.0 | 347.0 | |
| ROE | | % OF OPPORTUNITY | | | | | |
| <14.0% | 30 | 40 | 50 | 55 | 75 | 80 | |
| 14.0% - 16.0% | 40 | 50 | 60 | 65 | 85 | 90 | |
| >16.0% | 50 | 60 | 65 | 75 | 90 | 100 | |

2) INTERNATIONAL PERFORMANCE - NBT

International performance payout is based on 1996 International NBT. The bonus payout percent is determined by locating the point on the which corresponds to the variable. 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 Performance Bonus Opportunity, as shown on page 1.

**POTENTIAL INTERNATIONAL PERFORMANCE BONUS PAYOUT AS A
PERCENTAGE OF MAXIMUM INTERNATIONAL PERFORMANCE BONUS OPPORTUNITY**

| 1996 INTERNATIONAL NBT (\$MM) | | | |
|-------------------------------|-----|-----|---------|
| THRESHOLD | | | MAXIMUM |
| 3.0 | 5.1 | 7.0 | 9.0 |
| % OF OPPORTUNITY | | | |
| 45 | 65 | 80 | 100 |

3) INTERNATIONAL DEVELOPMENT OBJECTIVES

International development objectives payout is based on the percentage of objectives achieved in 1996 as shown on page 2. The potential bonus payout is expressed as a percentage of Maximum Bonus Opportunity, as shown on page 1.

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 TOTAL | FAIR - SOME CRITICAL SHORTFALLS | CONSISTENT WITH EXPECTATIONS | SIGNIFICANTLY ABOVE EXPECTATIONS | EXCEPTIONAL |
|------------------------|------------|---------------------------------|------------------------------|----------------------------------|-------------|
| DIVERSITY OBJECTIVES | 25% | 0-50% | 51-70% | 71-89% | 90-100% |
| OTHER MBOS | 75% | 0-50% | 51-70% | 71-89% | 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.

**PRESIDENT
RYDER INTERNATIONAL**

1996 INCENTIVE COMPENSATION PLAN PAGE 6

BONUS CALCULATION EXAMPLE

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

| | | |
|---|----|----------------------------------|
| Eligible Base Salary | \$ | 350,000 |
| 1996 RSI NAT ROE | | 15.0% |
| 1996 RSI NBT | \$ | 336MM |
| 1996 International NBT | \$ | 5.1MM |
| 1996 International Development Objectives | | 75% |
| Individual Performance - Diversity Objectives | | Significantly Above Expectations |
| Individual Performance - Other MBOs | | Significantly Above Expectations |

| | | | |
|-----|--|--|-----------|
| 1) | RSI Performance | | |
| | 60% Maximum RSI Performance Bonus Opportunity | | |
| | 85% Potential RSI Performance Bonus Payout (from grid) | | |
| | $60\% \times 85\% = 51\%$ of Eligible Base Salary | | |
| | $51\% \times \$350,000 =$ | | \$178,500 |
| 2) | International Performance | | |
| | 10% Maximum International Performance Bonus Opportunity | | |
| | 65% Potential International Performance Bonus Payout (from grid) | | |
| | $10\% \times 65\% = 6.5\%$ of Eligible Base Salary | | |
| | $6.5\% \times \$350,000 =$ | | \$ 22,750 |
| 3) | International Development Objectives | | |
| | 10% Maximum International Objectives Bonus Opportunity | | |
| | 75% Potential International Objectives Bonus Payout | | |
| | $10\% \times 75\% = 7.5\%$ | | |
| | $7.5\% \times \$350,000 =$ | | \$ 26,250 |
| 4a) | Individual Performance - Diversity Objectives | | |
| | 20% Maximum Individual Performance Bonus Opportunity | | |
| | 25% Maximum Diversity Objectives | | |
| | 75% Potential Individual Performance Bonus Payout (from grid) | | |
| | $20\% \times 25\% \times 75\% = 3.75\%$ of Eligible Base Salary | | |
| | $3.75\% \times \$350,000 =$ | | \$ 13,125 |
| 4b) | Individual Performance - Other MBOs | | |
| | 20% Maximum Individual Performance Bonus Opportunity | | |
| | 75% Maximum Other MBOs | | |
| | 75% Potential Individual Performance Bonus Payout (from grid) | | |
| | $20\% \times 75\% = 11.25\%$ of Eligible Base Salary | | |
| | $11.25\% \times \$350,000 =$ | | \$ 39,375 |
| | | | ----- |
| | TOTAL BONUS | | \$280,000 |

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 \$341,993, then effective June 1 receives an increase to a base salary of \$355,680:

January 1 through May 31 of Bonus Year:

| | | | |
|--|---|----------------------------|------------|
| ----- 31 + 29 + 31 + 30 + 31 ----- 366 days | = | 152=.415 x \$341,993/yr. = | \$ 141,927 |
| | | ----- 366 | |

June 1 through December 31 of Bonus Year:

| | | | |
|---|---|----------------------------|------------|
| ----- 366 - 152 ----- 366 days | = | 214=.585 x \$355,680/yr. = | \$ 208,073 |
| | | ----- 366 | ----- |

| | | | |
|--|--|--|------------|
| AVERAGE ANNUAL RATE OF PAY FOR BONUS YEAR= | | | \$ 350,000 |
|--|--|--|------------|

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 Executive Committee members. 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 International, if employed in good standing at the time bonus payments are made, is 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 18, 1995), 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 1996, 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 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 based on bonus performance measures for the President, Ryder International 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 performed 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 the RSI Headquarters Executive Management Incentive Compensation Plan, the Vehicle Leasing & Services Division (VLSD)

field and headquarters bonus plans, the RSI SEVP & EVP - Development Incentive Compensation Plan, the Ryder International field and headquarters bonus plans, the Ryder Services Corporation Incentive Compensation Plan, the Automotive Carrier Division executive and field bonus plans, and the Division Presidents' bonus plans, including those granted off-cycle, may not exceed \$530,000 per year.

AMENDMENTS

The Board of Directors of RSI, or the Compensation Committee, 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, OR THE COMPENSATION COMMITTEE, RESERVES THE RIGHT TO

AMEND, SUSPEND, TERMINATE OR MAKE EXCEPTIONS TO THIS PLAN AT ANY TIME.

RYDER

**PRESIDENT
AUTOMOTIVE CARRIER DIVISION**

1996 INCENTIVE COMPENSATION PLAN PAGE 1

Supersedes 1995 ACD President Incentive Compensation Plan

INTRODUCTION

The following material explains the operation and administration of the 1996 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.

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* |
|--------------------|--------------------|---------------------------|-----------------------------|
| 60% | 20% | 20% | 100% |

(*) See Special ROE Award section

BONUS PERFORMANCE MEASURES

For 1996, 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 RSI Net Earnings After Tax (NAT) Return on Equity (ROE) performance and RSI Net Earnings Before Tax (NBT) performance for 1996.

ACD performance is measured based on ACD NBT performance for 1996.

Individual performance is determined based on a year-end assessment of your performance against objectives that you agreed to with management at the start of the year. Given their importance, the objectives should be in writing and may be 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 ROE performance and RSI NBT performance.

RSI ROE performance for the bonus year is calculated by dividing RSI NAT by RSI average equity.

- RSI NAT is defined as RSI's consolidated Net Earnings After Tax from continuing operations (before accounting changes) 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 equity is defined as the average of the four quarters' average equity. A quarter's average equity is defined as the equity, as shown on RSI's balance sheet at the beginning of each quarter plus the total equity 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 performance.

ACD NBT performance is defined as ACD'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.

- 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.

DIVERSITY OBJECTIVES WILL ACCOUNT FOR 25% OF EACH PARTICIPANT'S 1996 INDIVIDUAL PERFORMANCE OBJECTIVES. THIS REQUIREMENT RECOGNIZES THE IMPACT THAT SPECIFIC DIVERSITY GOALS HAVE ON THE ORGANIZATION. THE CONCEPT OF DIVERSITY NEED NOT BE LIMITED TO NUMBERS; IT EMBRACES THE INCLUSION OF OTHERS AND A VALUE OF EVERY PERSON'S UNIQUENESS.

If applicable, goals and objectives may be revised during the bonus year to reflect changing business priorities.

Individual performance awards are separate from payments based upon financial measurements and may be paid, in part or in whole, based on the Company's performance and/or ability to pay.

Bonus awards are subject to the recommendation of the Administrator of the plan and approval by the Board of Directors of RSI. (See "Bonus Payment")

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

BONUS CALCULATION

Bonus awards are based on the following grids.

1) RSI PERFORMANCE - ROE/NBT

RSI performance payout is based on a grid consisting of two performance variables: 1996 RSI NAT ROE and 1996 RSI NBT. 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

| | | 1996 RSI NBT (\$MM) | | | | | |
|---------------|------------------|---------------------|-------|-------|-------|---------|-------|
| | | THRESHOLD | | | | MAXIMUM | |
| | | 264.4 | 280.0 | 303.0 | 324.6 | 336.0 | 347.0 |
| ROE | % OF OPPORTUNITY | | | | | | |
| <14.0% | 30 | 40 | 50 | 55 | 75 | 80 | |
| 14.0% - 16.0% | 40 | 50 | 60 | 65 | 85 | 90 | |
| >16.0% | 50 | 60 | 65 | 75 | 90 | 100 | |

**PRESIDENT
AUTOMOTIVE CARRIER DIVISION**

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2) ACD PERFORMANCE - NBT

ACD performance payout is based on 1996 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 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 ACD Performance Bonus Opportunity, as shown on page 1.

**POTENTIAL ACD PERFORMANCE BONUS PAYOUT
AS A PERCENTAGE OF MAXIMUM ACD PERFORMANCE BONUS OPPORTUNITY**

| 1996 ACD NBT (\$MM) | | | | | |
|---------------------|------|------|------|------|---------|
| THRESHOLD | | | | | MAXIMUM |
| 41.0 | 44.0 | 46.0 | 50.0 | 52.0 | 54.0 |
| % OF OPPORTUNITY | | | | | |
| 20 | 40 | 55 | 65 | 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 TOTAL | FAIR - SOME CRITICAL SHORTFALLS | CONSISTENT WITH EXPECTATIONS | SIGNIFICANTLY ABOVE EXPECTATIONS | EXCEPTIONAL |
|------------------------|------------|---------------------------------|------------------------------|----------------------------------|-------------|
| DIVERSITY OBJECTIVES | 25% | 0-50% | 51-70% | 71-89% | 90-100% |
| OTHER MBOS | 75% | 0-50% | 51-70% | 71-89% | 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.

**PRESIDENT
AUTOMOTIVE CARRIER DIVISION**

1996 INCENTIVE COMPENSATION PLAN PAGE 5

BONUS CALCULATION EXAMPLE

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

| | | |
|---|----|----------------------------------|
| Eligible Base Salary | \$ | 220,000 |
| 1996 RSI NAT ROE | | 15.0% |
| 1996 RSI NBT | \$ | 336MM |
| 1996 ACD NBT | \$ | 50MM |
| Individual Performance - Diversity Objectives | | Significantly Above Expectations |
| Individual Performance - Other MBOs | | Significantly Above Expectations |
| | | |
| 1) RSI Performance | | |
| 60% Maximum RSI Performance Bonus Opportunity | | |
| 85% Potential RSI Performance Bonus Payout (from grid) | | |
| 60% x 85% = 51% of Eligible Base Salary | | |
| 51% x \$220,000 = | \$ | 112,200 |
| 2) ACD Performance | | |
| 20% Maximum ACD Performance Bonus Opportunity | | |
| 65% Potential ACD Performance Bonus Payout (from grid) | | |
| 20% x 65% = 13% of Eligible Base Salary | | |
| 13% x \$220,000 = | \$ | 28,600 |
| 3a) Individual Performance - Diversity Objectives | | |
| 20% Maximum Individual Performance Bonus Opportunity | | |
| 25% Maximum Diversity Objectives | | |
| 75% Potential Individual Performance Bonus Payout (from grid) | | |
| 20% x 25% x 75% = 3.75% of Eligible Base Salary | | |
| 3.75% x \$220,000 = | \$ | 8,250 |
| 3b) Individual Performance - Other MBOs | | |
| 20% Maximum Individual Performance Bonus Opportunity | | |
| 75% Maximum Other MBOs | | |
| 75% Potential Individual Performance Bonus Payout (from grid) | | |
| 20% x 75% x 75% = 11.25% of Eligible Base Salary | | |
| 11.25% x \$220,000 = | \$ | 24,750 |
| | | ----- |
| TOTAL BONUS | \$ | 173,800 |

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 \$214,966, then effective June 1 receives an increase to a base salary of \$223,571:

| | | | |
|---|---|----------------------------|------------|
| January 1 through May 31 of Bonus Year: | | | |
| ----- | | | |
| 31 + 29 + 31 + 30 + 31 | = | 152 = .415 x \$214,966/yr. | \$ 89,211 |
| ----- | | ----- | |
| 366 days | | 366 | |
| June 1 through December 31 of Bonus Year: | | | |
| ----- | | | |
| 366 - 152 | = | 214 = .585 x \$223,571/yr. | |
| ----- | | ----- | |
| 366 days | | 366 | \$ 130,789 |
| | | | ----- |
| AVERAGE ANNUAL RATE OF PAY FOR BONUS YEAR = | | | \$ 220,000 |

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 Executive Committee members. 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 18, 1995), 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 1996, 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 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 based on bonus performance measures for the President, ACD 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 performed 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 the RSI Headquarters Executive Management Incentive Compensation Plan, the Vehicle Leasing & Services Division (VLSD) field and headquarters bonus plans, the RSI SEVP & EVP - - Development Incentive Compensation Plan, the Ryder International field and headquarters bonus plans, the Ryder Services Corporation Incentive Compensation Plan, the Automotive Carrier Division executive and field bonus plans, and the Division Presidents' bonus plans, including those granted off-cycle, may not exceed \$530,000 per year.

AMENDMENTS

The Board of Directors of RSI, or the Compensation Committee, 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, OR THE COMPENSATION COMMITTEE, RESERVES THE RIGHT TO

AMEND, SUSPEND, TERMINATE OR MAKE EXCEPTIONS TO THIS PLAN AT ANY TIME.

RYDER

**CHAIRMAN, PRESIDENT &
CHIEF EXECUTIVE OFFICER**

1996 INCENTIVE COMPENSATION PLAN PAGE 1

Supersedes 1995 Chairman, President & Chief Executive Officer Incentive Compensation Plan

INTRODUCTION

The following material explains the operation and administration of the 1996 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 1996, 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 RSI Net Earnings After Tax (NAT) Return on Equity (ROE) performance and RSI Net Earnings Before Tax (NBT) performance for 1996.

RSI performance above plan is measured based on RSI NBT performance for 1996.

Individual performance is determined based on a year-end assessment of your performance against objectives that you agreed to with the Board of Directors at the start of the year. The objectives may be 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 ROE performance and RSI NBT performance.

RSI ROE performance for the bonus year is calculated by dividing RSI NAT by RSI average equity.

- RSI NAT is defined as RSI's consolidated Net Earnings After Tax from continuing operations (before accounting changes) 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 equity is defined as the average of the four quarters' average equity. A quarter's average equity is defined as the equity, as shown on RSI's balance sheet at the beginning of each quarter plus the total equity 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.

- RSI PERFORMANCE ABOVE PLAN -- RSI performance above plan payout is based on RSI NBT performance. To achieve a payout, RSI NBT performance must be above plan.

- 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.

DIVERSITY OBJECTIVES WILL ACCOUNT FOR 25% OF EACH PARTICIPANT'S 1996 INDIVIDUAL PERFORMANCE OBJECTIVES. THIS REQUIREMENT RECOGNIZES THE IMPACT THAT SPECIFIC DIVERSITY GOALS HAVE ON THE ORGANIZATION. THE CONCEPT OF DIVERSITY NEED NOT BE LIMITED TO NUMBERS; IT EMBRACES THE INCLUSION OF OTHERS AND A VALUE OF EVERY PERSON'S UNIQUENESS.

If applicable, goals and objectives may be revised during the bonus year to reflect changing business priorities.

**CHAIRMAN, PRESIDENT &
CHIEF EXECUTIVE OFFICER**

1996 INCENTIVE COMPENSATION PLAN PAGE 3

Individual performance awards are separate from payments based upon financial measurements and may be paid, in part or in whole, based on the Company's performance and/or ability to pay.

Bonus awards are subject to the recommendation of the Administrator of the plan and approval by the Board of Directors of RSI. (See "Bonus Payment")

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

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BONUS CALCULATION

Bonus awards are based on the following grids.

1) RSI PERFORMANCE - ROE/NBT

RSI performance payout is based on a grid consisting of two performance variables: 1996 RSI NAT ROE and 1996 RSI NBT. 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

| | | 1996 RSI NBT (\$MM) | | | | | |
|---------------|------------------|---------------------|-------|-------|-------|-------|---------|
| | | THRESHOLD | | | | | MAXIMUM |
| | | 264.4 | 280.0 | 303.0 | 324.6 | 336.0 | 347.0 |
| ROE | % OF OPPORTUNITY | | | | | | |
| <14.0% | 30 | 40 | 50 | 55 | 75 | 80 | |
| 14.0% - 16.0% | 40 | 50 | 60 | 65 | 85 | 90 | |
| >16.0% | 50 | 60 | 65 | 75 | 90 | 100 | |

2) RSI PERFORMANCE ABOVE PLAN - NBT

RSI performance above plan payout is based on a grid of 1996 RSI NBT. The potential bonus payout percent is determined by locating the point on the grid under the 1996 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. 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

| 1996 RSI ABOVE PLAN NBT (\$MM) | | |
|--------------------------------|-------|---------|
| THRESHOLD | | MAXIMUM |
| 324.6 | 336.0 | 347.0 |
| % OF OPPORTUNITY | | |
| 0 | 50 | 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 TOTAL | FAIR - SOME CRITICAL SHORTFALLS | CONSISTENT WITH EXPECTATIONS | SIGNIFICANTLY ABOVE EXPECTATIONS | EXCEPTIONAL |
|------------------------|------------|---------------------------------|------------------------------|----------------------------------|-------------|
| DIVERSITY OBJECTIVES | 25% | 0-50% | 51-70% | 71-89% | 90-100% |
| OTHER MBOS | 75% | 0-50% | 51-70% | 71-89% | 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**

1996 INCENTIVE COMPENSATION PLAN PAGE 6

BONUS CALCULATION EXAMPLE

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

| | |
|---|----------------------------------|
| Eligible Base Salary | \$ 725,000 |
| 1996 RSI NAT ROE | 15.0% |
| 1996 RSI NBT | \$ 336MM |
| Individual Performance - Diversity Objectives | Significantly Above Expectations |
| Individual Performance - Other MBOs | Significantly Above Expectations |
| | |
| 1) RSI Performance | |
| 80% Maximum RSI Performance Bonus Opportunity | |
| 85% Potential RSI Performance Bonus Payout (from grid) | |
| 80% x 85% = 68% of Eligible Base Salary | |
| 68% x \$725,000 = | \$ 493,000 |
| 2) RSI Performance Above Plan | |
| 30% Maximum RSI Performance Above Plan Bonus Opportunity | |
| 50% Potential RSI Performance Above Plan Bonus Payout (from grid) | |
| 30% x 50% = 15% of Eligible Base Salary | |
| 15% x \$725,000 = | 108,750 |
| 3a) Individual Performance - Diversity Objectives | |
| 20% Maximum Individual Performance Bonus Opportunity | |
| 25% Maximum Diversity Objectives | |
| 75% Potential Individual Performance Bonus Payout (from grid) | |
| 20% x 25% x 75% = 3.75% of Eligible Base Salary | |
| 3.75% x \$725,000 = | \$ 27,188 |
| 3b) Individual Performance - Other MBOs | |
| 20% Maximum Individual Performance Bonus Opportunity | |
| 75% Maximum Other MBOs | |
| 75% Potential Individual Performance Bonus Payout (from grid) | |
| 20% x 75% x 75% = 11.25% of Eligible Base Salary | |
| 11.25% x \$725,000 = | \$ 81,562 |
| TOTAL BONUS | \$ 710,500 |

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 \$708,412, then effective June 1 receives an increase to a base salary of \$736,768:

January 1 through May 31 of Bonus Year:

$$\frac{31 + 29 + 31 + 30 + 31}{366 \text{ days}} = \frac{152}{366} = .415 \times \$708,412/\text{yr.} = \$293,991$$

June 1 through December 31 of Bonus Year:

$$\frac{366 - 152}{366 \text{ days}} = \frac{214}{366} = .585 \times \$736,768/\text{yr.} = \$431,009$$

AVERAGE ANNUAL RATE OF PAY FOR BONUS YEAR = \$725,000

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 Executive Committee members. 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 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 18, 1995), 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**

1996 INCENTIVE COMPENSATION PLAN PAGE 9

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 1996, 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 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 performed 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, or the Compensation Committee, 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, OR THE COMPENSATION COMMITTEE, RESERVES THE RIGHT TO

AMEND, SUSPEND, TERMINATE OR MAKE EXCEPTIONS TO THIS PLAN AT ANY TIME.

RYDER

**PRESIDENT
COMMERCIAL LEASING & SERVICES**

1996 INCENTIVE COMPENSATION PLAN PAGE 1

Supersedes 1995 President, Commercial Leasing & Services Incentive Compensation Plan

INTRODUCTION

The following material explains the operation and administration of the 1996 Incentive Plan for the President, Commercial Leasing & Services (Commercial). 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 ABOVE PLAN PERFORMANCE | COMMERCIAL PERFORMANCE * | INDIVIDUAL PERFORMANCE | TOTAL BONUS OPPORTUNITY ** |
|--------------------|-------------------------------|-----------------------------|---------------------------|-------------------------------|
| 60% | 20% | 20% | 20% | 120% |

(*) Commercial performance is defined as U.S. and Canada combined (**) See Special ROE Award section

BONUS PERFORMANCE MEASURES

For 1996, your bonus payout will be based on Ryder System, Inc. (RSI or the Company) performance, Commercial performance, RSI performance above plan, and your performance as an individual.

RSI performance is measured based on RSI Net Earnings After Tax (NAT) Return on Equity (ROE) performance and RSI Net Earnings Before Tax (NBT) performance for 1996.

RSI performance above plan is measured based on RSI NBT performance for 1996.

Commercial performance is measured based on Commercial Net Earnings After Tax (NAT) Return on Assets (ROA) and Commercial NBT for 1996.

Individual performance is determined based on a year-end assessment of your performance against objectives that you agreed to with management at the start of the year. Given their importance, the objectives should be in writing and may be 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 ROE performance and RSI NBT performance.

RSI ROE performance for the bonus year is calculated by dividing RSI NAT by RSI average equity.

- RSI NAT is defined as RSI's consolidated Net Earnings After Tax from continuing operations (before accounting changes) 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 equity is defined as the average of the four quarters' average equity. A quarter's average equity is defined as the equity, as shown on RSI's balance sheet at the beginning of each quarter plus the total equity 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.

- RSI PERFORMANCE ABOVE PLAN -- RSI performance above plan payout is based on RSI NBT performance. To achieve a payout, RSI NBT performance must be above plan.

- 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's 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 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.

- 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.

DIVERSITY OBJECTIVES WILL ACCOUNT FOR 25% OF EACH PARTICIPANT'S 1996 INDIVIDUAL PERFORMANCE OBJECTIVES. THIS REQUIREMENT RECOGNIZES THE IMPACT THAT SPECIFIC DIVERSITY GOALS HAVE ON THE ORGANIZATION. THE CONCEPT OF DIVERSITY NEED NOT BE LIMITED TO NUMBERS; IT EMBRACES THE INCLUSION OF OTHERS AND A VALUE OF EVERY PERSON'S UNIQUENESS.

If applicable, goals and objectives may be revised during the bonus year to reflect changing business priorities.

Individual performance awards are separate from payments based upon financial measurements and may be paid, in part or in whole, based on the Company's performance and/or ability to pay.

Bonus awards are subject to the recommendation of the Administrator of the plan and approval by the Board of Directors of RSI. (See "Bonus Payment")

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

BONUS CALCULATION

Bonus awards are based on the following grids.

1) RSI PERFORMANCE - ROE/NBT

RSI performance payout is based on a grid consisting of two performance variables: 1996 RSI NAT ROE and 1996 RSI NBT. 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

| | | 1996 RSI NBT (\$MM) | | | | | |
|---------------|------------------|---------------------|-------|-------|-------|-------|---------|
| THRESHOLD | | 264.4 | 280.0 | 303.0 | 324.6 | 336.0 | MAXIMUM |
| | | | | | | | 347.0 |
| ROE | % OF OPPORTUNITY | | | | | | |
| <14.0% | 30 | 40 | 50 | 55 | 75 | 80 | |
| 14.0% - 16.0% | 40 | 50 | 60 | 65 | 85 | 90 | |
| >16.0% | 50 | 60 | 65 | 75 | 90 | 100 | |

2) RSI PERFORMANCE ABOVE PLAN - NBT

RSI performance above plan payout is based on a grid of 1996 RSI NBT. The potential bonus payout percent is determined by locating the point on the grid under the 1996 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. 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

| 1996 RSI ABOVE PLAN NBT (\$MM) | | |
|--------------------------------|-------|---------|
| THRESHOLD | | MAXIMUM |
| 324.6 | 336.0 | 347.0 |
| % OF OPPORTUNITY | | |
| 0 | 50 | 100 |

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3) COMMERCIAL PERFORMANCE - ROA/NBT

Commercial performance payout is based on a grid consisting of two performance variables: 1996 Commercial NAT ROA and 1996 Commercial NBT. 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**

| | | 1996 COMMERCIAL NBT (\$MM) | | | | | |
|-------------|------------------|----------------------------|-------|-------|-------|-------|---------|
| | | THRESHOLD | | | | | MAXIMUM |
| | | 188.0 | 205.0 | 219.0 | 230.4 | 237.0 | 248 |
| ROA | % OF OPPORTUNITY | | | | | | |
| <3.2% | 30 | 40 | 50 | 55 | 75 | 80 | |
| 3.2% - 3.8% | 40 | 50 | 60 | 65 | 85 | 90 | |
| >3.8% | 50 | 60 | 65 | 75 | 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**

| INDIVIDUAL PERFORMANCE | % OF TOTAL | FAIR - SOME CRITICAL SHORTFALLS DIVERSITY | CONSISTENT WITH EXPECTATIONS | SIGNIFICANTLY ABOVE EXPECTATIONS | EXCEPTIONAL |
|---------------------------|---------------|--|------------------------------------|--|-------------|
| DIVERSITY OBJECTIVES | 25% | 0-50% | 51-70% | 71-89% | 90-100% |
| OTHER MBOS | 75% | 0-50% | 51-70% | 71-89% | 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.

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BONUS CALCULATION EXAMPLE

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

| | |
|---|----------------------------------|
| Eligible Base Salary | \$ 300,000 |
| 1996 RSI NAT ROE | 15.0% |
| 1996 RSI NBT | \$ 336MM |
| 1996 Commercial NAT ROA | 3.4% |
| 1996 Commercial NBT | \$ 230.4MM |
| Individual Performance - Diversity Objectives | Significantly Above Expectations |
| Individual Performance - Other MBOs | Significantly Above Expectations |

| | | |
|-----|---|------------|
| 1) | RSI Performance | |
| | 60% Maximum RSI Performance Bonus Opportunity | |
| | 85% Potential RSI Performance Bonus Payout (from grid) | |
| | 60% x 85% = 51% of Eligible Base Salary | |
| | 51% x \$300,000 = | \$ 153,000 |
| 2) | RSI Performance Above Plan | |
| | 20% Maximum RSI Performance Above Plan Bonus Opportunity | |
| | 50% Potential RSI Performance Above Plan Bonus Payout (from grid) | |
| | 20% x 50% = 10% of Eligible Base Salary | |
| | 10% x \$300,000 = | \$ 30,000 |
| 3) | Commercial Performance | |
| | 20% Maximum Commercial Performance Bonus Opportunity | |
| | 65% Potential Commercial Performance Bonus Payout (from grid) | |
| | 20% x 65% = 13% of Eligible Base Salary | |
| | 13% x \$300,000 = | \$ 39,000 |
| 4a) | Individual Performance - Diversity Objectives | |
| | 20% Maximum Individual Performance Bonus Opportunity | |
| | 25% Maximum Diversity Objectives | |
| | 75% Potential Individual Performance Bonus Payout (from grid) | |
| | 20% x 25% x 75% = 3.75% of Eligible Base Salary | |
| | 3.75% x \$300,000 = | \$ 11,250 |
| 4b) | Individual Performance - Other MBOs | |
| | 20% Maximum Individual Performance Bonus Opportunity | |
| | 75% Maximum Other MBOs | |
| | 75% Potential Individual Performance Bonus Payout (from grid) | |
| | 20% x 75% x 75% = 11.25% of Eligible Base Salary | |
| | 11.25% x \$300,000 = | \$ 33,750 |
| | TOTAL BONUS | \$ 267,000 |

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 \$293,137, then effective June 1 receives an increase to a base salary of \$304,868:

January 1 through May 31 of Bonus Year:

$$\frac{31 + 29 + 31 + 30 + 31}{366 \text{ days}} = \frac{152}{366} = .415 \times \$293,137/\text{yr.} = \$ 121,652$$

June 1 through December 31 of Bonus Year:

$$\frac{366 - 152}{366 \text{ days}} = \frac{214}{366} = .585 \times \$304,868/\text{yr.} = \$ 178,348$$

AVERAGE ANNUAL RATE OF PAY FOR BONUS YEAR = \$ 300,000

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 Executive Committee members. 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 Vehicle Leasing & Services Division (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 18, 1995), 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 1996, 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 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 based on bonus performance measures for the President, Commercial Leasing & Services 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 performed 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 the RSI Headquarters Executive Management Incentive Compensation Plan, the VLSD field and headquarters bonus plans, the RSI SEVP & EVP - Development Incentive Compensation Plan, the Ryder International field and headquarters bonus plans, the Ryder Services Corporation Incentive Compensation Plan, the Automotive Carrier Division executive and field bonus plans, and the Division Presidents' bonus plans, including those granted off-cycle, may not exceed \$530,000 per year.

AMENDMENTS

The Board of Directors of RSI, or the Compensation Committee, 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, OR THE COMPENSATION COMMITTEE, RESERVES THE RIGHT TO

AMEND, SUSPEND, TERMINATE OR MAKE EXCEPTIONS TO THIS PLAN AT ANY TIME.

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**PRESIDENT
CONSUMER TRUCK RENTAL**

1996 INCENTIVE COMPENSATION PLAN PAGE 1

Supersedes 1995 President, Consumer Truck Rental Incentive Compensation Plan

INTRODUCTION

The following material explains the operation and administration of the 1996 Incentive Plan for the President, Consumer Truck Rental (Consumer). 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 | CONSUMER Performance | RPTS Performance | INDIVIDUAL Performance | TOTAL BONUS Opportunity * |
|--------------------|-------------------------|---------------------|---------------------------|------------------------------|
| 60% | 10% | 10% | 20% | 100% |

(*) See Special ROE Award section

BONUS PERFORMANCE MEASURES

For 1996, your bonus payout will be based on Ryder System, Inc. (RSI or the company) performance, Consumer performance, Ryder Public Transportation Services (RPTS) performance and your performance as an individual.

RSI performance is measured based on RSI Net Earnings After Tax (NAT) Return on Equity (ROE) performance and RSI Net Earnings Before Tax (NBT) performance for 1996.

Consumer performance is measured based on Consumer Net Earnings After Tax (NAT) Return on Assets (ROA) performance and Consumer NBT performance for 1996.

RPTS performance is measured based on RPTS Revenue performance and RPTS Product Line Profit performance for 1996.

Individual performance is determined based on a year-end assessment of your performance against objectives that you agreed to with management at the start of the year. Given their importance, the objectives should be in writing and may be 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 ROE performance and RSI NBT performance.

RSI ROE performance for the bonus year is calculated by dividing RSI NAT by RSI average equity.

- RSI NAT is defined as RSI's consolidated Net Earnings After Tax from continuing operations (before accounting changes) 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 equity is defined as the average of the four quarters' average equity. A quarter's average equity is defined as the equity, as shown on RSI's balance sheet at the beginning of each quarter plus the total equity 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.

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

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 verified by the Senior Vice President and Controller, RSI, 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 Revenue performance and RPTS Product Line Profit performance.

RPTS Revenue is defined as RPTS' total revenue as verified by the Senior Vice President and Controller, RSI.

RPTS Product Line Profit is defined as RPTS' product line profit as verified by the Senior Vice President and Controller, RSI.

- 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.

DIVERSITY OBJECTIVES WILL ACCOUNT FOR 25% OF EACH PARTICIPANT'S 1996 INDIVIDUAL PERFORMANCE OBJECTIVES. THIS REQUIREMENT RECOGNIZES THE IMPACT THAT SPECIFIC DIVERSITY GOALS HAVE ON THE ORGANIZATION. THE CONCEPT OF DIVERSITY NEED NOT BE LIMITED TO NUMBERS; IT EMBRACES THE INCLUSION OF OTHERS AND A VALUE OF EVERY PERSON'S UNIQUENESS.

If applicable, goals and objectives may be revised during the bonus year to reflect changing business priorities.

Individual performance awards are separate from payments based upon financial measurements and may be paid, in part or in whole, based on the Company's performance and/or ability to pay.

Bonus awards are subject to the recommendation of the Administrator of the plan and approval by the Board of Directors of RSI. (See "Bonus Payment")

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

BONUS CALCULATION

Bonus awards are based on the following grids.

1) RSI PERFORMANCE - ROE/NBT

RSI performance payout is based on a grid consisting of two performance variables: 1996 RSI NAT ROE and 1996 RSI NBT. 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

| | | 1996 RSI NBT (\$MM) | | | | | |
|---------------|----|---------------------|-------|-------|-------|-------|---------|
| THRESHOLD | | 264.4 | 280.0 | 303.0 | 324.6 | 336.0 | MAXIMUM |
| ROE | | % OF OPPORTUNITY | | | | | |
| <14.0% | 30 | 40 | 50 | 55 | 75 | 80 | |
| 14.0% - 16.0% | 40 | 50 | 60 | 65 | 85 | 90 | |
| >16.0% | 50 | 60 | 65 | 75 | 90 | 100 | |

2) CONSUMER PERFORMANCE - ROA/NBT

Consumer performance payout is based on a grid consisting of two performance variables: 1996 Consumer NAT ROA and 1996 Consumer NBT. 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 Consumer Performance Bonus Opportunity, as shown on page 1.

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

| | | 1996 CONSUMER NBT (\$MM) | | | | |
|-------------|----|--------------------------|------|------|------|---------|
| THRESHOLD | | 14.5 | 17.5 | 21.1 | 23.5 | MAXIMUM |
| ROA | | % OF OPPORTUNITY | | | | |
| <1.5% | 10 | 30 | 50 | 55 | 60 | |
| 1.5% - 2.4% | 20 | 45 | 65 | 85 | 95 | |
| >2.4% | 30 | 60 | 80 | 90 | 100 | |

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3) RPTS PERFORMANCE - REVENUE/PRODUCT LINE PROFIT

RPTS performance payout is based on a grid consisting of two performance variables: 1996 RPTS Revenue and RPTS Product Line Profit. 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 Profit points as shown. No bonus awards will be paid for performance below threshold. The potential bonus payout is expressed as a 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**

| ----- | | | | |
|--------------------------------------|-----------|------------------|------|---------|
| 1995 RPTS Product Line Profit (\$MM) | | | | |
| REVENUE | THRESHOLD | | | MAXIMUM |
| | 35.0 | 38.0 | 41.7 | 45.0 |
| | ----- | | | |
| (\$MM) | | % OF OPPORTUNITY | | |
| < 431 | 20 | 50 | 55 | 80 |
| 431 - 461 | 30 | 60 | 65 | 90 |
| > 461 | 40 | 70 | 75 | 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**

| INDIVIDUAL PERFORMANCE | % OF TOTAL | FAIR-SOME CRITICAL SHORTFALLS | CONSISTENT WITH EXPECTATIONS | SIGNIFICANTLY ABOVE EXPECTATIONS | EXCEPTIONAL |
|------------------------|------------|-------------------------------|------------------------------|----------------------------------|-------------|
| DIVERSITY OBJECTIVES | 25% | 0-50% | 51-70% | 71-89% | 90-100% |
| OTHER MBOs | 75% | 0-50% | 51-70% | 71-89% | 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.

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BONUS CALCULATION EXAMPLE

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

| | |
|---|----------------------------------|
| Eligible Base Salary | \$ 250,000 |
| 1996 RSI NAT ROE | 15.0% |
| 1996 RSI NBT | \$ 336MM |
| 1996 Consumer NAT ROA | 2.2% |
| 1996 Consumer NBT | \$ 21.1MM |
| 1996 RPTS Revenue | \$ 436MM |
| 1996 RPTS Product Line Profit | \$ 41.7MM |
| Individual Performance - Diversity Objectives | Significantly Above Expectations |
| Individual Performance - Other MBOs | Significantly Above Expectations |

| | | |
|-----|--|--------------------|
| 1) | RSI Performance 60% Maximum RSI Performance Bonus Opportunity 85% Potential RSI Performance Bonus Payout (from grid) | |
| | 60% x 85% = 51% of Eligible Base Salary 51% x \$250,000 = | \$ 127,500 |
| 2) | Consumer Performance 10% Maximum Consumer Performance Bonus Opportunity 65% Potential Consumer Performance Bonus Payout (from grid) | |
| | 10% x 65% = 6.5% of Eligible Base Salary 6.5% x \$250,000 = | \$ 16,250 |
| 3) | RPTS Performance 10% Maximum RPTS Performance Bonus Opportunity 65% Potential RPTS Performance Bonus Payout (from grid) | |
| | 10% x 65% = 6.5% of Eligible Base Salary 6.5% x \$250,000 = | \$ 16,250 |
| 4a) | Individual Performance - Diversity Objectives 20% Maximum Individual Performance Bonus Opportunity 25% Maximum Diversity Objectives 75% Potential Individual Performance Bonus Payout (from grid) | |
| | 20% x 25% x 75% = 3.75% of Eligible Base Salary 3.75% x \$250,000 = | \$ 9,375 |
| 4b) | Individual Performance - Other MBOs 20% Maximum Individual Performance Bonus Opportunity 75% Maximum Diversity Objectives 75% Potential Individual Performance Bonus Payout (from grid) | |
| | 20% x 75% x 75% = 11.25% of Eligible Base Salary 11.25% x \$250,000 = | \$ 28,125 ----- |
| | TOTAL BONUS | \$ 197,500 |

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 \$244,280, then effective June 1 receives an increase to a base salary of \$254,058:

January 1 through May 31 of Bonus Year:

$$\frac{31 + 29 + 31 + 30 + 31}{366 \text{ days}} = \frac{152}{366} = .415 \times \$244,280/\text{yr.} = \$ 101,376$$

June 1 through December 31 of Bonus Year:

$$\frac{366 - 152}{366 \text{ days}} = \frac{214}{366} = .585 \times \$254,058/\text{yr.} = \$ 148,624$$

AVERAGE ANNUAL RATE OF PAY FOR BONUS YEAR = \$ 250,000

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 Executive Committee members. 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 Truck 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 Vehicle Leasing & Services Division (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 18, 1995), 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 1996, 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 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 based on bonus performance measures for the President, Consumer Truck Rental 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 performed 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 the RSI Headquarters Executive Management Incentive Compensation Plan, the VLSD field and headquarters bonus plans, the RSI SEVP & EVP - Development Incentive Compensation Plan, the Ryder International field and headquarters bonus plans, the Ryder Services Corporation Incentive Compensation Plan, the Automotive Carrier Division executive and field bonus plans, and the Division Presidents' bonus plans, including those granted off-cycle, may not exceed \$530,000 per year.

AMENDMENTS

The Board of Directors of RSI, or the Compensation Committee, 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, OR THE COMPENSATION COMMITTEE, RESERVES THE RIGHT TO

AMEND, SUSPEND, TERMINATE OR MAKE EXCEPTIONS TO THIS PLAN AT ANY TIME.

RYDER**PRESIDENT
RYDER DEDICATED LOGISTICS****1996 INCENTIVE COMPENSATION PLAN PAGE 1**

Supersedes 1995 President, Ryder Dedicated Logistics Incentive Compensation Plan

INTRODUCTION

The following material explains the operation and administration of the 1996 Incentive Plan for the President, Ryder Dedicated Logistics (RDL). 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 ABOVE PLAN | RDL PERFORMANCE | INDIVIDUAL PERFORMANCE | TOTAL BONUS OPPORTUNITY * |
|--------------------|-------------------|--------------------|---------------------------|------------------------------|
| 60% | 20% | 20% | 20% | 120% |

(* See Special ROE Award section)

BONUS PERFORMANCE MEASURES

For 1996, your bonus payout will be based on Ryder System, Inc. (RSI or the Company) performance, RSI performance above plan, RDL performance, and your performance as an individual.

RSI performance is measured based on RSI Net Earnings After Tax (NAT) Return on Equity (ROE) performance and RSI Net Earnings Before Tax (NBT) performance for 1996.

RSI performance above plan is measured based on RSI NBT performance for 1996.

RDL performance is measured based on RDL Revenue performance and RDL Product Line NBT performance for 1996.

Individual performance is determined based on a year-end assessment of your performance against objectives that you agreed to with management at the start of the year. Given their importance, the objectives should be in writing and may be 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 ROE performance and RSI NBT performance.

RSI ROE performance for the bonus year is calculated by dividing RSI NAT by RSI average equity.

- RSI NAT is defined as RSI's consolidated Net Earnings After Tax from continuing operations (before accounting changes) 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 equity is defined as the average of the four quarters' average equity. A quarter's average equity is defined as the equity, as shown on RSI's balance sheet at the beginning of each quarter plus the total equity 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.

- RSI PERFORMANCE ABOVE PLAN -- RSI performance above plan payout is based on RSI NBT performance. To achieve a payout, RSI NBT performance must be above plan.

- RDL PERFORMANCE -- RDL performance payout is based on a grid which combines RDL revenue performance and RDL Product Line NBT performance.

RDL revenue is defined as RDL's total revenue as verified by the Senior Vice President and Controller, RSI.

RDL Product Line NBT is defined as RDL's Product Line 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.

- 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.

DIVERSITY OBJECTIVES WILL ACCOUNT FOR 25% OF EACH PARTICIPANT'S 1996 INDIVIDUAL PERFORMANCE OBJECTIVES. THIS REQUIREMENT RECOGNIZES THE IMPACT THAT SPECIFIC DIVERSITY GOALS HAVE ON THE ORGANIZATION. THE CONCEPT OF DIVERSITY NEED NOT BE LIMITED TO NUMBERS; IT EMBRACES THE INCLUSION OF OTHERS AND A VALUE OF EVERY PERSON'S UNIQUENESS.

If applicable, goals and objectives may be revised during the bonus year to reflect changing business priorities.

Individual performance awards are separate from payments based upon financial measurements and may be paid, in part or in whole, based on the Company's performance and/or ability to pay.

Bonus awards are subject to the recommendation of the Administrator of the plan and approval by the Board of Directors of RSI. (See "Bonus Payment")

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

BONUS CALCULATION

Bonus awards are based on the following grids.

1) RSI PERFORMANCE - ROE/NBT

RSI performance payout is based on a grid consisting of two performance variables: 1996 RSI NAT ROE and 1996 RSI NBT. 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**

| | | 1996 RSI NBT (\$MM) | | | | | |
|---------------|--|---------------------|-------|-------|-------|-------|---------|
| | | THRESHOLD | | | | | MAXIMUM |
| | | 264.4 | 280.0 | 303.0 | 324.6 | 336.0 | 347.0 |
| ROE | | % OF OPPORTUNITY | | | | | |
| <14.0% | | 30 | 40 | 50 | 55 | 75 | 80 |
| 14.0% - 16.0% | | 40 | 50 | 60 | 65 | 85 | 90 |
| >16.0% | | 50 | 60 | 65 | 75 | 90 | 100 |

2) RSI PERFORMANCE ABOVE PLAN - NBT

RSI performance above plan payout is based on a grid of 1996 RSI NBT. The potential bonus payout percent is determined by locating the point on the grid under the 1996 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. 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**

| 1996 RSI ABOVE PLAN NBT (\$MM) | | |
|--------------------------------|-------|---------|
| THRESHOLD | | MAXIMUM |
| 324.6 | 336.0 | 347.0 |
| % OF OPPORTUNITY | | |
| 0 | 50 | 100 |

3) RDL PERFORMANCE - REVENUE/PRODUCT LINE NBT

RDL performance payout is based on a grid consisting of two performance variables: 1996 RDL Revenue and 1996 RDL Product Line NBT. 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**

| 1996 RDL PRODUCT LINE NBT (\$MM) | | | | | | |
|----------------------------------|-----------|------|------|------|------|---------|
| REVENUE (\$MM) | THRESHOLD | | | | | MAXIMUM |
| | 33.0 | 37.0 | 41.0 | 47.8 | 53.0 | 58.0 |
| % OF OPPORTUNITY | | | | | | |
| <1,109 | 20 | 35 | 50 | 55 | 75 | 80 |
| >1,109 | 30 | 50 | 60 | 65 | 85 | 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**

| INDIVIDUAL PERFORMANCE | % OF TOTAL | FAIR-SOME CRITICAL SHORTFALLS | CONSISTENT WITH EXPECTATIONS | SIGNIFICANTLY ABOVE EXPECTATIONS | EXCEPTIONAL |
|------------------------|------------|-------------------------------|------------------------------|----------------------------------|-------------|
| DIVERSITY OBJECTIVES | 25% | 0-50% | 51-70% | 71-89% | 90-100% |
| OTHER MBOS | 75% | 0-50% | 51-70% | 71-89% | 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.

**PRESIDENT
RYDER DEDICATED LOGISTICS**

1996 INCENTIVE COMPENSATION PLAN PAGE 6

BONUS CALCULATION EXAMPLE

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

| | | |
|---|---|------------|
| Eligible Base Salary | | \$ 340,000 |
| 1996 RSI NAT ROE | | 15.0% |
| 1996 RSI NBT | | \$ 336MM |
| 1996 RDL Revenue | | \$ 1,109MM |
| 1996 RDL Product Line NBT | | \$ 47.8MM |
| Individual Performance - Diversity Objectives | Significantly Above Expectations | |
| Individual Performance - Other MBOs | Significantly Above Expectations | |
| | | |
| 1) | RSI Performance | |
| | 60% Maximum RSI Performance Bonus Opportunity | |
| | 85% Potential RSI Performance Bonus Payout (from grid) | |
| | 60% x 85% = 51% of Eligible Base Salary | |
| | 51% x \$340,000 = | \$ 173,400 |
| | | |
| 2) | RSI Above Plan Performance | |
| | 20% Maximum RSI Above Plan Performance Bonus Opportunity | |
| | 50% Potential RSI Above Plan Performance Bonus Opportunity | |
| | 20% x 50% = 10% of Eligible Base Salary | |
| | 10% x \$340,000 = | \$ 34,000 |
| | | |
| 3) | RDL Performance | |
| | 20% Maximum RDL Performance Bonus Opportunity | |
| | 65% Potential RDL Performance Bonus Payout (from grid) | |
| | 20% x 65% = 13% of Eligible Base Salary | |
| | 13% x \$340,000 = | \$ 44,200 |
| | | |
| 4a) | Individual Performance - Diversity Objectives | |
| | 20% Maximum Individual Performance Bonus Opportunity | |
| | 25% Maximum Diversity Objectives | |
| | 75% Potential Individual Performance Bonus Payout (from grid) | |
| | 20% x 25% x 75% = 3.75% of Eligible Base Salary | |
| | 3.75% x \$340,000 = | \$ 12,750 |
| | | |
| 4b) | Individual Performance - Other MBOs | |
| | 20% Maximum Individual Performance Bonus Opportunity | |
| | 75% Maximum Other MBOs | |
| | 75% Potential Individual Performance Bonus Payout (from grid) | |
| | 20% x 75% x 75% = 3.75% of Eligible Base Salary | |
| | 11.25% x \$340,000 = | \$ 38,250 |
| | | ----- |
| | TOTAL BONUS | \$ 302,600 |

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 \$332,222, then effective June 1 receives an increase to a base salary of \$345,518:

| | | | |
|---|---|--------------------------|------------|
| January 1 through May 31 of Bonus Year: | | | |
| 31 + 29 + 31 + 30 + 31 | = | 152=.415 x \$332,222/yr. | = |
| ----- | | ----- | \$ 137,872 |
| 366 days | | 366 | |
| June 1 through December 31 of Bonus Year: | | | |
| 366 - 152 | = | 214=.585 x \$345,518/yr. | = |
| ----- | | ----- | \$ 202,128 |
| 366 days | | 366 | |
| AVERAGE ANNUAL RATE OF PAY FOR BONUS YEAR = | | | \$ 340,000 |

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 Executive Committee members. 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 Vehicle Leasing & Services Division (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 18, 1995), 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 1996, 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 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 based on bonus performance measures for the President, Ryder Dedicated Logistics 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 performed 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 the RSI Headquarters Executive Management Incentive Compensation Plan, the VLSD field and headquarters bonus plans, the RSI SEVP & EVP - Development Incentive Compensation Plan, the Ryder International field and headquarters bonus plans, the Ryder Services Corporation Incentive Compensation Plan, the Automotive Carrier Division executive and field bonus plans, and the Division Presidents' bonus plans, including those granted off-cycle, may not exceed \$530,000 per year.

AMENDMENTS

The Board of Directors of RSI, or the Compensation Committee, 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, OR THE COMPENSATION COMMITTEE, RESERVES THE RIGHT TO

AMEND, SUSPEND, TERMINATE OR MAKE EXCEPTIONS TO THIS PLAN AT ANY TIME.

EXHIBIT 10.15(a)

RYDER SYSTEM, INC. 1980 STOCK INCENTIVE PLAN
(As amended on August 18, 1995)

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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) any individual, entity or group (within the meaning of Section 13(d)(3) or 14(d)(2) of the Securities Exchange Act of 1934, as amended (the "1934 Act")) (a "Person") 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; provided, however, that for purposes of this subparagraph (i), the following acquisitions shall not constitute a Change of Control: (A) any acquisition by any employee benefit plan or plans (or related trust) of RSI and its subsidiaries and affiliates or (B) any acquisition by any corporation pursuant to a transaction which complies with clauses (A), (B) and (C) of subparagraph (iii) of this Section 2(c); or

(ii) the individuals who, as of August 18, 1995, constituted the Board of Directors of RSI (the "Board" generally and as of August 18, 1995 the "Incumbent Board") cease for any reason to constitute at least two-thirds (2/3) of the Board, provided that any person becoming a director subsequent to August 18, 1995 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 reorganization, merger or consolidation of RSI (a "Business Combination"), in each case, unless, following such Business Combination, (A) all or substantially all of the individuals and entities who were the beneficial owners, respectively, of RSI's outstanding Common Stock and outstanding voting securities ordinarily having the right to vote for the election of directors of RSI immediately prior to such Business Combination beneficially own, directly or indirectly, more than fifty percent (50%) of, respectively, the then outstanding shares of common stock and the combined voting power of the then outstanding voting securities ordinarily having the right to vote for the election of directors, as the case may be, of the corporation resulting from such Business Combination (including, without limitation, a corporation which as a result of such transaction owns RSI or all or substantially all of RSI's assets either directly or through one or more subsidiaries) in substantially the same proportions as their ownership, immediately prior to such Business Combination, of RSI's outstanding Common Stock and outstanding voting securities ordinarily having the right to vote for the election of directors of RSI, as the case may be, (B) no Person (excluding any corporation resulting from such Business Combination or any employee benefit plan or plans (or related trust) of RSI or such corporation resulting from such Business Combination and their subsidiaries and affiliates) beneficially owns, directly or indirectly, 20% or more of the combined voting power of the then outstanding voting securities of the corporation resulting from such Business Combination and (C) at least two-thirds (2/3) of the members of the board of directors of the corporation resulting from such Business Combination were members of the Incumbent Board at the time of the execution of the initial agreement, or of the action of the Board, providing for such Business Combination; or

(iv) there is a liquidation or dissolution of RSI approved by the shareholders; or

(v) there is a sale of all or substantially all of the assets of RSI.

If a Change of Control occurs and if a Grantee's employment is terminated prior to the date on which the Change of Control occurs, and if it is reasonably demonstrated by the Grantee that such termination of employment (A) was at the request of a third party who has taken steps reasonably calculated to effect a Change of Control or (B) otherwise arose in connection with or in anticipation of a Change of Control, a Change of Control shall be deemed to have retroactively occurred on the date immediately prior to the date of such termination of employment.

(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 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), (iv) or (v) 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, 1995, the maximum number of Shares which were available for issuance pursuant to future grants under the Plan was 275,471, and 6,278,021 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 was 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(h) or 7(i) 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.

EXHIBIT 10.15(b)

PISO

RYDER SYSTEM, INC.

1980 STOCK INCENTIVE PLAN, UNITED KINGDOM SECTION

AGREEMENT

THIS AGREEMENT, made as of this 4th day of May, 1995, between Ryder System, Inc., a Florida corporation ("RSI"), and ____ (the "Grantee").

WITNESSETH:

WHEREAS, the Board of Directors of RSI has adopted and the shareholders of RSI have approved the Ryder System, Inc. 1980 Stock Incentive Plan, as amended (the "Plan"), which provides for the issuance of Stock Options ("Stock Options") to purchase shares of Common Stock to key executive Employees of RSI or any Subsidiary; and

WHEREAS, the United Kingdom Section of the Plan has been approved by the Inland Revenue under the Income and Corporation Taxes Act 1984; and

WHEREAS, the Grantee is a key executive Employee and has been selected by the Compensation Committee of the Board of Directors of RSI (the "Committee") to receive Stock Options under the United Kingdom Section of the Plan;

NOW, THEREFORE, in consideration of the premises, RSI and the Grantee agree as follows:

I. STOCK OPTION

Grant of Stock Option

Subject to the limitations and other terms and conditions set forth in this Agreement and the Plan, the Committee grants to the Grantee on May 4, 1995, a Stock Option to purchase an aggregate of _____ shares of RSI's Common Stock, par value \$.50 per share (the "Shares"), at a price of \$23.3750 per Share, the Fair Market Value on the date of grant and agreed to by the United Kingdom Inland Revenue for this purpose.

Limitations on Exercise of Stock Option

Subject to the limitations and other terms and conditions set forth in this Agreement and the Plan, the Stock Option shall be exercisable in installments on or before May 3, 2005, as follows:

- (i) 50% of the Shares subject to the Stock Option on or after May 4, 1996;

(ii) the remaining 50% of the Shares subject to the Stock Option on or after May 4, 1997.

Subject to the foregoing and the provisions of the Plan, any installment portion of the Stock Option that becomes exercisable shall thereafter accumulate and be exercisable at any time on or before the expiration of the term of the Stock Option on May 3, 2005.

Exercise and Payment of Stock Option

Subject to the limitations and other terms and conditions set forth in this Agreement and the Plan, the Stock Option, to the extent then exercisable, may be exercised from time-to-time by delivering written notice to RSI addressed to RSI Accounting specifying the number of Shares the Grantee then elects to purchase under the Stock Option, together with the full purchase price of the Shares being purchased in cash or a certified or bank cashier's check payable to the order of RSI. Within 30 days after any such exercise, RSI will deliver to the Grantee certificates for the number of Shares with respect to which the Stock Option has been exercised, issued in the name of the Grantee.

II. GENERAL

Transferability of Stock Options

No Stock Options 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, a Stock Option shall be exercisable only by the Grantee or the Grantee's guardian or legal representative.

Notices

All notices provided for in this Agreement or the Plan shall be in writing and shall be deemed to have been duly given if delivered in person or mailed by registered mail, return receipt requested:

- (a) If to RSI, at Ryder System, Inc., P. O. Box 020816, Miami, Florida 33102-0816, Attention: RSI Accounting; and
- (b) If to the Grantee, at the Grantee's business address or address appearing in the payroll records of RSI; or
- (c) At such other addresses as may be furnished to RSI or the Grantee in accordance with this paragraph.

Definitions and Interpretation

Capitalized terms not otherwise defined in this Agreement are defined as in the Plan. This Agreement and the grant, exercise, adjustment, modification, cancellation and termination of the Stock Option and the issuance of Shares subject thereto are subject in all respects to the terms of the United Kingdom

Section of the Plan and in the event

that any provision of this Agreement shall be inconsistent with the terms of the United Kingdom Section of the Plan, then the terms of the United Kingdom Section of the Plan shall govern. The Committee shall have plenary authority to interpret this Agreement and the Plan, including the United Kingdom Section of the Plan, and to make all determinations deemed necessary or advisable for the administration of the Plan. The Committee's interpretation and determinations shall be conclusive.

Acknowledgement

The Grantee acknowledges that he has read the entire Plan including the provisions thereof relating to termination of employment. Additionally, the Grantee acknowledges that this Agreement is not an employment agreement between the Grantee and RSI, and RSI and the Grantee each has the right to terminate the Grantee's employment at any time for any reason whatsoever.

Governing Law

This Agreement shall be construed and enforced in accordance with, and governed by, the laws of the State of Florida.

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

Attest: RYDER SYSTEM, INC.

----- By: -----
Yasmine B. Zyne George E. Arseneau
Assistant Secretary Vice President, Human Resources
and Labor Relations

(the "Grantee")

National Insurance Number

EXHIBIT 10.15(c)

**SIP
RYDER SYSTEM INC.**

1980 STOCK INCENTIVE PLAN, UNITED KINGDOM SECTION

AGREEMENT

THIS AGREEMENT, made as of this 3rd day of October, 1995 between Ryder System, Inc., a Florida corporation ("RSI"), and ____ (the "Grantee");

WITNESSETH:

WHEREAS, the Board of Directors of RSI has adopted and the shareholders of RSI have approved the Ryder System, Inc. 1980 Stock Incentive Plan, as amended (the "Plan"), which provides for the issuance of Stock Options ("Stock Options") to purchase shares of Common Stock to key executive Employees of RSI; and

WHEREAS, the United Kingdom Section of the Plan has been approved by the Inland Revenue under the Income and Corporation Taxes Act 1984; and

WHEREAS, the Grantee is a key executive Employee and has been selected by the Compensation Committee of the Board of Directors of RSI (the "Committee") to receive Stock Options under the United Kingdom Section of the Plan;

NOW, THEREFORE, in consideration of the premises, RSI and the Grantee agree as follows:

I. STOCK OPTION

Grant of Option

Subject to the limitations and other terms and conditions set forth in this Agreement and the Plan, the Committee grants to the Grantee on October 3, 1995 a Stock Option to purchase an aggregate of _____ shares of RSI's Common Stock, par value \$.50 per share (the "Shares"), at a price of \$25.4375 per Share, the Fair Market Value on the date of grant and agreed by the United Kingdom Inland Revenue for this purpose.

Limitations on Exercise of Option

Subject to the limitations and other terms and conditions set forth in this Agreement and the Plan, the Stock Option shall be exercisable in installments on or before October 2, 2005 as follows:

- (i) None of the Shares subject to the Stock Option for a period of one year from the date of grant;
- (ii) 33 1/3% of the Shares subject to the Stock Option on or after October 3, 1996;

(iii) 33 1/3% of the Shares subject to the Stock Option on or after October 3, 1997;

(iv) the final 33 1/3% of the Shares subject to the Stock Option on or after October 3, 1998.

Subject to the foregoing and the provisions of the Plan, any installment portion of the Stock Option that becomes exercisable shall thereafter accumulate and be exercisable at any time on or before the expiration of the term of the Stock Option on October 2, 2005.

Exercise and Payment of Option

Subject to the limitations and other terms and conditions set forth in this Agreement and the Plan, the Stock Option, to the extent then exercisable, may be exercised from time-to-time by delivering written notice to RSI addressed to the Controller of RSI specifying the number of Shares the Grantee then elects to purchase under the Stock Option, together with the full purchase price of the Shares being purchased in cash or a certified or bank cashier's cheque payable to the order of RSI. Within 30 days after any such exercise, RSI will deliver to the Grantee certificates for the number of Shares with respect to which the Stock Option has been exercised, issued in the name of the Grantee.

II. GENERAL

Transferability of Stock Options

No Stock Options 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, a Stock Option shall be exercisable only by the Grantee or the Grantee's guardian or legal representative.

Notices

All notices provided for in this Agreement or the Plan shall be in writing and shall be deemed to have been duly given if delivered in person or mailed by registered mail, return receipt requested:

- (a) If to RSI, at Ryder System, Inc., P. O. Box 020816, Miami, Florida 33102-0816, Attention: Controller; and
- (b) If to the Grantee, at the Grantee's business address or address appearing in the payroll records of RSI; or
- (c) At such other addresses as may be furnished to RSI or the Grantee in accordance with this paragraph.

Definitions and Interpretation

Capitalized terms not otherwise defined in this Agreement are defined as in the Plan. This Agreement and the grant, exercise, adjustment, modification, cancellation and termination of the Stock Option and the issuance of Shares subject thereto are subject in all respects to the terms of the United Kingdom

Section of the Plan and in the event that any provision of this Agreement shall be inconsistent with the terms of the United Kingdom Section of the Plan, then the terms of the United Kingdom Section of the Plan shall govern. The Committee shall have plenary authority to interpret this Agreement and the Plan, including the United Kingdom Section of the Plan, and to make all determinations deemed necessary or advisable for the administration of the Plan. The Committee's interpretation and determinations shall be conclusive.

Acknowledgement

The Grantee acknowledges that he/she has read the entire Plan including the provisions thereof relating to termination of employment. Additionally, the Grantee acknowledges that this Agreement is not an employment agreement between the Grantee and RSI, and RSI and the Grantee each has the right to terminate the Grantee's employment at any time for any reason whatsoever.

Governing Law

This Agreement shall be construed and enforced in accordance with, and governed by, the laws of the State of Florida.

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

Attest:

RSI

By:

Yasmine B. Zyne
Assistant Secretary

By:

Thomas E. McKinnon
Executive Vice President,
Human Resources

GRANTEE

National Insurance Number or Social Security Number

EXHIBIT 10.15(d)

RYDER SYSTEM, INC.

**COMBINED NON-QUALIFIED STOCK OPTION
AND
LIMITED STOCK APPRECIATION RIGHT
AGREEMENT**

THIS AGREEMENT, made as of this 3rd day of October, 1995, between Ryder System, Inc., a Florida corporation ("RSI"), and _____(the "Grantee");

WITNESSETH:

WHEREAS, the Board of Directors of RSI has adopted and the shareholders of RSI have approved the Ryder System, Inc. 1995 Stock Incentive Plan, as amended (the "Plan"), which provides for the issuance of (i) Non-qualified Stock Options ("Non-qualified Stock Options") to purchase shares of Common Stock and (ii) Limited Stock Appreciation Rights ("Limited SARs") to key executive Employees of the Company; and

WHEREAS, the Grantee is a key executive Employee and has been selected by the Compensation Committee of the Board of Directors of RSI (the "Committee") to receive Non-qualified Stock Options and Limited SARs under the Plan;

NOW, THEREFORE, in consideration of the premises, RSI and the Grantee agree as follows:

I. NON-QUALIFIED STOCK OPTION

Grant of Option Subject to the limitations and other terms and conditions set forth in this Agreement and the Plan, the Committee grants to the Grantee as of October 3, 1995 a Non-qualified Stock Option to purchase an aggregate of _____ shares of RSI's Common Stock, par value \$.50 per share (the "Shares"), at a price of \$25.4375 per Share, the Fair Market Value on the date of grant.

Limitations on Exercise of Option Subject to the limitations and other terms and conditions set forth in this Agreement and the Plan, the Non-qualified Stock Option shall be exercisable in installments on or before October 2, 2005 as follows:

- (i) None of the Shares subject to the Non-qualified Stock Option for a period of one year from the date of grant;
- (ii) 33 1/3% of the Shares subject to the Non-qualified Stock Option on or after October 3, 1996;

(iii) 33 1/3% of the Shares subject to the Non-qualified Stock Option on or after October 3, 1997;

(iv) the final 33 1/3% of the Shares subject to the Non-qualified Stock Option on or after October 3, 1998.

Subject to the foregoing and the provisions of the Plan, any installment portion of the Non-qualified Stock Option that becomes exercisable shall thereafter accumulate and be exercisable at any time on or before the expiration of the term of the Non-qualified Stock Option on October 2, 2005.

Exercise and Payment of Option Subject to the limitations and other terms and conditions set forth in this Agreement and the Plan, the Non-qualified Stock Option, to the extent then exercisable, may be exercised in whole or in part from time-to-time by delivering written notice to RSI addressed to the Controller of RSI specifying the number of Shares the Grantee then elects to purchase under the Non-qualified Stock Option, together with the full purchase price of the Shares being purchased in cash or a certified or bank cashier's check payable to the order of RSI, or in Shares 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 the purchase price. As promptly as practicable after any such exercise, RSI will deliver to the Grantee certificates for the number of Shares with respect to which the Non-qualified Stock Option has been exercised, issued in the name of the Grantee. The exercise of a Non-qualified Stock Option shall reduce on a one- for-one basis the number of Shares subject to the related Limited SAR granted under Section II of this Agreement.

Exercise and Payment Upon a Change of Control Subject to the limitations and other terms and conditions set forth in this Agreement and the Plan:

(i) Notwithstanding any other provision of this Agreement, pursuant to Section 7(h) of the Plan, unless otherwise determined by the Committee prior to a Change of Control, in the event of a Change of Control, the Non-qualified Stock Option granted under Section I of this Agreement, to the extent not previously exercised or expired under the terms of this Agreement and 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 Non-qualified Stock Option shall automatically terminate as of the Incumbent Board's determination pursuant to Section 14(a) of the Plan or the Grantee's Termination Date, as appropriate.

(ii) If the Committee so determines prior to or during the thirty day period following the occurrence of a Change of Control, the Grantee may in lieu of exercising, require RSI to purchase for cash all or any portion of the Non-qualified Stock Option granted under Section I of this Agreement, which is not otherwise exercised or expired under the terms of this Agreement and the Plan as to which no Limited SAR is then exercisable, for a period of sixty days following the occurrence of a Change of Control at the Price upon a Change of Control specified below; provided that if the Grantee is subject to Section 16(b) of the 1934 Act with

respect to RSI, the Grantee must have held such Non-qualified Stock Option for at least six-months.

Price Upon a Change of Control Subject to the limitations and other terms and conditions set forth in this Agreement and the Plan, upon the occurrence of a Change of Control, the Price of the Limited SAR and the Non-qualified Stock Option or portions thereof as to which no Limited SAR is then exercisable, shall be 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 days preceding the date of exercise;

(ii) the highest price per share of Common Stock included in a filing made by any Person, but excluding any employee benefit plan or plans (or related trust) of RSI and its Subsidiaries and affiliates, who becomes the beneficial owner, directly or indirectly, of twenty percent 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, on any Schedule 13D pursuant to Section 13(d) of the 1934 Act as paid within the sixty 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 Business Combination affecting RSI, any liquidation or dissolution of RSI or any sale of all or substantially all of the assets of RSI, with all noncash consideration being valued in good faith by the Incumbent Board;

over the purchase price per Share at which the related Non-qualified Stock Option is exercisable, as applicable.

II. LIMITED STOCK APPRECIATION RIGHT

Grant of Limited SAR Subject to the limitations and other terms and conditions set forth in this Agreement and the Plan, the Committee grants to the Grantee as of October 3, 1995 a Limited SAR with respect to all Shares subject to the related Non-qualified Stock Option granted under Section I of this Agreement. Such Limited SAR shall be exercisable only in the event of a Change of Control and only if the Grantee is subject, in the opinion of counsel to RSI, to

Section 16(b) of the 1934 Act with respect to RSI at the time of the Change of Control. The Limited SAR is the right to receive an amount (the "Limited SAR Spread") equal to the product computed by multiplying (i) the Price upon a Change of Control specified in Section I above by (ii) the number of Shares with respect to which such Limited SAR is being exercised.

Limitations on Exercise of Limited SAR Subject to the limitations and other terms and conditions set forth in this Agreement and the Plan, the Limited SAR shall be exercisable only if and to the extent that the related Non-qualified Stock Option is exercisable, but no later than October 2, 2005, the expiration date of the related Non-qualified Stock Option, provided, however, that the Limited SAR may not be exercised in any event until the expiration of six

months from the date of grant of the Limited SAR nor more than six months after the Termination Date of the Grantee. The Limited SAR may be exercised only during the sixty day period commencing after the occurrence of a Change of Control provided, however, that if the Limited SAR has not been held by the Grantee for at least six months before the occurrence of a Change of Control, such Limited SAR may be exercised only during the sixty day period commencing upon the expiration of such six month period.

Exercise and Payment of Limited SAR Subject to the limitations and other terms and conditions set forth in this Agreement and the Plan, the Limited SAR may be exercised by delivering a written notice to RSI addressed to the Controller of RSI specifying the number of Shares with respect to which the Grantee is exercising the Limited SAR. As promptly as practicable after any such exercise, RSI will deliver to the Grantee an amount in cash equal to the Limited SAR Spread. The exercise of a Limited SAR shall reduce the number of Shares subject to the related Non-qualified Stock Option on a one-for-one basis.

III. GENERAL

Transferability of Awards No Awards 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.

Notices All notices provided for in this Agreement or the Plan shall be in writing and shall be deemed to have been duly given if delivered in person or mailed by registered mail, return receipt requested:

- (a) If to RSI, at Ryder System, Inc., P. O. Box 020816, Miami, Florida 33102-0816, Attention: Controller; and
- (b) If to the Grantee, at the Grantee's business address or address appearing in the payroll records of RSI; or
- (c) At such other addresses as may be furnished to RSI or the Grantee in accordance with this paragraph.

Definitions and Interpretation Capitalized terms not otherwise defined in this Agreement are defined as in the Plan. This Agreement and the grant, exercise, adjustment, modification, cancellation and termination of the Non-qualified Stock Option and the Limited SAR, the issuance of Shares subject thereto and the payment of cash thereunder are subject in all respects to the terms of the Plan and in the event that any provision of this Agreement shall be inconsistent with the terms of the Plan, then the terms of the Plan shall govern. The Committee shall have plenary authority to interpret this Agreement and the Plan and to make all determinations deemed necessary or advisable for the administration of the Plan. The Committee's interpretations and determinations shall be conclusive.

Acknowledgement The Grantee acknowledges that he/she has read the entire Plan including the provisions thereof relating to termination of employment and Change of Control. Additionally, Grantee acknowledges that this Agreement is not an employment agreement between the Grantee and RSI, and RSI and the Grantee each has the right to terminate the Grantee's employment at any time for any reason whatsoever, unless there is a written employment agreement to the contrary.

Governing Law This Agreement shall be construed and enforced in accordance with, and governed by, the laws of the State of Florida.

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

Attest:

RSI

By:

Yasmine B. Zyne
Assistant Secretary

By:

Thomas E. McKinnon
Executive Vice President,
Human Resources

GRANTEE

Social Security Number

EXHIBIT 10.15(e)

RYDER SYSTEM, INC

**COMBINED NON-QUALIFIED STOCK OPTION
AND
LIMITED STOCK APPRECIATION RIGHT
AGREEMENT**

THIS AGREEMENT, made as of this 15TH DAY OF JANUARY 1996, between Ryder System, Inc., a Florida corporation ("RSI"), and E. A. HUSTON (the "Grantee");

WITNESSETH:

WHEREAS, the Board of Directors of RSI has adopted and the shareholders of RSI have approved the Ryder System, Inc. 1995 Stock Incentive Plan, as amended (the "Plan"), which provides for the issuance of (i) Non-qualified Stock Options ("Non-qualified Stock Options") to purchase shares of Common Stock and (ii) Limited Stock Appreciation Rights ("Limited SARs") to key executive Employees of the Company; and

WHEREAS, the Grantee is a key executive Employee and has been selected by the Compensation Committee of the Board of Directors of RSI (the "Committee") to receive Non-qualified Stock Options and Limited SARs under the Plan;

NOW, THEREFORE, in consideration of the premises, RSI and the Grantee agree as follows:

I. NON-QUALIFIED STOCK OPTION

Grant of Option Subject to the limitations and other terms and conditions set forth in this Agreement and the Plan, the Committee grants to the Grantee as of JANUARY 15, 1996 a Non-qualified Stock Option to purchase an aggregate of 45,300 shares of RSI's Common Stock, par value \$.50 per share (the "Shares"), at a price of \$24.0625 per Share, the Fair Market Value on the date of grant.

Limitations on Exercise of Option Subject to the limitations and other terms and conditions set forth in this Agreement and the Plan, the Non-qualified Stock Option shall be exercisable in installments on or before JANUARY 14, 2006 as follows:

- (i) 20% of the Shares subject to the Non-qualified Stock Option effective immediately;
- (ii) 20% of the Shares subject to the Non-qualified Stock Option on or after JANUARY 15, 1997;
- (iii) 20% of the Shares subject to the Non-qualified Stock Option on or after JANUARY 15, 1998;

(iv) 20% of the Shares subject to the Non-qualified Stock Option on or after JANUARY 15, 1999;

(v) and the final 20% of the Shares subject to the Non-qualified Stock Option on or after JANUARY 15, 2000.

Subject to the foregoing and the provisions of the Plan, any installment portion of the Non-qualified Stock Option that becomes exercisable shall thereafter accumulate and be exercisable at any time on or before the expiration of the term of the Non-qualified Stock Option on JANUARY 14, 2006.

Exercise and Payment of Option Subject to the limitations and other terms and conditions set forth in this Agreement and the Plan, the Non-qualified Stock Option, to the extent then exercisable, may be exercised in whole or in part from time-to-time by delivering written notice to RSI addressed to the Controller of RSI specifying the number of Shares the Grantee then elects to purchase under the Non-qualified Stock Option, together with the full purchase price of the Shares being purchased in cash or a certified or bank cashier's check payable to the order of RSI, or in Shares 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 the purchase price. As promptly as practicable after any such exercise, RSI will deliver to the Grantee certificates for the number of Shares with respect to which the Non-qualified Stock Option has been exercised, issued in the name of the Grantee. The exercise of a Non-qualified Stock Option shall reduce on a one- for-one basis the number of Shares subject to the related Limited SAR granted under Section II of this Agreement.

Exercise and Payment Upon a Change of Control Subject to the limitations and other terms and conditions set forth in this Agreement and the Plan:

(i) Notwithstanding any other provision of this Agreement, pursuant to Section 7(h) of the Plan, unless otherwise determined by the Committee prior to a Change of Control, in the event of a Change of Control, the Non-qualified Stock Option granted under Section I of this Agreement, to the extent not previously exercised or expired under the terms of this Agreement and 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 Non-qualified Stock Option shall automatically terminate as of the Incumbent Board's determination pursuant to Section 14(a) of the Plan or the Grantee's Termination Date, as appropriate.

(ii) If the Committee so determines prior to or during the thirty day period following the occurrence of a Change of Control, the Grantee may in lieu of exercising, require RSI to purchase for cash all or any portion of the Non-qualified Stock Option granted under Section I of this Agreement, which is not otherwise exercised or expired under the terms of this Agreement and the Plan as to which no Limited SAR is then exercisable, for a period of sixty days following the occurrence of a Change of Control at the Price upon a Change of Control specified below; provided that if the Grantee is subject to Section 16(b) of the 1934 Act with

respect to RSI, the Grantee must have held such Non-qualified Stock Option for at least six months.

Price Upon a Change of Control Subject to the limitations and other terms and conditions set forth in this Agreement and the Plan, upon the occurrence of a Change of Control, the Price of the Limited SAR and the Non-qualified Stock Option or portions thereof as to which no Limited SAR is then exercisable, shall be 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 days preceding the date of exercise;

(ii) the highest price per share of Common Stock included in a filing made by any Person, but excluding any employee benefit plan or plans (or related trust) of RSI and its Subsidiaries and affiliates, who becomes the beneficial owner, directly or indirectly, of twenty percent 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, on any Schedule 13D pursuant to Section 13(d) of the 1934 Act as paid within the sixty 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 Business combination affecting RSI, any liquidation or dissolution of RSI or any sale of all or substantially all of the assets of RSI, with all noncash consideration being valued in good faith by the Incumbent Board;

over the purchase price per Share at which the related Non-qualified Stock Option is exercisable, as applicable.

II. LIMITED STOCK APPRECIATION RIGHT

Grant of Limited SAR Subject to the limitations and other terms and conditions set forth in this Agreement and the Plan, the Committee grants to the Grantee as of JANUARY 15, 1996 a Limited SAR with respect to all Shares subject to the related Non-qualified Stock Option granted under Section I of this Agreement. Such Limited SAR shall be exercisable only in the event of a Change of Control and only if the Grantee is subject, in the opinion of counsel to RSI, to

Section 16(b) of the 1934 Act with respect to RSI at the time of the Change of Control. The Limited SAR is the right to receive an amount (the "Limited SAR Spread") equal to the product computed by multiplying (i) the Price upon a Change of Control specified in Section I above by (ii) the number of Shares with respect to which such Limited SAR is being exercised.

Limitations on Exercise of Limited SAR Subject to the limitations and other terms and conditions set forth in this Agreement and the Plan, the Limited SAR shall be exercisable only if and to the extent that the related Non-qualified Stock Option is exercisable, but no later than JANUARY 14, 2006, the expiration date of the related Non-qualified Stock Option, provided, however, that the Limited SAR may not be exercised in any event until the expiration of six months from the date of grant of the Limited SAR nor more than six months after the Termination Date of the Grantee. The Limited SAR may be exercised only during the sixty day period commencing after the occurrence of a Change of Control provided, however, that if the

Limited SAR has not been held by the Grantee for at least six months before the occurrence of a Change of Control, such Limited SAR may be exercised only during the sixty day period commencing upon the expiration of such six month period.

Exercise and Payment of Limited SAR Subject to the limitations and other terms and conditions set forth in this Agreement and the Plan, the Limited SAR may be exercised by delivering a written notice to RSI addressed to the Controller of RSI specifying the number of Shares with respect to which the Grantee is exercising the Limited SAR. As promptly as practicable after any such exercise, RSI will deliver to the Grantee an amount in cash equal to the Limited SAR Spread. The exercise of a Limited SAR shall reduce the number of Shares subject to the related Non-qualified Stock Option on a one-for-one basis.

III. GENERAL

Transferability of Awards No Awards 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.

Notices All notices provided for in this Agreement or the Plan shall be in writing and shall be deemed to have been duly given if delivered in person or mailed by registered mail, return receipt requested:

- (a) If to RSI, at Ryder System, Inc., P. O. Box 020816, Miami, Florida 33102-0816, Attention: Controller; and
- (b) If to the Grantee, at the Grantee's business address or address appearing in the payroll records of RSI; or
- (c) At such other addresses as may be furnished to RSI or the Grantee in accordance with this paragraph.

Definitions and Interpretation Capitalized terms not otherwise defined in this Agreement are defined as in the Plan. This Agreement and the grant, exercise, adjustment, modification, cancellation and termination of the Non-qualified Stock Option and the Limited SAR, the issuance of Shares subject thereto and the payment of cash thereunder are subject in all respects to the terms of the Plan and in the event that any provision of this Agreement shall be inconsistent with the terms of the Plan, then the terms of the Plan shall govern. The Committee shall have plenary authority to interpret this Agreement and the Plan and to make all determinations deemed necessary or advisable for the administration of the Plan. The Committee's interpretations and determinations shall be conclusive.

Acknowledgement The Grantee acknowledges that he/she has read the entire Plan including the provisions thereof relating to termination of employment and Change of Control. Additionally, Grantee acknowledges that this Agreement is not an employment agreement between the Grantee and RSI, and RSI and the Grantee each has the right to terminate the

Grantee's employment at any time for any reason whatsoever, unless there is a written employment agreement to the contrary.

Governing Law This Agreement shall be construed and enforced in accordance with, and governed by, the laws of the State of Florida.

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

Attest:

RSI

By:

Yasmine B. Zyne
Assistant Secretary

By:

Thomas E. McKinnon
Executive Vice President,
Human Resources

GRANTEE

Social Security Number

EXHIBIT 10.21

RYDER SYSTEM, INC.

STOCK FOR MERIT INCREASE REPLACEMENT PLAN

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RYDER SYSTEM, INC.
STOCK FOR MERIT INCREASE REPLACEMENT PLAN

1. Purpose of this Plan

The purpose of the Ryder System, Inc. Stock for Merit Increase Replacement Plan, as amended (this "Plan"), is to give key executives of Ryder System, Inc. (the "Company") and its subsidiaries who are primarily responsible for the management of the business of the Company the opportunity to receive stock option grants in lieu of merit salary increases, thereby encouraging focus on the growth and profitability of the Company and its Common Stock (as defined in Section 4).

2. Effective Date and Term of this Plan

This Plan shall become effective on May 5, 1995, subject to the approval of the shareholders of the Company. Unless previously terminated in accordance with Section 14 of this Plan, this Plan shall terminate on the close of business on May 4, 2005, after which no Options (as defined in Section 4) shall be granted under this Plan. Such termination shall not affect any Options granted prior to such termination.

3. Administration of this Plan

This Plan shall be administered by the Compensation Committee (the "Committee") of the Board of Directors of the Company which shall consist of not less than three members of the Board of Directors, each of whom shall be a "disinterested person" as defined in Rule 16b-3 under the Securities Exchange Act of 1934, as amended (the "1934 Act"). Additionally, all members of the Committee shall be "outside directors" as defined or interpreted for purposes of Section 162(m) of the Internal Revenue Code of 1986, as amended (the "Code"). 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. The Committee shall have plenary authority, subject to the express provisions of this Plan, to (i) select participants; (ii) determine the nature, amount, time and manner of stock option grants made under this Plan; (iii) interpret this Plan; (iv) prescribe, amend and rescind rules and regulations relating to this Plan; and (v) make all other determinations deemed necessary or advisable for the administration of this Plan.

4. Common Stock Subject to this Plan

The shares of Common Stock of the Company, par value \$.50 per share ("Common Stock"), to be issued upon the exercise of an option to purchase Common Stock granted in lieu of a merit salary increase (an "Option") may be made available from the authorized but unissued Common Stock, or Common Stock purchased on the open market or otherwise.

Subject to the provisions of the next succeeding paragraph, the maximum aggregate number of shares of Common Stock for which Options may be granted under this Plan shall be 500,000 shares. If an Option granted under this Plan expires or is terminated without having been exercised in full, the unpurchased or forfeited shares or rights to receive shares shall become available for grant to other executives. No executive shall be eligible to receive any Options or series of Options covering, in the aggregate, more than 300,000 shares during the term of this Plan.

If there shall be any change in the shares of Common Stock subject to this Plan or any Option granted under this 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 this Plan or to any outstanding Option, and in the terms and provisions of this Plan and any Options granted hereunder, in order to reflect, on an equitable basis, any such change in the shares contemplated by this paragraph. Any adjustment made by the Committee pursuant to this paragraph shall be conclusive and binding upon the grantee of an Option, the Company and any other related person.

5. Eligible Persons

Only persons who are members of the Company's senior leadership group, known as the "Executive Committee", or other elected officers of the Company or its subsidiaries selected by the Committee, shall be eligible to receive grants of Options under this Plan in lieu of a merit salary increase. No grant shall be made to any member of the Committee or any other non-employee director.

No executive selected to participate in this Plan may receive a grant of Options unless the executive has made an irrevocable election to receive Options in lieu of a merit salary increase at least six (6) months in advance of the date of grant of such Option. No such election shall obligate the Company to grant a merit salary increase or Options.

6. Purchase Price of Options

The purchase price for each share of Common Stock issuable under an Option shall not be less than 100 percent (100%) of the Fair Market Value of a share of Common Stock on the date of grant. "Fair Market Value" as used in this Plan shall equal the mean of the high and low price of the Common Stock as reported by the composite transaction reporting system for securities listed on the New York Stock Exchange on the applicable date.

7. Option Term

The term of each Option as determined by the Committee shall not exceed ten (10) years from the date of grant and shall expire as of the last day of the designated term, unless terminated earlier under the provisions of this Plan.

8. Option Type

Option grants may be either non-qualified stock options or incentive stock options governed by Section 422(b) of the Code.

9. Non-Transferability of Options

No Option granted under this Plan shall be assignable or transferable by the grantee except by will or the laws of descent and distribution. A grantee shall forfeit any Option assigned or transferred, voluntarily or involuntarily, other than as permitted under this Section. Each Option shall be exercised during the grantee's lifetime only by the grantee or the grantee's guardian or legal representative.

10. Exercise of Options

Except as provided in Sections 12 and 13, and subject to any limitations under Section 16 of the 1934 Act, each Option shall be exercisable as follows: (i) twenty percent (20%) of the shares of Common Stock subject to an Option on the date of grant and (ii) the remainder of the shares subject to such Option in four equal annual installments on the first, second, third and fourth anniversary of the date of grant. The Committee may, at any time, provide for the acceleration of installments or any part thereof.

Subject to the provisions of this Section 10, each Option may be exercised in whole or, from time to time, in part with respect to the number of then exercisable shares in any sequence desired by the grantee and without regard to the date of grant of stock options under other plans of the Company; provided, however, that any incentive stock option must be exercised in accordance with Section 422(b) of the Code.

To exercise an Option, the grantee shall (i) give written notice to the Company in form satisfactory to the Committee indicating the number of shares of Common Stock which the grantee 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) with the approval of the Committee, in shares of Common Stock having a Fair Market Value on the date of exercise equal to the purchase price, or (C) 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 to permit this Plan and any Options or shares of Common Stock granted or issued hereunder to comply with any applicable blue sky or other federal or state securities laws.

Except as provided in Sections 12 and 13, no Option may be exercised unless the grantee, at the time of exercise, is an employee and has continuously been an employee of the Company or any subsidiary since the grant of such Option.

A grantee shall not be deemed to have terminated his period of continuous employ with the company or any subsidiary if he leaves the employ of the company or any subsidiary for immediate reemployment with the company or any subsidiary.

A grantee of any Option shall not have any rights as a shareholder until the close of business on the date on which the Option has been exercised.

11. Withholding Taxes on Option Exercise

Each grantee exercising an Option shall deliver to the Company payment in cash or by check (as described in Section 10) equal to all federal, state and local withholding taxes required to be collected by the Company in respect of the exercise of such Option, and until such payment is made, the Company may, in its discretion, retain all or a portion of the shares to be issued. Notwithstanding the foregoing, to the extent permitted by law and pursuant to such rules as the Committee may adopt, a grantee may authorize the Company to satisfy any such withholding requirement by directing the Company to withhold from any shares to be issued such number of shares as shall be sufficient to satisfy the withholding obligation.

12. Exercise of Options in the Event of a Change of Control

Notwithstanding any other provision of this Plan, in the event of a Change of Control (as defined below), each Option not previously exercised or expired under the terms of this Plan shall become immediately exercisable in full and shall remain exercisable to the full extent of the shares of Common Stock available thereunder, regardless of any installment provisions applicable thereto, for the remainder of its term, unless the grantee has been terminated for Cause (as defined below) in which case the Options shall automatically terminate.

Grantees of Options not otherwise exercised or expired under the terms of this Plan may, in lieu of exercising, require the Company to purchase for cash all such Options or portions thereof for a period of sixty (60) days following the occurrence of a Change of Control at the Price specified below; provided that Options subject to this purchase requirement held by grantees who are subject to Section 16(b) of the 1934 Act must have been held for at least six (6) months.

For purposes of this Section 12 and otherwise, the following definitions shall apply:

A "Change of Control" shall be deemed to have occurred if:

(i) any individual, entity or group (within the meaning of Section 13(d)(3) or 14(d)(2) of the 1934 Act) (a "Person") becomes the beneficial owner, directly or indirectly, of twenty percent (20%) or more of the combined voting power of the Company's outstanding voting securities ordinarily having the right to vote for the election of directors of the Company; provided, however, that for purposes of this subparagraph (i), the following acquisitions shall not constitute a Change of Control: (A) any acquisition by any employee benefit plan or plans (or related trust) of the Company and its subsidiaries and affiliates or (B) any acquisition by any corporation pursuant to a transaction which complies with clauses (A), (B) and (C) of subparagraph (iii) of this Section 12; or

(ii) the individuals who, as of August 18, 1995, constituted the Board of Directors of the Company (the "Board" generally and as of August 18, 1995 the "Incumbent Board") cease for any reason to constitute at least two-thirds (2/3) of the Board, provided that any person becoming a director subsequent to August 18, 1995 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 reorganization, merger or consolidation of the Company (a "Business Combination"), in each case, unless, following such Business Combination, (A) all or substantially all of the individuals and entities who were the beneficial owners, respectively, of the Company's outstanding Common Stock and outstanding voting securities ordinarily having the right to vote for the election of directors of the Company immediately prior to such Business Combination beneficially own, directly or indirectly, more than fifty percent (50%) of, respectively, the then outstanding shares of common stock and the combined voting power of the then outstanding voting securities ordinarily having the right to vote for the election of directors, as the case may be, of the corporation resulting from such Business Combination (including, without limitation, a corporation which as a result of such transaction owns RSI or all or substantially all of the Company's assets either directly or through one or more subsidiaries) in substantially the same proportions as their ownership, immediately prior to such Business Combination, of the Company's outstanding Common Stock and outstanding voting securities ordinarily having the right to vote for the election of directors of the Company, as the case may be, (B) no Person

(excluding any corporation resulting from such Business Combination or any employee benefit plan or plans (or related trust) of the Company or such corporation resulting from such Business Combination and their subsidiaries and affiliates) beneficially owns, directly or indirectly, 20% or more of the combined voting power of the then outstanding voting securities of the corporation resulting from such Business Combination and (C) at least two-thirds (2/3) of the members of the board of directors of the corporation resulting from such Business Combination were members of the Incumbent Board at the time of the execution of the initial agreement, or of the action of the Board, providing for such Business Combination; or

(iv) there is a liquidation or dissolution of the Company approved by the shareholders; or

(v) there is a sale of all or substantially all of the assets of the Company.

If a Change of Control occurs and if a grantee's employment is terminated prior to the date on which the Change of Control occurs, and if it is reasonably demonstrated by the grantee that such termination of employment (A) was at the request of a third party who has taken steps reasonably calculated to effect a Change of Control or (B) otherwise arose in connection with or in anticipation of a Change of Control, a Change of Control shall be deemed to have retroactively occurred on the date immediately prior to the date of such termination of employment.

During the three (3) year period following a Change of Control, the term "cause" as used in Section 13 [and Section 15] of this Plan [with respect to any 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 the grantee's 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 or the Committee, as the case may be.

"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 the definition of Change of Control 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), (iv) or (v) of

the definition of Change of Control, 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 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.

13. Termination of Employment

If the grantee's employment with the Company or any subsidiary terminates for any reason other than as specified in the subsequent paragraphs of this Section 13, any Option shall terminate three (3) months after the later of (i) the date of such termination or (ii) with respect to a non-qualified stock option, the end of any severance period applicable to such grantee; provided, however, that in the event of the death of the grantee during such period, such Option shall, to the extent it was exercisable on the termination date or at the end of any applicable severance period, 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.

If the termination of employment is due to the grantee's death, any 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 Option.

If the termination of employment is due to the grantee's retirement or disability, 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. 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 22(e)(3) of the Code). Incentive stock options not exercised within such three (3) month period shall be treated as non-qualified stock options.

If a grantee is terminated for cause, all Options with respect to such grantee shall automatically terminate as of the grantee's termination date.

14. Amendments to this Plan

The Committee may at any time (i) terminate this Plan or (ii) modify or amend this Plan in any respect, except that, to the extent required to maintain the qualification of this Plan under Section 16 of the 1934 Act, or as otherwise required to comply with applicable law or the regulations of any stock exchange on which the Common Stock is listed, the Committee may not, without shareholders' approval, (A) materially increase the benefits accruing to participants under this Plan; (B) materially increase the number of securities which may be issued under this Plan; or (C) materially modify the requirements as to eligibility for participation in this Plan. Should this Plan require amendment to maintain full legal compliance because of rules, regulations, opinions or statutes issued by the Securities and Exchange Commission, the U.S. Department of the Treasury or any other governmental or governing body, then the Committee or the Board may take whatever action, including but not limited to amending or modifying this Plan, is necessary to maintain such compliance. The termination or any modification or amendment of this Plan shall not, without the consent of any grantee involved, adversely affect rights under an Option previously granted to such grantee.

15. Miscellaneous Provisions

(a) 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 Restated Articles of Incorporation, By-Laws, resolutions of the Board of Directors or otherwise.

(b) No Employee shall have any claim or right to be granted an award under this Plan, nor having been selected as a grantee for one year, any right to be a grantee in any other year. Neither this Plan nor any action taken hereunder shall be construed as giving any grantee any right to be retained in the employ of the Company and the Company expressly reserves its right at any time to dismiss any grantee with or without cause.

(c) With respect to grantees subject to Section 16 of the 1934 Act, transactions under this Plan are intended to comply with all applicable conditions of Rule 16b-3 or its successors under the 1934 Act. To the extent any provision of this Plan or action by the Committee fails to so comply, it shall be deemed null and void, to the extent permitted by law and deemed advisable by the Committee. Moreover, in the event this Plan does not include a provision required by Rule 16b-3 to be stated herein, such provision (other than one relating to eligibility requirements, or the price and amount of Options) shall be deemed automatically to be incorporated by reference into this Plan insofar as grantees subject to Section 16 are concerned.

EXHIBIT 10.22

RYDER SYSTEM, INC. 1995 STOCK INCENTIVE PLAN
(As amended on August 18, 1995)

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RYDER SYSTEM, INC. 1995 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 this 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 or the Committee, as the case may be.

(c) A "Change of Control" shall be deemed to have occurred if:

(i) any individual, entity or group (within the meaning of Section 13(d)(3) or 14(d)(2) of the Securities Exchange Act of 1934, as amended (the "1934 Act")) (a "Person") 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; provided, however, that for purposes of this subparagraph (i), the following acquisitions shall not constitute a Change of Control: (A) any acquisition by any employee benefit plan or plans (or related trust) of RSI and its subsidiaries and affiliates or (B) any acquisition by any corporation pursuant to a transaction which complies with clauses (A), (B) and (C) of subparagraph (iii) of this Section 2(c); or

(ii) the individuals who, as of August 18, 1995, constituted the Board of Directors of RSI (the "Board" generally and as of August 18, 1995 the "Incumbent Board") cease for any reason to constitute at least two-thirds (2/3) of the Board, provided that any person becoming a director subsequent to August 18, 1995 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 reorganization, merger or consolidation of RSI (a "Business Combination"), in each case, unless, following such Business Combination, (A) all or substantially all of the individuals and entities who were the beneficial owners, respectively, of RSI's outstanding Common Stock and outstanding voting securities ordinarily having the right to vote for the election of directors of RSI immediately prior to such Business Combination beneficially own, directly or indirectly, more than fifty percent (50%) of, respectively, the then outstanding shares of common stock and the combined voting power of the then outstanding voting securities ordinarily having the right to vote for the election of directors, as the case may be, of the corporation resulting from such Business Combination (including, without limitation, a corporation which as a result of such transaction owns RSI or all or substantially all of RSI's assets either directly or through one or more subsidiaries) in substantially the same proportions as their ownership, immediately prior to such Business Combination, of RSI's outstanding Common Stock and outstanding voting securities ordinarily having the right to vote for the election of directors of RSI, as the case may be, (B) no Person (excluding any corporation resulting from such Business Combination or any employee benefit plan or plans (or related trust) of RSI or such corporation resulting from such Business Combination and their subsidiaries and affiliates) beneficially owns, directly or indirectly, 20% or more of the combined voting power of the then outstanding voting securities of the corporation resulting from such Business Combination and (C) at least two-thirds (2/3) of the members of the board of directors of the corporation resulting from such Business Combination were members of the Incumbent Board at the time of the execution of the initial agreement, or of the action of the Board, providing for such Business Combination; or

(iv) there is a liquidation or dissolution of RSI approved by the shareholders; or

(v) there is a sale of all or substantially all of the assets of RSI.

If a Change of Control occurs and if a Grantee's employment is terminated prior to the date on which the Change of Control occurs, and if it is reasonably demonstrated by the Grantee that such termination of employment (A) was at the request of a third party who has taken steps reasonably calculated to effect a Change of Control or (B) otherwise arose in connection with or in anticipation of a Change of Control, a Change of Control shall be deemed to have retroactively occurred on the date immediately prior to the date of such termination of employment.

(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 Compensation Committee of the Board of Directors of RSI constituted as provided in Section 5 of this 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 this 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 this Plan.
- (o) 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.
- (p) 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.
- (q) The term "Option" shall mean any stock option granted under this Plan.
- (r) The term "Performance Goals" shall have the meaning set forth in Section 10(c) of this Plan.

(s) The term "Performance Period" shall have the meaning set forth in Section 10(d) of this Plan.

(t) The term "Performance Units" shall mean Performance Units granted by the Committee pursuant to Section 10 of this Plan.

(u) The term "Plan" shall mean the Ryder System, Inc. 1995 Stock Incentive Plan as the same shall be amended.

(v) 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 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), (iv) or (v) 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 this 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 this 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 this 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 this Plan.

(ee) The term "Spread" with respect to a SAR shall have the meaning set forth in Section 8(b) of this Plan, and with respect to a Limited SAR, the meanings set forth in Sections 9(c) and 9(d) of this 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 this 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; provided, however, it shall mean the end of any severance period applicable to a Grantee with respect to any Non-qualified Stock Options held by such Grantee.

(ii) The term "Year" shall mean a calendar year.

3. Shares of Stock Subject to this Plan.

(a) Subject to the provisions of Paragraph (b) of this Section 3, no more than 3,300,000 Shares shall be issuable pursuant to grants under this Plan. Shares issued pursuant to this Plan may be either authorized but unissued or reacquired Shares purchased on the open market or otherwise.

(b) In the event any Stock Option or Restricted Stock Right expires or terminates unexercised or any Restricted Stock Right is forfeited or cancelled, the number of Shares subject to such Stock Option or Restricted Stock Right shall again become available for issuance under this Plan, subject to the provisions of Sections 7(a), 8(a), 9(b) and 10(i) of this Plan.

(c) No Grantee shall be eligible to receive any Stock Option or series of Stock Options covering, in the aggregate, more than 800,000 Shares during the term of this Plan.

4. Participation. Awards under this Plan shall be limited to key executive Employees selected from time to time by the Committee.

5. Administration. This Plan shall be administered by 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. All members of the Committee shall be "outside directors" as defined or interpreted for purposes of Section 162(m) of the Code. The Committee shall have

plenary authority, subject to the express provisions of this 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 this Plan, and the terms and conditions applicable thereto; (iv) interpret this Plan; (v) prescribe, amend and rescind rules and regulations relating to this Plan; (vi) determine whether and to what extent Stock Options previously granted under this Plan shall be redesignated as Incentive Stock Options 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 this 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 this 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 this 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 this 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) 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) A Grantee of any Stock Option shall not have any rights as a shareholder until the close of business on the date on which the Stock Option has been exercised.
- (h) Notwithstanding any other provision of this 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 this 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 this 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 this 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(v); 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(h) or 7(i) 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 22(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.

(m) Except as otherwise provided in Section 7(1), 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 with respect to all or some of the Shares covered by such Stock 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 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 shall cease to be exercisable to the extent of the Shares with respect to which such Limited SAR is exercised, and the Stock 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. 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(v) 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.

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 this 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 this Plan or any Award granted under this 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 this 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 this 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 this 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 this Plan, nor having been selected as a Grantee for one Year, any right to be a Grantee in any other Year. Neither this 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 this Plan shall be borne by the Company and not charged to any Award nor to any Grantee.

(g) This 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 this Plan, and payment of Awards shall be subordinate to the claims of the Company's general creditors.

(h) Whenever used in this 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.

(i) With respect to Grantees subject to Section 16 of the 1934 Act, transactions under this Plan are intended to comply with all applicable conditions of Rule 16b-3 or its successors under the 1934 Act. To the extent any provision of this Plan or action by the Committee fails to so comply, it shall be deemed null and void, to the extent permitted by law and deemed advisable by the Committee. Moreover, in the event this Plan does not include a provision required by Rule 16b-3 to be stated herein, such provision (other than one relating to eligibility requirements, or the price and amount of Awards) shall be deemed automatically to be incorporated by reference into this Plan insofar as Grantees subject to Section 16 are concerned.

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 Restated Articles of Incorporation, By-Laws, 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, to the extent required to maintain the qualification of

this Plan under Section 16 of the 1934 Act, or as otherwise required to comply with applicable law or the regulations of any stock exchange on which the Shares are listed, the Committee may not, without shareholder approval, (A) materially increase the benefits accruing to Grantees under this Plan, (B) materially increase the number of securities which may be issued under this Plan or (C) materially modify the requirements as to eligibility for participation in this Plan. Should this 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 may take whatever action, including but not limited to amending or modifying this Plan, is necessary to maintain such compliance. 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 shall become effective on May 5, 1995, subject to the approval of the shareholders of RSI.

(b) Unless previously terminated in accordance with Section 17 of this Plan, this Plan shall terminate on the close of business on May 4, 2005, after which no Awards shall be granted under this Plan. Such termination shall not affect any Awards granted prior to such termination.

EXHIBIT 10.23

RYDER SYSTEM, INC.

SAVINGS RESTORATION PLAN

This Ryder System, Inc. Savings Restoration Plan (the "Plan") is adopted effective April 1, 1995. The Plan is established and maintained by Ryder System, Inc. solely for the purpose of permitting certain employees of the Employer who participate in the Ryder System, Inc. Employee Savings Plan A or B (the "Savings Plan") to receive contributions equal to amounts in excess of certain limitations on contributions imposed by the Internal Revenue Code of 1986, as amended.

ARTICLE I

DEFINITIONS

Wherever used herein the following terms shall have the meanings hereinafter set forth:

1.1. "Accounting Date" means the last day of each calendar month and such other date or dates as the Committee may designate from time to time as an Accounting Date.

1.2. "Accounting Period" means each period beginning on the day following an Accounting Date and ending on the following Accounting Date.

1.3. "Affiliate" means any Employer, and any member of a controlled group of corporations, a group of trades or businesses under common control, an affiliated service group of which any Employer is a member or any other entity required to be aggregated with the Employer pursuant to regulations under Section 414(o) of the Code. For purposes hereof: (i) a "controlled group of corporations" shall mean a controlled group of corporations as defined in Section 1563(a) of the Code, determined without regard to Sections 1563(a)(4) and (e)(3)(c) thereof, (ii) a "group of trades or businesses under common control" shall mean a group of trades or businesses under common control as defined in the regulations promulgated under Section 414(c) of the Code; and (iii) an "affiliated service group" shall mean an affiliated service group as defined in Section 414(m) of the Code.

1.4. "Beneficiary" means the person or persons designated by a Participant, upon such forms as shall be provided by the Committee, to receive payments of the vested portion of the

Participant's Account after the Participant's death. If the Participant shall fail to designate a Beneficiary, or if for any reason such designation shall be ineffective, or if such Beneficiary shall predecease the Participant or die simultaneously with him, then the Beneficiary shall be, in the following order of preference:

- (i) the Participant's surviving spouse, or
- (ii) the Participant's estate.

1.5. "Board" means the Board of Directors of the Company.

1.6. "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 "Exchange Act"), but excluding any employee benefit plan or plans of the Company 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 Company's outstanding voting securities ordinarily having the right to vote for the election of directors of the Company; or

(ii) the individuals who, as of June 26, 1987, constituted the Board of Directors of the Company (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 Company, 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 noncorporate 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 Plan, considered as though such person were a member of the Incumbent Board; or

(iii) there is a liquidation or dissolution of the Company or a sale of all or substantially all of the assets of the Company.

If the Company 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 Paragraph (i), (ii) or (iii), and a Participant'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 Paragraph (i), (ii) or (iii), then, upon the occurrence of any of the matters described in Paragraph (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.

1.7. "Code" means the Internal Revenue Code of 1986, as amended from time to time, and any regulations relating thereto.

1.8. "Committee" means the Committee appointed by the Board to administer the Savings Plan in accordance with Article X of the Savings Plan or when applicable, the person to whom the Committee has delegated authority pursuant to Article X of the Savings Plan for the matter in question.

1.9. "Company" means Ryder System, Inc., a Florida corporation, or any successor corporation or other entity resulting from a merger or consolidation into or with the Company or a transfer or sale of substantially all of the assets of the Company.

1.10. "Company Stock" means the common stock of the Company, par value \$.50, which is readily tradeable on an established securities market.

1.11. "Compensation" means the sum of (i) the total of all amounts paid to a Participant by an Employer as salary (including commissions) or bonuses for personal services and (ii) any Savings Plan Tax-Deferred Contributions or Restoration Tax-Deferred Contributions made by the Employer on behalf of a Participant for the Plan Year and any other amounts earned by the Participant for the Plan Year but that are deferred under any other plan or arrangement maintained by the Employer.

1.12. "Disability" means a Participant's inability to engage in any substantial gainful activity by reason of any medically determined physical or mental impairment which can be expected to result in death or which has lasted or can be expected to last for a continuous period of not less than 12 months, as determined in a uniform and non-discriminatory manner by the Committee after requiring any medical examinations by a physician or reviewing any medical evidence which the Committee considers necessary, and which results in the Participant's Separation from Employment.

1.13. "Eligible Employee" means any Participant in the Savings Plan who is (i) employed by the Employer, (ii) designated by the Committee to be eligible to participate in the Plan, and (iii) is part of a select group of management or highly compensated employees within

the meaning of Sections 201(2), 301(a)(3) and 401(a)(1) of the Employee Retirement Income Security Act of 1974, as amended from time to time, and any regulations relating thereto.

1.14. "Employee" means any employee of (i) the Company or (ii) any other entity that is an Employer as defined in the Savings Plan.

1.15. "Employer" means (i) the Company and (ii) any other entity that is an Employer as defined in the Savings Plan.

1.16. "Investment Funds" means those investment options that shall from time to time be made available as investment options under the Plan, as determined by the Committee.

1.17. "Leave of Absence" means an Employee's leave of absence from active employment with the Company or an Affiliate because of military service, illness which does not constitute a Disability, educational pursuits, services as a juror, or temporarily with a government agency, or any other leave of absence, if (i) such leave of absence is approved by the Company or an Affiliate that employs the Employee, and (ii) upon termination of any such leave of absence, such Employee promptly returns or has returned to the employ of the Company or an Affiliate, without employment (other than military service) elsewhere in the meantime except with the consent of the Company or an Affiliate. The Company or an Affiliate shall determine the first and last days of any Leave of Absence that it approves.

1.18. "Participant" means an Eligible Employee of the Employer who elects to participate in the Plan.

1.19. "Participant's Account" means the total amount credited to the account maintained in the Plan in accordance with the provisions of the Plan for each Participant, which represents his total proportionate interest of all accounts under the Plan as of any Accounting Date, and which consists of his Restoration Tax-Deferred Contributions Account and his Restoration Matching Contributions Account.

1.20. "Plan" means the Ryder System, Inc. Savings Restoration Plan.

1.21. "Plan Year" means the calendar year, except that the 1995 Plan Year shall commence April 1, 1995 and shall end December 31, 1995.

1.22. "Restoration Matching Contribution" means the matching contributions credited to the Participant's Account in accordance with Section 3.2 of the Plan.

1.23. "Restoration Matching Contributions Account" means the account maintained by the Company under the Plan for a Participant that is credited with the Participant's Restoration Matching Contributions, and any gains or losses allocable thereto.

- 1.24. "Restoration Tax-Deferred Contributions" means the compensation reduction contributions credited to the Participant's Account under Section 3.1 of the Plan.
- 1.25. "Restoration Tax-Deferred Contributions Account" means the account maintained by the Company under the Plan for a Participant that is credited with the Participant's Restoration Tax-Deferred Contributions, and any gains or losses allocable thereto.
- 1.26. "Retirement Age" means the earlier of (i) the date on which a Participant attains age 65, and (ii) the date on which a Participant has both (a) attained age 55 and (b) completed at least 10 years of Service. For purposes of this provision, Service shall mean that period of an Employee's continuous uninterrupted employment with an Employer and any Affiliate, and with any predecessor businesses of the Employer or an Affiliate, conducted as corporations, partnerships, or proprietorships, from the Employee's last date of hire to the date of termination of his employment for any reason; provided however, that the employment of an Employee, who immediately before his current employment was employed by a predecessor or acquired business continuously up to the date of its merger with or acquisition by the Employer or an Affiliate, shall include only that part of his employment for said business which has occurred after the date fixed for this purpose by the Company and provided that the same date is uniformly fixed for this purpose as to all of the employees of a given predecessor or acquired business. An Employee may work simultaneously for more than one Employer and Affiliate, but the total period of his employment shall not be increased by reason of such simultaneous employment.
- 1.27. "Savings Plan" means the Ryder System, Inc. Employee Savings Plan A, established effective January 1, 1984, and as amended from time to time, and the Ryder System, Inc. Employee Savings Plan B, established effective January 1, 1993, and as amended from time to time, and each successor or replacement salaried employees' cash or deferred arrangement.
- 1.28. "Savings Plan Limitations" means those limitations applicable to the Savings Plan imposed by (i) Section 402(g) of the Code, (ii) Section 415 of the Code, (iii) Section 401(a)(17) of the Code, or (iv) any other limitations imposed under the Code on contributions under the Savings Plan.
- 1.29. "Savings Plan Matching Contributions" means the total of all Matching Contributions made by the Employer for the benefit of a Participant under and in accordance with the terms of the Savings Plan.
- 1.30. "Savings Plan Tax-Deferred Contributions" means the Tax Deferred Contributions made by the Employer for the benefit of a Participant under and in accordance with the terms of the Savings Plan.
- 1.31. "Separation from Employment" means a discontinuance of the Participant's employment relationship with the Company and its Affiliates due to retirement at or after Retirement Age, Disability, death, layoff, or other termination of employment (voluntary or

involuntary). For purposes of this provision, the employment relationship with the Company and its Affiliates of a Participant entitled to accrued vacation time and/or severance pay after he ceases to perform services for the Company and its Affiliates shall be deemed to terminate upon the date his accrued vacation time, if any, expires, or if the Participant is entitled to severance pay, then upon the earlier of (i) the last date on which the Participant is entitled to receive payment of such severance pay from the Company or any Affiliate, and (ii) the date which is 13 weeks after both (a) the Participant has ceased to perform services for the Company and its Affiliates and, (b) the Participant's accrued vacation time, if any, has expired. The fact that an Employee who is a Participant ceases to elect to have any Restoration Tax-Deferred Contributions credited to his Account under the Plan shall not constitute a Separation from Employment, and a Participant's absence from active employment due to military service or Leave of Absence shall not constitute a Separation from Employment.

ARTICLE II

ELIGIBILITY

2.1. Eligibility. An Employee that becomes an Eligible Employee as of April 1, 1995 shall be eligible to participate in the Plan on April 1, 1995. Any other Employee shall be eligible to participate on the January 1 coincident with or immediately following the date as of which he becomes an Eligible Employee.

ARTICLE III

RESTORATION CONTRIBUTIONS AND VESTING

3.1. Restoration Tax-Deferred Contributions. Each Participant, so long as he remains a Participant, may elect (on a form furnished by the Committee and in accordance with Committee rules) to reduce and defer receipt pursuant to this Plan of his Compensation by an amount equal to the excess of (i) a minimum of 1% and a maximum of 10% of his Compensation, over (ii) the amount of his Savings Plan Tax-Deferred Contributions for the Plan Year after taking into account the Savings Plan Limitations. The amount of deferral so elected shall be applied against and reduce the Participant's (x) salary (including commissions), (y) bonuses, or (z) salary (including commissions) and bonuses, earned during the Plan Year as elected by the Participant and as shall be determined by the Committee. In no event shall any amounts be deferred under this Plan for any Plan Year until the Participant's Savings Plan Tax-Deferred Contributions have reached the Savings Plan Limitation for the Plan Year. For the Plan Year that begins April 1, 1995 and ends December 31, 1995, the amount of the Participant's percentage deferral election under the preceding sentence shall be applied to his salary (including commissions), bonuses, or salary (including commissions) and bonuses (depending upon the Participant's election) for the entire 1995 calendar year, and the amount of the deferral as so determined then shall be pro-rated on

such basis as the Committee shall determine, as a reduction of the Participant's salary (including commissions), bonuses, or salary (including commissions) and bonuses, earned after the Participant's election becomes effective. Participant Election and Enrollment Forms are effective on a Plan Year basis, and must be filed before the beginning of the Plan Year to which they relate. Participant Election and Enrollment Forms may not be amended or revoked after the beginning of the Plan Year. The Employer shall withhold, by payroll deduction, the Compensation deferred pursuant to this Section 3.1 from the current compensation payments of a Participant and credit such withheld amount to a Participant's Restoration Tax-Deferred Contributions Account under the Plan.

3.2. Restoration Matching Contribution. For each Plan Year, the Employer shall credit to the Participant's Restoration Matching Contributions Account of each Participant who elects to make a Restoration Tax-Deferred Contribution for the Plan Year an amount equal to the excess, if any, of:

(i) the amount of the Savings Plan Matching Contribution that would have been credited to the Participant's Account under the Savings Plan if the Restoration Tax-Deferred Contribution had been made into the Savings Plan and the Savings Plan Limitations were not taken into account thereunder, over

(ii) the Savings Plan Matching Contributions actually allocated to the Participant's Account under the Savings Plan for the Plan Year.

Each Matching Contribution for each Participant shall be credited to the Participant's Account as of the end of the Accounting Period for which the Restoration Tax-Deferred Contribution is withheld, or as soon as practicable thereafter.

3.3. Vesting.

(i) A Participant's interest in his Restoration Tax-Deferred Contributions Account shall be 100% nonforfeitable at all times. A Participant's interest in his Restoration Matching Contribution Account shall become non-forfeitable and vest in accordance with the following schedule, based upon the number of the Participant's Months of Participation in the Savings Plan, determined in accordance with the Savings Plan.

| Number of Months of Participation | Vested Percentage of Account |
|--------------------------------------|---------------------------------|
| Less than 12 | 0% |
| 12 through 23 | 25% |
| 24 through 35 | 50% |
| 36 through 47 | 75% |
| More than 47 | 100% |

Notwithstanding the foregoing, a Participant's vested percentage shall be 100%

(a) once the Participant has completed 5 Years of Service, as determined in accordance with the Savings Plan, or (b) if the Participant's employment with the Employer terminates at any time after he has attained his Retirement Age, or by reason of the Participant's death or Disability, or (c) in the event that a Change of Control shall occur while the Participant is an Employee of the Employer or an Affiliate.

(ii) The nonvested portion of a Participant's Account that is forfeited shall not be allocated to the Participant's Account of any other Participant.

ARTICLE IV

INVESTMENT OF RESTORATION CONTRIBUTIONS

4.1. Investment. Amounts credited to a Participant's Account shall be treated as if they were actually invested in the Investment Funds selected by the Participant in accordance with the Plan, and shall be credited with gains and losses allocable thereto at such times and in such manner as shall be determined by the Committee. Each Eligible Employee upon becoming a Participant shall elect on the Participant Election and Enrollment Form the portion of the Participant's Account, in any whole percentage multiples (or in such other proportions as the Committee may from time to time determine), that are to be treated as if invested in each of the Investment Funds. A Participant may, at such times and in such manner as shall be permitted by the Committee, change such election as to the investment of his Participant's Account.

ARTICLE V

DISTRIBUTIONS

5.1. Timing of Distribution.

(i) The vested portion of a Participant's Account, less any applicable tax withholding, shall be distributed on the January 1 immediately following a Participant's Separation from Employment, or as soon as administratively practicable thereafter. The distribution to the Participant or his Beneficiary shall be made in a lump sum or in installments in accordance with the Participant's most recent Participant Election and Enrollment Form on file with the Committee which is effective at least one year prior to the date of such Separation from Employment. Such election shall indicate that the Participant has chosen to receive either: (a) a lump sum on the January 1 immediately following the Participant's Separation from Employment, or as soon as administratively practicable thereafter, or (b) a minimum of 2, and a maximum of 10, annual installments beginning on the January 1 immediately following the Participant's Separation from

Employment, or as soon as administratively practicable thereafter. Each annual installment shall be equal to the value of the Participant's Account multiplied by a fraction, the numerator of which is 1 and the denominator of which is the number of installments remaining to be paid.

(ii) If a Participant should die before distribution of the entire vested portion of the Participant's Account has been made to him, any remaining amounts, less applicable withholding taxes, shall be distributed to the Participant's Beneficiary in the same manner in which such amounts otherwise would have been distributed to the Participant.

(iii) Notwithstanding the foregoing provisions of this Section 5.1, the remaining vested portion of a Participant's Account, less applicable withholding taxes, shall be distributed to the Participant or his Beneficiary, in a lump sum, as soon as administratively practicable following a Change of Control.

(iv) The value of a Participant's Account, for purposes of determining the amount to be distributed to the Participant or his Beneficiary, shall be determined as of the December 31 immediately preceding the distribution.

5.2. Method of Distribution. Distribution of the Participant's Account shall be made in cash.

5.3. Hardship Distributions. Upon the written request of a Participant and in the event the Committee determines that an "unforeseeable emergency" has occurred with respect to a Participant, the Participant may withdraw the lesser of (i) the amount the Committee deems to be necessary to meet the emergency or (ii) the Participant's Account. For this purpose, an "unforeseeable emergency" shall mean an unanticipated emergency, such as a sudden and unexpected illness or accident of the Participant or a dependent of the Participant or loss of the Participant's property due to casualty, that is caused by an event beyond the control of the Participant and that would result in severe financial hardship if the withdrawal were not permitted. The need to pay a Participant's child's tuition to college and the desire to purchase a home shall not be considered unforeseeable emergencies.

ARTICLE VI

ADMINISTRATION OF THE PLANS

6.1. Administration by the Committee. The Committee shall be responsible for the general operation and administration of the Plan and for carrying out the provisions thereof.

6.2. General Powers of Administration. All provisions set forth in the Savings Plan with respect to the administrative powers and duties of the Committee and procedures for filing claims shall also be applicable with respect to the Plan. The Committee shall be entitled to rely

conclusively upon all tables, valuations, certificates, opinions and reports furnished by any actuary, accountant, controller, counsel or other person employed or engaged by the Committee with respect to the Plan. All expenses of administration relating to the Plan may be debited against the Participant's Account, in the same manner as expenses are charged to accounts under the Savings Plan.

ARTICLE VII

AMENDMENT OR TERMINATION

7.1. Amendment or Termination. The Company intends the Plan to be permanent but reserves the right, by resolution of the Board or by action of any committee thereof, to amend or terminate the Plan when, in the sole opinion of the Board or the committee, such amendment or termination is advisable. Any such amendment or termination shall be made pursuant to a resolution of the Board, or by action of a committee thereof, and shall be effective as of the date of such resolution or action unless specifically provided otherwise.

7.2. Effect of Amendment or Termination. No amendment or termination of the Plan shall directly or indirectly reduce the balance of any Participant's Account held hereunder as of the effective date of such amendment or termination. Upon termination of the Plan, distribution of amounts in the Participant's Account shall be made to the Participant or his Beneficiary in the manner and at the time described in Article V of the Plan. No additional credits of contributions shall be made to the Participant's Account for periods after termination of the Plan, but the Committee shall continue to credit gains and losses to the Participant's Account, until the balance of such Participant's Account has been fully distributed to the Participant or his Beneficiary.

ARTICLE VIII

GENERAL PROVISIONS

8.1. Participant's Rights Unsecured. The Plan at all times shall be entirely unfunded and no provision shall at any time be made with respect to segregating any assets of the Company or any other Employer for payment of any distributions hereunder. Although the value of each Participant's Account will be measured as if such Accounts were invested in the Investment Funds selected by the Participant pursuant to the Plan, neither the Company nor any other Employer shall be required to invest any assets in any Investment Funds, and if the Company or any other Employer does in fact make any investments in any Investment Funds, the Participant or Beneficiary shall have no rights in or claims against any such investments. The right of a Participant or his designated Beneficiary to receive a distribution hereunder shall be an unsecured claim against the general assets of his Employer and the Company, and neither the Participant nor a designated beneficiary shall have any rights in or against any specific assets of the Company or

any other Employer. All amounts credited to a Participant's Account shall constitute general assets of his Employer or the Company and may be disposed of by his Employer or the Company at such time and for such purposes as it may deem appropriate.

8.2. No Guarantee of Benefits. Nothing contained in the Plan shall constitute a guaranty by the Company or any other Employer or any other person or entity that the assets of the Company or any other Employer will be sufficient to pay any benefit hereunder.

8.3. Spendthrift Provision. No interest of any person or entity in, or right to receive a distribution under, the Plan shall be subject in any manner to sale, transfer, assignment, pledge, attachment, garnishment, or other alienation or encumbrance of any kind; nor may such interest or right to receive a distribution be taken, either voluntarily or involuntarily for the satisfaction of the debts of, or other obligations or claims against, such person or entity, including claims in bankruptcy proceedings.

8.4. Applicable Law. The Plan shall be construed and administered under the laws of the State of Florida.

8.5. Indirect Payment of Benefits. If any Participant or his Beneficiary is, in the judgment of the Committee, legally, physically or mentally incapable of personally receiving-and receipting for any payment due hereunder, payment may be made to the guardian or other legal representative of such Participant or Beneficiary or, if none, to such person or institution who, in the opinion of the Committee, is then maintaining or has custody of such Participant or Beneficiary. Such payments shall constitute a full discharge with respect thereto.

8.6. Notice of Address. Each person entitled to a benefit under the Plan must file with the Employer, in writing, his post office address and each change of post office address which occurs between the date of his termination of employment with the Employer and the date he ceases to be a Participant. Any communication, statement, or notice addressed to such a person at his latest reported post office address will be binding upon him for all purposes of the Plan and neither the Committee nor the Employer shall be obliged to search for or ascertain his whereabouts.

8.7. Notices. Any notice required or permitted to be given hereunder to a Participant or Beneficiary will be properly given if delivered or mailed, postage prepaid, to the Participant or Beneficiary at his last post office address as shown on the Employer's records. Any notice to the Committee or the Employer shall be properly given or filed upon receipt by the Committee or the Employer, as the case may be, at such address as may be specified from time to time by the Committee.

8.8. Waiver of Notice. Any notice required hereunder may be waived by the person entitled thereto.

8.9. Unclaimed Payments. If a Participant or his Beneficiary fails to apprise the Committee of changes in the address of the Participant or Beneficiary, and the Committee is unable to communicate with the Participant or Beneficiary at the address last recorded by the Committee within five years after any benefit becomes due and payable from the Plan to the Participant or Beneficiary, the Committee may mail a notice by registered mail to the last known address of such person outlining the following action to be taken unless such person makes written reply to the Committee within 60 days from the mailing of such notice: The Committee may direct that such benefit and all further benefits with respect to such person shall be discontinued and all liability for the payment thereof shall terminate.

8.10. Employer-Employee Relationship. The establishment of this Plan shall not be construed as conferring any legal or other rights upon any Employee or any person for a continuation of employment, nor shall it interfere with the rights of an Employer to discharge any Employee or otherwise act with relation to him. Each Employer may take any action (including discharge) with respect to any Employee or other person and may treat him without regard to the effect which such action or treatment might have upon him as a Participant of this Plan.

8.11. Receipt And Release. Any final payment or distribution to any Participant, his Beneficiary or his legal representative in accordance with this Plan shall be in full satisfaction of all claims against the Committee and the Employer; the Employer or the Committee may require a Participant, his Beneficiary or his legal representative to execute a receipt and release of all claims under this Plan upon a final payment or distribution or a receipt to the extent of any partial payment or distribution; and the form of any such receipt and release shall be determined by the Employer or the Committee.

8.12. Limitations on Liability. Notwithstanding any of the preceding provisions of the Plan, neither the Company, the Committee, nor any individual acting as employee or agent of the Company or the Committee shall be liable to any Participant, former Participant or other person for any claim, loss, liability or expense incurred in connection with the Plan.

8.13. Miscellaneous. Words in the masculine gender shall include the feminine and the singular shall include the plural, and vice versa, unless qualified by the context. Any headings

used herein are included for ease of reference only, and are not to be construed so as to alter the terms hereof.

IN WITNESS WHEREOF, the Company has caused this instrument to be signed and its corporate seal to be hereunto affixed by its duly authorized officers on this 31st day of March, 1995.

RYDER SYSTEM, INC.

By: /s/ C. Robert Campbell

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

ATTEST:

By: /s/ H. Judith Chozianin

Secretary

Exhibit 11.1

Statement re: Computation of Per Share Earnings

Primary earnings per share are computed by dividing earnings applicable 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 applicable 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.

RYDER SYSTEM, INC. AND CONSOLIDATED SUBSIDIARIES

FINANCIAL REVIEW

REVENUE

[GRAPH]

- - Dedicated Logistics - 17%
- - Full Service Truck Leasing - 33%
- - Commercial and Consumer Rental - 21%
- - Automotive Carriers - 11%
- - Public Transportation - 8%
- - International - 6%
- - Other - 4%

OVERVIEW

The company reported revenue growth in excess of 10% in 1995 and earnings before accounting change were slightly higher than 1994 and the highest in company history. These results were achieved in spite of the impact of a softening economy on truck rental utilization, a 32-day strike by the International Brotherhood of Teamsters and costs related to reorganizations and the implementation of reengineering initiatives. Management believes it achieved the goals established for 1995. First, the company continued to expand its highest value-added contractual businesses, with both record revenue and record sales of new business in dedicated logistics, and continued revenue growth and strong sales of new business in full service truck leasing. Second, the company continued to focus on customer service and lowering costs by implementing several reengineering initiatives, including the completion of several projects in the areas of sales and marketing, maintenance and finance and administration. Finally, the company increased its overall market coverage domestically, continued to grow in Europe and Mexico and commenced activities in Brazil and Argentina.

Earnings from continuing operations were slightly higher in 1995 compared with 1994 and 34% higher in 1994 compared with 1993. Vehicle Leasing & Services pretax earnings were higher in 1995 while Automotive Carriers pretax earnings declined due mainly to the impact of the Teamsters strike. Strong results from the truck rental businesses and Automotive Carriers, driven in part by a strong U.S. economy, were the primary reason for the increase in 1994 earnings compared with 1993.

Revenue growth in 1995 was led by the company's two primary contractual product lines - full service truck leasing and dedicated logistics - which both surpassed growth rates achieved in 1994. Automotive Carriers revenue was lower in 1995 as a result of the Teamsters strike and a fourth quarter slowdown in vehicle production, which decreased the number of vehicles shipped. The increase in 1994 revenue compared with 1993 reflected growth in all of the company's major product lines.

Total operating expense as a percentage of revenue was about the same in 1995, 1994 and 1993. Within total operating expense in 1995, lower vehicle liability and environmental expenses, as well as a benefit from the resolution of certain operating tax matters, were offset by higher logistics related spending and increased equipment rental costs due to an increase in the number of vehicles leased by the company.

Depreciation expense (before gains on vehicle sales) increased 14% in 1995 and 11% in 1994 compared with the preceding years. Strong sales of new full service lease and logistics contracts led to increases in the size of the vehicle fleet and depreciation in both 1995 and 1994. The size of the vehicle fleet increased 8% in 1995 to 203,932 units. Gains on vehicle sales were \$19 million higher in both 1995 and 1994 compared with the preceding years. The increases were due to a higher number of vehicles sold in both years, as well as an increase in the average gain per vehicle sold in 1994.

Increased interest expense in both 1995 and 1994 was due to higher average outstanding debt levels, resulting from growth in the vehicle fleet, combined with higher interest rates on the company's variable-rate debt. At December 31, 1995, approximately 23% of the company's financing obligations had variable interest rates.

The company's effective tax rate for continuing operations was 41.2% in 1995, 41.1% in 1994 and 45.3% in 1993. The higher 1993 rate was the result of an accumulated deferred income tax adjustment of \$8 million, or \$0.10 per common share, necessitated by an increase in the corporate Federal income tax rate from 34% to 35%.

ACCOUNTING CHANGES

The company adopted Statement of Financial Accounting Standards No. 116, "Accounting for Contributions Received and Contributions Made," effective January 1, 1995. The statement requires that a promise to make a contribution be recognized in the financial statements as an expense and a liability when a promise is made. As a result, a first quarter pretax charge of \$12 million (\$8 million after tax, or \$0.10 per common share) was recorded as the cumulative effect of a change in accounting principle to establish a liability for the present value of the company's total outstanding charitable commitments as of January 1, 1995.

In 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.

UNDERSTANDING RYDER'S BUSINESS PERFORMANCE

VEHICLE LEASING & SERVICES

| Dollars in thousands | 1995 | 1994 | 1993 |
|--|-------------|-----------|-----------|
| ----- | | | |
| Revenue: | | | |
| Full service lease and programmed maintenance | \$1,959,683 | 1,775,205 | 1,673,891 |
| Commercial and consumer rental | 1,115,376 | 1,101,266 | 912,316 |
| Dedicated logistics | 866,654 | 645,827 | 523,187 |
| Public transportation | 400,197 | 365,279 | 345,241 |
| International | 301,770 | 192,117 | 156,300 |
| Other and eliminations | (54,059) | (21,959) | (14,132) |
| ----- | | | |
| Total | 4,589,621 | 4,057,735 | 3,596,803 |
| Operating expense | 3,520,738 | 3,112,746 | 2,758,681 |
| Depreciation expense | 716,098 | 628,625 | 557,406 |
| Gains on sales of revenue earning equipment | (89,851) | (72,721) | (54,084) |
| Interest expense | 196,833 | 151,581 | 128,760 |
| Miscellaneous expense, net | 3,346 | 3,246 | 1,670 |
| ----- | | | |
| Earnings before income taxes | \$ 242,457 | 234,258 | 204,370 |
| ===== | | | |
| Fleet size (owned and leased including international): | | | |
| Full service lease | 100,026 | 89,672 | 78,544 |
| Commercial and consumer rental | 81,685 | 75,759 | 67,016 |
| Buses operated or managed | 12,855 | 12,519 | 12,154 |
| Ryder Truck Rental service locations | 1,136 | 1,101 | 979 |

Vehicle Leasing & Services includes the following product lines in the U.S. and Canada: dedicated logistics, full service truck leasing, public transportation and commercial and consumer truck rental. Vehicle Leasing & Services also includes the company's International Division which consists of full service truck leasing, logistics and truck rental operations in Europe, Mexico and South America.

Vehicle Leasing & Services reported strong revenue growth in both 1995 and 1994. Revenue growth in both years was led by the division's two primary contractual product lines, full service truck leasing and dedicated logistics, as well as the International Division. Commercial and consumer truck rental revenue was slightly higher in 1995 after showing strong gains in 1994.

Pretax profits for the division in 1995 benefited from higher total operating margin within the division's contractual product lines, an increase in gains on vehicle sales of \$17 million, a benefit of \$9 million from the resolution of certain operating tax matters and lower vehicle liability and environmental expenses. These items were partially offset by separation and relocation costs of approximately \$12 million and increases in indirect operating expenses. The separation and relocation costs were incurred in the third quarter of 1995 as a result of the consolidation of the division's 20 consumer truck rental administrative locations into two central locations, as well as headcount reductions in response to new, more efficient, systems and processes in the division's commercial businesses. Higher indirect operating expenses were

primarily the result of several strategic spending programs which are designed to improve the future growth and profitability of the division. These included continued investments in the development of logistics and other systems capabilities, and reengineering of the division's maintenance, sales and marketing, and finance and administration functions. Continuing initiatives intended to enhance customer service, reduce on-going costs and improve efficiency, such as the consolidation of various district administrative functions in the commercial businesses into a single center, will result in certain non-recurring costs in 1996.

Pretax earnings for the division in 1994 were higher compared with 1993, as a result of higher overall operating margin and an increase of \$19 million in gains on vehicle sales, partially offset by an increase in indirect operating expenses. Higher indirect operating expenses in 1994 compared with 1993 related to many of the same strategic spending programs which continued in 1995.

DEDICATED LOGISTICS REVENUE

IN MILLIONS

[GRAPH]

DEDICATED LOGISTICS. Ryder Dedicated Logistics (RDL), the company's fastest growing business unit, is a value-added supplier of integrated logistics services - from systems designed to manage the inbound movement of raw materials to the delivery of finished goods. RDL's expertise ranges from transportation management and inventory deployment to the operation of integrated solutions for such customers as Whirlpool, OfficeMax, Xerox, BellSouth, General Motors and Saturn.

RDL does business with companies seeking the competitive advantage that results when goods are moved accurately, quickly and at a reduced cost. This means faster order-cycle times, reduced inventory, fewer facilities, greater flexibility and improved customer service.

RDL's strong revenue growth of 34% in 1995 and 23% in 1994 was attributable to record sales of new logistics contracts in both years. The division continued to invest heavily in logistics and information technologies and in sales and marketing to stimulate growth in this product line. Dedicated logistics operating margin (revenue less direct operating expenses, including vehicle-related costs and interest) was higher in both 1995 and 1994 as a result of the growth in revenue. Operating margin as a percentage of revenue was about the same in 1995 compared with 1994, and lower in 1994

compared with 1993. The lower operating margin percentages in 1995 and 1994 compared with 1993 were due primarily to costs associated with commencing operations on new accounts as well as higher driver wages.

FULL SERVICE TRUCK LEASING REVENUE

IN MILLIONS

[GRAPH]

FULL SERVICE TRUCK LEASING. Full service truck leasing - Ryder's largest product line - is designed for customers who wish to manage their own transportation systems without investing the capital and human resources necessary to own and maintain a fleet.

Under a full service lease, Ryder provides vehicles tailored to meet customers' unique transportation requirements, as well as the full package of services needed to operate and maintain them. This package can include vehicle specifications and acquisition support; preventive maintenance; regulatory compliance; licensing and permitting; emergency road service; fuel and fuel tax reporting; safety programs; vehicle painting and washing; flexible return conditions; and vehicle liability and protection programs. As part of Ryder Commercial Leasing & Services, the full service lease product line also provides vehicles to RDL and provides maintenance for virtually all of the company's vehicles.

At December 31, 1995, Ryder had approximately 13,000 full service lease customers and more than 90,000 vehicles on lease in the U.S. and Canada. Ryder works with companies throughout a wide variety of industries including beverage, baking and snack, grocery, newspaper, automotive aftermarket, chemicals and retail. Customers include such well-known companies as General Motors, Pepsi-Cola, Kraft Foods, AutoZone and The Home Depot.

Revenue from full service truck leasing increased 10% in 1995 and 6% in 1994 as a result of strong new lease sales in 1995 and 1994. The high level of new sales led to a 12% increase in the average size of the full service lease fleet in 1995. Operating margin from full service truck leasing increased in both 1995 and 1994 due to the growth in revenue. However, margin as a percentage of revenue was lower in both years compared with the preceding years as a result of lower prices on newer leases compared with prices on older and expiring leases and higher interest costs. In 1995, these items were somewhat offset by lower vehicle liability expense due primarily to better accident experience.

PUBLIC TRANSPORTATION REVENUE

IN MILLIONS

[GRAPH]

PUBLIC TRANSPORTATION. Logistics solutions are increasingly being applied to the public as well as the private sector. Ryder Public Transportation Services designs, manages and operates customized systems for school districts, transit agencies, public utilities and municipalities. Services include transit management and operation, student transportation and public fleet management and maintenance.

Ryder Student Transportation Services is one of the largest providers of student transportation services in the U.S., transporting more than 460,000 students in more than 350 school systems in 20 states. School systems using Ryder's services include those in Providence, Kansas City, Seattle and Minneapolis.

Ryder/ATE - one of the nation's leading providers of public transportation services - provides a variety of public transit management and contracting services, working with nearly 100 public transit organizations in such cities as Los Angeles, Dallas and Indianapolis. Ryder/ATE designs, manages or operates public transit systems that range from shuttle, fixed-route and express bus service to paratransit systems.

Ryder/MLS is the nation's leading non-governmental provider of public fleet management and maintenance services. Ryder/MLS manages and maintains approximately 20,000 vehicles and units of equipment for local governments, electric and gas utilities, and telecommunication companies.

Public transportation services revenue increased 10% in 1995 compared with 1994 and 6% in 1994 compared with 1993, as a result of the addition of several new public transit and student transportation contracts. Margin and margin as a percentage of revenue from public transportation services were both higher in 1995 compared with 1994, primarily as a result of higher revenue and lower workers' compensation and vehicle liability expenses. Improved workers' compensation and vehicle liability expenses were both due primarily to favorable development of prior year claims. Margin from these businesses increased in 1994 compared with 1993 as a result of higher revenue, while margin as a percentage of revenue was about the same.

COMMERCIAL AND CONSUMER TRUCK RENTAL. Ryder is a leader in helping companies and individuals meet their short-term transportation needs efficiently, cost-effectively and safely.

Through its network of more than 5,000 dealers across North America, Ryder Consumer Truck Rental offers do-it-yourself movers vehicles, which range from the 10-foot Mini Moving Van to the 24-foot Maxi Moving Van, for local or one way rental. In addition, many "light commercial" customers rent consumer trucks for use during times of peak demand.

Ryder offers commercial users vehicles that range from heavy, over-the-road tractors to panel vans and pickup trucks. Ryder not only rents these vehicles to a variety of rental-only customers, but also provides them to its broad base of full service truck leasing customers when they require additional vehicles to meet peak demand,

replacements for vehicles being serviced or temporary vehicles while awaiting delivery of new full service lease vehicles.

Consumer truck rental revenue was relatively unchanged in 1995 compared with 1994. Higher demand for long-distance rentals was offset by lower demand for local rentals, including "light commercial" rentals. Consumer truck rental revenue increased 20% in 1994 compared with 1993, driven by higher demand for both long-distance and local rentals resulting from a strong U.S. economy.

Commercial truck rental revenue increased 3% in 1995 compared with 1994, primarily reflecting higher demand from full service truck leasing customers awaiting delivery of new lease vehicles or satisfying short-term needs. Revenue from commercial truck rental increased 22% in 1994 compared with 1993, as a result of higher demand from both full service lease and rental-only customers driven by strength in the U.S. economy.

COMMERCIAL AND CONSUMER TRUCK RENTAL REVENUE

IN MILLIONS

[GRAPH]

Consumer truck rental margin and margin as a percentage of revenue were about the same in 1995 compared with 1994. Margins in 1995 reflected lower vehicle utilization and higher interest expense, offset by significantly lower vehicle liability expense due primarily to better accident experience in 1995 compared with 1994. Consumer truck rental margin and margin as a percentage of revenue were significantly higher in 1994 compared with 1993 as a result of revenue growth, better vehicle utilization and lower maintenance costs as a percentage of revenue.

Commercial truck rental margin and margin as a percentage of revenue decreased in 1995 compared with 1994, reflecting higher interest expense and lower asset utilization. Margin and margin as a percentage of revenue were significantly higher in 1994 compared with 1993 as a result of higher revenue, increased asset utilization and lower maintenance costs as a percentage of revenue, partially offset by higher interest expense.

Results for both rental product lines in 1995 were impacted by lower than expected demand following strong revenue growth in 1994. In the commercial truck rental product line, revenue in the fourth quarter of 1995 was lower than revenue in the comparable 1994 period due to lower demand for rentals caused by weakness in certain sectors of the economy and shorter delivery times for new lease vehicles. The average combined truck rental fleet size was 13% higher in 1995 compared with 1994, although in the second half of 1995, the company reduced rental fleet levels from first half levels. The company believes that continued rental fleet reductions and reduced capital expenditures on new vehicles in 1996 should properly position the truck rental product lines for the expected demand in the coming year. The company's rental product lines continue to be sensitive to changes in the U.S. economy and 1996 rental results will depend to a great extent on the strength of the economy.

INTERNATIONAL REVENUE

IN MILLIONS

[GRAPH]

INTERNATIONAL. Already an industry leader in transportation and logistics solutions in the U.S. and Canada, Ryder is also growing in other parts of the world. Ryder's International Division is comprised of operations in the United Kingdom, Germany, Poland, Mexico, Brazil and Argentina.

Internationally, Ryder's best immediate opportunities lie in Western Europe and the Americas, and the company is focusing its efforts in these regions. Using its operations in Germany and the U.K. as a platform for continental growth, the company intends to expand throughout the rest of Europe. In the U.K., the company will continue to grow its business with such existing customers as Nissan, Filofax, Hewlett-Packard and Sanyo.

Emerging markets offer substantial opportunities as potential customers seek to increase operating productivity, and Ryder has followed U.S. customers like Pepsi-Cola, Procter & Gamble and General Motors in support of their businesses in markets outside the U.S. Ryder is also working on the initial design of logistics systems for companies such as FEMSA in Mexico, Buenos Aires Embotelladora S.A. (BAESA) in Brazil and Sevel Argentina S.A.

International Division revenue rose significantly in 1995 and 1994 compared with the preceding years as a result of full service truck leasing and logistics acquisitions made in the U.K. in 1994 as well as strong lease sales in the U.K. Pretax profits from the International Division were higher in 1995 compared with 1994 as a result of higher earnings in the U.K., somewhat offset by higher international development expenses including start-up expenses in Mexico, Brazil and Argentina. Pretax earnings in 1994 were about the same as in 1993. At this time, there are no significant legal restrictions regarding the repatriation of cash flows to the U.S. from the foreign countries where the company is currently operating.

Automotive Carriers

| Dollars in thousands | 1995 | 1994 | 1993 |
|-------------------------------|-----------|---------|---------|
| Revenue | \$594,446 | 645,402 | 634,634 |
| Earnings before income taxes | \$ 43,144 | 50,078 | 31,955 |
| Total units transported (000) | 5,791 | 6,277 | 5,934 |
| Total miles traveled (000) | 218,859 | 239,831 | 238,840 |
| Auto transports: | | | |
| Owned and leased | 2,877 | 3,790 | 4,131 |
| Owner-operators | 490 | 516 | 505 |
| Locations | 85 | 80 | 89 |

In North America's vehicle transportation market, Ryder is the largest highway provider and has more than 60 years experience in delivering cars and trucks from manufacturing plants, ports and railheads to dealers. Ryder's Automotive Carrier Division transported 5.8 million vehicles in 1995, including more than half of the General Motors vehicles, and almost half of the Toyota and Honda vehicles produced in North America.

Ryder's Automotive Carrier Division seeks new ways to increase efficiency, provide better service and reduce costs. In 1995, the division introduced two new auto transports with improved load configurations, quicker loading times, significant weight reductions and increased fuel efficiency. One new tractor-trailer configuration is capable of transporting 14 subcompact cars within federal weight, height and length limits, and another is designed for wide-body vehicles and is more than 10% lighter than comparable designs. Other advances include the company's Hydrapac system, which produces a major increase in fuel economy. The Hydrapac system uses a fuel-efficient auxiliary diesel engine to power the vehicle's hydraulic lifts, night lighting, onboard vehicle electronics and safety devices, allowing the main engine to be shut down during loading and unloading. In addition, to reduce vehicle weight, Ryder has adopted aircraft cylinder technology in its new hydraulic systems and is also experimenting with lightweight and durable composite materials in trailer structures.

AUTOMOTIVE CARRIERS REVENUE

IN MILLIONS

[GRAPH]

Cars and trucks transported by Automotive Carriers include such popular models as the Chevrolet Blazer, Chrysler minivans, Toyota Camry and Honda Accord. In addition to vehicle transport, Ryder also provides value-added services such as on- and off-loading of vehicles from railcars and vehicle preparation for dealers.

The strike by the Teamsters, which began on September 7, 1995, and lasted for 32 days, affected 1995 results for Automotive Carriers. On October 9, 1995, the Teamsters and representatives of the automobile truckaway industry reached a four-year agreement (retroactive to May 21, 1995). The new agreement includes provisions for wage and benefit increases over the term of the agreement.

Automotive Carriers revenue decreased 8% in 1995 after an increase of 2% in 1994. Lower 1995 revenue resulted from an 8% decrease in the number of vehicles shipped. As a result of the Teamsters strike against the division, some vehicles produced during the strike were transported by other carriers or picked up directly by the automobile dealers. Additionally, shipments in 1995 were impacted by a fourth quarter reduction in vehicle production in North America. Higher revenue in 1994 compared with 1993 reflected an increase in vehicles shipped by the division as a result of increased North American production. General Motors accounted for approximately 54% of the division's revenue in both 1995 and 1994.

Pretax earnings for Automotive Carriers in 1995 were negatively impacted by revenue lost during the strike, non-recurring expenses relating to the strike and the fourth quarter reduction in vehicle production. The division's earnings in 1995 included a \$10 million pretax benefit from the resolution of certain operating tax matters and pretax gains from property sales totaling \$4 million. The increase in earnings in 1994 compared with 1993 was due to fleet operating efficiencies, lower depreciation expense and the positive impact of an organizational streamlining which took place in late 1993. The \$6 million cost of the organizational streamlining in 1993 also impacted earnings comparisons between 1994 and 1993.

Other

Other, which is comprised of primarily corporate administrative costs, reported net expenses of \$21 million in 1995, compared with \$24 million in 1994 and \$27 million in 1993.

FINANCIAL RESOURCES AND LIQUIDITY

Cash Flow

The company's cash requirements in 1995 continued to be funded internally through operations and the sale of revenue earning equipment, as well as through increased borrowings. Cash flow from continuing operating activities was \$809 million in 1995, compared with \$831 million in 1994 and \$771 million in 1993. The decrease from 1994 resulted primarily from changes in certain working capital items, including reduced accounts payable for vehicle purchases due to the timing of new lease sales and vehicle deliveries, lower accrued expenses and an increase in pension prepayments. These items were somewhat offset by higher non-cash charges for depreciation and deferred income taxes and proceeds of \$30 million from the sale of receivables as part of the company's receivables sales program. The increase in cash flow from continuing operating activities in 1994 compared with 1993 was primarily attributable to improved earnings and an increase in depreciation expense, partially offset by less cash provided by changes in working capital items.

Capital expenditures were \$2.2 billion in 1995, compared with \$1.8 billion and \$1.2 billion in 1994 and 1993, respectively. Capital expenditures for full service truck leasing increased \$238 million in 1995 to \$1.2 billion, primarily due to new business sales. Capital expenditures for commercial and consumer truck rental were \$452 million in 1995, an increase of \$18 million compared with 1994, due primarily to the replacement of older units. Public transportation services capital expenditures of \$35 million in 1995 were relatively unchanged compared with 1994. International Division capital expenditures increased \$64 million in 1995 to \$157 million, due primarily to new full service lease sales in the United Kingdom. Capital expenditures for Automotive Carriers in 1995 were \$61 million, an increase of \$21 million compared with 1994, as a result of planned fleet replacement. The remaining increase in capital expenditures in 1995 primarily reflected expenditures on operating property and equipment, including costs relating to reengineering and systems initiatives and maintenance facilities improvements. The increase in capital expenditures in 1994 compared with 1993 was due primarily to increased expenditures in full service truck leasing as a result of new business sales and higher expenditures in commercial truck rental to support demand created by new lease customers and for fleet expansion.

Cash flow from continuing operating activities (excluding sales of receivables) plus asset sales as a percentage of capital expenditures was 53% in 1995, compared with 62% in 1994 and 80% in 1993. The decreases in 1995 and 1994 were due to increased capital expenditures required to support new lease sales and reengineering and systems initiatives. The 1995 and 1994 increases in capital expenditures were partially offset by increases of \$99 million and \$40 million, respectively, in proceeds from sales of property and revenue earning equipment.

In 1996, management projects that capital expenditures will decrease approximately 20% compared with 1995. The company plans to significantly reduce its capital expenditures in the rental product lines as fleet levels are adjusted to expected demand. Expenditures in full service truck leasing are also expected to decline as a result of the redeployment of rental vehicles and lower sales of used vehicles. Capital expenditures for the public transportation services businesses are expected to

increase due to anticipated growth and fleet replacement. International capital expenditures are expected to increase in 1996 as a result of expansion in Germany, Poland, Mexico and South America, somewhat offset by reduced expenditures in the United Kingdom. Capital expenditures within Automotive Carriers are expected to decrease as a result of a planned lower level of fleet replacement compared with 1995. The company expects to fund its 1996 capital expenditures with both internally generated funds and additional financing.

| RYDER DEBT RATINGS | Commercial Paper | Unsecured Notes |
|------------------------------------|---------------------|--------------------|
| ----- | | |
| Moody's Investors Service | P2 | A3 |
| Standard & Poor's Ratings Group | A2 | A- |
| Duff and Phelps | D1 | A |

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 commercial paper and bank credit facilities. 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 increased from \$1.9 billion at the end of 1994 to \$2.6 billion at the end of 1995. This increase was due to financing requirements associated with 1995 capital expenditures. During 1995, the company issued \$968 million of unsecured medium-term notes. The company also redeemed \$300 million of unsecured notes at par and made \$70 million of scheduled unsecured note payments. U.S. commercial paper outstanding at December 31, 1995, was \$45 million, compared with \$44 million at the end of 1994. The company's foreign debt increased \$114 million in 1995 due primarily to growth in business in the United Kingdom. Proceeds from sale-leaseback transactions decreased from \$400 million in 1994 to \$300 million in 1995.

The company has no derivative financial instruments that are held for trading purposes or that are leveraged. From time to time, the company enters into various interest rate swap and cap agreements to manage interest rate exposure in its existing debt portfolio. During 1995, the company terminated interest rate swap agreements with notional amounts totaling \$500 million and related interest rate cap agreements with notional amounts totaling \$350 million as part of its interest rate management program. The company had deferred gains totaling \$6 million at December 31, 1995 relating to these transactions which will be recognized over the original remaining lives of the terminated agreements. See the "Derivative Financial Instruments" note to the consolidated financial statements for a further discussion of the company's interest rate management program.

At the end of 1995, committed unused lines of credit totaled \$629 million and the company had \$268 million of debt securities available for issuance under a shelf registration statement filed in 1995.

The ratio of debt to equity at December 31, 1995 was 212%, compared with 169% at December 31, 1994. The ratio of debt to tangible equity at December 31, 1995 was 273%, compared with 227% at December 31, 1994.

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 \$12 million in 1995. Environmental capital expenditures are primarily related to a mandated tank replacement program required to be completed by the end of 1998. These capital expenditures are not expected to increase materially in relation to the company's level of total capital expenditures. The company incurred \$14 million of environmental expenses in 1995, compared with \$28 million in 1994 and \$27 million in 1993, which included remediation costs, as well as normal recurring expenses, such as licensing, testing and waste disposal fees. The company made substantial progress toward completing the cleanup, or determining the actions required to complete the cleanup, at most of its facilities during the years leading up to December 31, 1994 and, as a result, environmental remediation expenses decreased in 1995. Based on current circumstances and the present standards imposed by governmental regulations, environmental expenses are not expected to increase materially from 1995 levels 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 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

In 1995, the Financial Accounting Standards Board issued Statement No. 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to Be Disposed Of." The company will adopt this statement in the first quarter of 1996 and, based on information currently available, does not anticipate that the effect of adoption will be material to the company's financial position or results of operations.

OUTLOOK

In 1996, the company will focus on several key areas to sustain its growth and maximize shareholder value. The company will continue to invest for profitable growth by enhancing logistics capabilities, introducing new products and services to the commercial markets and expanding internationally in select strategic markets. The company will also focus on improving its margins and cost structure by increasing productivity through continued implementation of reengineering initiatives. In addition, to ensure the productivity of capital is maximized, capital will be allocated to the best investment opportunities. Total capital expenditures are projected to be lower in 1996 than in 1995, the rental fleets will continue to be rationalized and capital will be allocated to the products and services providing the best returns. Finally, investment in new systems and technology will continue to be emphasized to improve productivity and further accelerate growth.

The company's performance in 1996 will depend to some extent on domestic economic conditions. However, the foundation established over the past several years along with the goals set forth for 1996 should position the company for continued earnings growth.

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.

/s/ M.A. Burns

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

/s/ Edwin A. Huston

*Edwin A. Huston
Senior Executive Vice President-
Finance and Chief Financial Officer*

INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying consolidated balance sheets of Ryder System, Inc. and subsidiaries as of December 31, 1995 and 1994, and the related consolidated statements of earnings and cash flows for each of the years in the three-year period ended December 31, 1995. 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, 1995 and 1994, and the results of their operations and their cash flows for each of the years in the three-year period ended December 31, 1995, 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 charitable contributions in 1995 and its method of accounting for income taxes and postretirement benefits other than pensions in 1993.

/s/ KPMG PEAT MARWICK LLP

*Miami, Florida
March 8, 1996*

RYDER SYSTEM, INC. AND CONSOLIDATED SUBSIDIARIES

CONSOLIDATED STATEMENTS OF EARNINGS

| In thousands, except per share amounts | Years ended December 31 | | |
|--|-------------------------|-----------|-----------|
| | 1995 | 1994 | 1993 |
| Revenue | \$5,167,421 | 4,685,603 | 4,217,030 |
| Operating expense | 4,049,322 | 3,686,053 | 3,338,477 |
| Depreciation expense, net of gains | 664,073 | 591,669 | 543,338 |
| Interest expense | 191,157 | 144,735 | 124,789 |
| Miscellaneous expense (income), net | (1,517) | 2,627 | 650 |
| | 4,903,035 | 4,425,084 | 4,007,254 |
| Earnings from continuing operations before income taxes | 264,386 | 260,519 | 209,776 |
| Provision for income taxes | 108,961 | 106,990 | 95,054 |
| Earnings from continuing operations | 155,425 | 153,529 | 114,722 |
| Loss from discontinued operations | - | - | (150,713) |
| Earnings (loss) before cumulative effect of change in accounting | 155,425 | 153,529 | (35,991) |
| Cumulative effect of change in accounting | (7,759) | - | (25,433) |
| NET EARNINGS (LOSS) | 147,666 | 153,529 | (61,424) |
| Preferred dividend requirements | - | - | 3,617 |
| EARNINGS (LOSS) APPLICABLE TO COMMON SHARES | \$ 147,666 | 153,529 | (65,041) |
| Earnings (loss) per common share: | | | |
| Continuing operations | \$ 1.96 | 1.95 | 1.43 |
| Discontinued operations | - | - | (1.94) |
| Cumulative effect of change in accounting | (0.10) | - | (0.33) |
| EARNINGS (LOSS) PER COMMON SHARE | \$ 1.86 | 1.95 | (0.84) |

See accompanying notes to consolidated financial statements.

RYDER SYSTEM, INC. AND CONSOLIDATED SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

| In thousands | Years ended December 31 | | |
|---|-------------------------|---------------|------------------|
| | 1995 | 1994 | 1993 |
| CONTINUING OPERATIONS | | | |
| CASH FLOWS FROM OPERATING ACTIVITIES: | | | |
| Earnings from continuing operations | \$ 155,425 | 153,529 | 114,722 |
| Depreciation expense, net of gains | 664,073 | 591,669 | 543,338 |
| Deferred income taxes | 93,807 | 56,648 | 44,905 |
| Proceeds from sales of receivables | 30,000 | - | - |
| Increase in receivables | (86,312) | (87,761) | (6,616) |
| Decrease (increase) in inventories | (2,575) | (2,914) | 881 |
| Increase (decrease) in accounts payable | (40,210) | 66,087 | 41,738 |
| Increase (decrease) in accrued expenses | (9,956) | 25,031 | 7,584 |
| Increase in other non-current liabilities | 19,876 | 27,733 | 21,255 |
| Other, net | (14,764) | 941 | 3,226 |
| | 809,364 | 830,963 | 771,033 |
| CASH FLOWS FROM FINANCING ACTIVITIES: | | | |
| Debt proceeds | 1,117,739 | 609,637 | 165,503 |
| Debt repaid, including capital lease obligations | (417,716) | (195,099) | (295,144) |
| Preferred stock redeemed | - | - | (100,000) |
| Common stock issued | 11,251 | 27,601 | 37,225 |
| Dividends on common and preferred stock | (47,372) | (46,926) | (50,790) |
| | 663,902 | 395,213 | (243,206) |
| CASH FLOWS FROM INVESTING ACTIVITIES: | | | |
| Purchases of property and revenue earning equipment | (2,151,757) | (1,769,130) | (1,237,486) |
| Sales of property and revenue earning equipment | 364,499 | 265,259 | 224,921 |
| Sale and leaseback of revenue earning equipment | 300,000 | 400,000 | - |
| Acquisitions, net of cash acquired | - | (144,574) | - |
| Other, net | 30,971 | 41,456 | 43,840 |
| | (1,456,287) | (1,206,989) | (968,725) |
| NET CASH FLOWS FROM CONTINUING OPERATIONS | 16,979 | 19,187 | (440,898) |
| NET CASH FLOWS FROM DISCONTINUED OPERATIONS | - | - | 446,842 |
| INCREASE IN CASH AND CASH EQUIVALENTS | 16,979 | 19,187 | 5,944 |
| CASH AND CASH EQUIVALENTS AT JANUARY 1 | 75,878 | 56,691 | 50,747 |
| CASH AND CASH EQUIVALENTS AT DECEMBER 31 | \$ 92,857 | 75,878 | 56,691 |

See accompanying notes to consolidated financial statements.

RYDER SYSTEM, INC. AND CONSOLIDATED SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

| Dollars in thousands, except per share amounts | December 31 | |
|--|---------------------|------------------|
| | 1995 | 1994 |
| ASSETS | | |
| Current assets: | | |
| Cash and cash equivalents | \$ 92,857 | 75,878 |
| Receivables | 374,689 | 316,855 |
| Inventories | 59,699 | 57,124 |
| Tires in service | 195,742 | 164,347 |
| Deferred income taxes | 39,527 | 51,619 |
| Prepaid expenses and other current assets | 121,547 | 92,999 |
| Total current assets | 884,061 | 758,822 |
| Revenue earning equipment | 3,775,885 | 3,135,064 |
| Operating property and equipment | 661,365 | 594,328 |
| Direct financing leases and other assets | 269,819 | 223,680 |
| Intangible assets and deferred charges | 302,685 | 302,579 |
| | \$ 5,893,815 | 5,014,473 |
| LIABILITIES AND SHAREHOLDERS' EQUITY | | |
| Current liabilities: | | |
| Current portion of long-term debt | \$ 212,077 | 118,103 |
| Accounts payable | 380,264 | 422,532 |
| Accrued expenses | 527,834 | 552,518 |
| Total current liabilities | 1,120,175 | 1,093,153 |
| Long-term debt | 2,411,024 | 1,794,795 |
| Other non-current liabilities | 474,218 | 426,848 |
| Deferred income taxes | 648,373 | 570,653 |
| Shareholders' equity: | | |
| Common stock of \$.50 par value per share | | |
| Authorized, 400,000,000; outstanding, 1995 - 79,280,613; 1994 - 78,760,742 | 550,197 | 539,101 |
| Retained earnings | 703,520 | 603,226 |
| Translation adjustment | (13,692) | (13,303) |
| Total shareholders' equity | 1,240,025 | 1,129,024 |
| | \$ 5,893,815 | 5,014,473 |

See accompanying notes to consolidated financial statements.

RYDER SYSTEM, INC. AND CONSOLIDATED SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 1995, 1994 and 1993

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF CONSOLIDATION. The consolidated financial statements include the accounts of Ryder System, Inc. and its subsidiaries. All significant intercompany accounts and transactions have been eliminated.

ORGANIZATION. Ryder System, Inc. is a multinational logistics and transportation company operating in eight countries. The company's principal product lines include dedicated logistics, full service truck leasing and programmed truck maintenance, commercial and consumer truck rental, public transportation services and automotive transport. See the "Segment Information" footnote for further discussion of the company's operating segments, markets and product lines.

REVENUE RECOGNITION. Lease 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 vehicle 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 is computed using the straight-line method on substantially all depreciable assets. Annual straight-line depreciation rates are 8% to 33% for revenue earning equipment, 2.5% to 10% for buildings and improvements and 10% to 25% for machinery and equipment.

Gains on operating property and equipment sales are reflected in miscellaneous expense (income). Gains on sales of revenue earning equipment, net of selling and equipment preparation costs, are reported as reductions of depreciation expense and totaled \$92 million, \$74 million and \$55 million in 1995, 1994 and 1993, respectively.

INTANGIBLE ASSETS. Intangible assets consist principally of goodwill totaling \$265 million in 1995 and \$270 million in 1994. Goodwill is amortized on a straight-line basis over appropriate periods generally ranging from 10 to 40 years. Accumulated amortization was approximately \$76 million and \$65 million at December 31, 1995 and 1994, respectively. The company reevaluates the recoverability of intangible assets as well as the amortization periods to determine whether an adjustment to the carrying value or a revision to estimated useful lives is appropriate. The primary indicators of recoverability are the associated current and forecasted undiscounted operating cash flows.

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. Such liabilities are necessarily based on estimates and, while management believes that the amount is adequate, there can be no assurance that changes to management's estimates may not occur due to limitations inherent in the estimation process. Changes in the estimates of these reserves are charged or credited to income in the period determined. Amounts estimated to be paid within one year have been classified as accrued expenses with the remainder included in other non-current liabilities.

OTHER COSTS. Advertising and sales promotion costs are expensed as incurred. Vehicle repairs and maintenance which do not extend the life or increase the value of the vehicle are expensed as incurred.

DERIVATIVE FINANCIAL INSTRUMENTS. The company enters into interest rate swap and cap agreements as part of the management of its interest rate exposure; it has no derivative financial instruments held for trading purposes and none of the instruments are leveraged. The company assigns each interest rate swap and cap agreement to a debt or operating lease obligation. Amounts to be paid or received under swap and cap agreements are recognized over the terms of the agreements as adjustments to interest expense or rent expense. Amounts receivable or payable under the agreements are included in receivables or accrued expenses in the consolidated balance sheets. The premiums paid for interest rate caps are recorded in deferred charges and amortized over the lives of the cap agreements. Gains and losses on terminated interest rate swaps and caps are deferred and amortized into income over the remaining original lives of the terminated agreements which, in all cases, are equal to or shorter than the remaining terms of the underlying debt or lease obligation.

FOREIGN CURRENCY TRANSLATION. The company's foreign operations use the local currency as their functional currency. Assets and liabilities of these operations are translated at the exchange rates in effect on the balance sheet date. Income statement items are translated at the average exchange rates for the year. The impact of currency fluctuation is included in shareholders' equity as a translation adjustment.

ACCOUNTING CHANGES. Effective January 1, 1995, the company adopted Statement of Financial Accounting Standards No. 116,

"Accounting for Contributions Received and Contributions Made," which requires

that a promise to make a contribution be recognized in the financial statements as an expense and a liability when a promise is made. As a result, a pretax charge of \$12 million (\$8 million after tax, or \$0.10 per common share) was recorded as the cumulative effect of a change in accounting principle to establish a liability for the present value of the company's total outstanding charitable commitments as of January 1, 1995. Prior to the adoption of the new statement, charitable contributions were recorded in the financial statements in the period in which they were paid. Approximately two-thirds of the charitable commitments recognized as a result of adopting the new statement were paid in 1995 with the remainder payable from 1996 through 1999.

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 did not impact the company's financial position or results of operations.

USE OF ESTIMATES. The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

SALES OF RECEIVABLES

The company participates in an agreement to sell, with limited recourse, up to \$250 million of trade receivables on a revolving basis through March 2001. The costs associated with this program were \$15 million in 1995, \$8 million in 1994 and \$6 million in 1993 and were charged to miscellaneous expense (income). At December 31, 1995 and 1994, the outstanding balance of receivables sold pursuant to this agreement was \$250 million and \$220 million, respectively.

REVENUE EARNING EQUIPMENT

| In thousands | 1995 | 1994 |
|---------------------------------|--------------|-------------|
| Full service lease | \$ 3,092,432 | 2,631,148 |
| Commercial and consumer rental | 2,162,649 | 1,999,867 |
| | 5,255,081 | 4,631,015 |
| Accumulated depreciation | (1,751,316) | (1,738,019) |
| | 3,503,765 | 2,892,996 |
| Other revenue earning equipment | 637,327 | 699,571 |
| Accumulated depreciation | (365,207) | (457,503) |
| | 272,120 | 242,068 |
| | \$ 3,775,885 | 3,135,064 |

OPERATING PROPERTY AND EQUIPMENT

| In thousands | 1995 | 1994 |
|----------------------------|------------|-----------|
| Land | \$ 116,719 | 116,212 |
| Buildings and improvements | 466,219 | 432,686 |
| Machinery and equipment | 483,116 | 394,400 |
| Other | 108,163 | 101,510 |
| | 1,174,217 | 1,044,808 |
| Accumulated depreciation | (512,852) | (450,480) |
| | \$ 661,365 | 594,328 |

ACCRUED EXPENSES AND OTHER NON-CURRENT LIABILITIES

| In thousands | 1995 | 1994 |
|---|------------|---------|
| Salaries and wages | \$ 114,141 | 119,183 |
| Employee benefits | 17,974 | 8,564 |
| Interest | 45,325 | 35,524 |
| Operating taxes | 70,607 | 66,995 |
| Self-insurance | 381,189 | 393,801 |
| Postretirement benefits other than pensions | 53,548 | 50,507 |
| Vehicle rent and related accruals | 167,182 | 149,842 |
| Environmental liabilities | 51,978 | 57,246 |

| | | |
|---------------------|------------|-----------|
| Other | 100,108 | 97,704 |
| ----- | | |
| | 1,002,052 | 979,366 |
| Non-current portion | (474,218) | (426,848) |
| ----- | | |
| Accrued expenses | \$ 527,834 | 552,518 |
| ===== | | |

LEASES

OPERATING LEASES AS LESSOR. One of the company's major product lines is full service leasing of commercial trucks, tractors and trailers. These lease agreements provide for a fixed time charge plus a fixed per-mile charge. A portion of these charges is often adjusted in accordance with changes in the Consumer Price Index. Contingent rentals included in income during 1995, 1994 and 1993 were \$240 million, \$207 million and \$169 million, respectively.

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 these leases

meet certain requirements for classification as direct financing leases under Statement of Financial Accounting Standards No. 13, "Accounting for Leases." The net investment in direct financing leases consisted of:

| In thousands | 1995 | 1994 |
|--|-----------|----------|
| Minimum lease payments receivable | \$295,426 | 254,585 |
| Executory costs and unearned income | (73,118) | (65,680) |
| Unguaranteed residuals | 41,228 | 38,408 |
| Net investment in direct financing leases | 263,536 | 227,313 |
| Current portion included in receivables | (43,674) | (42,151) |
| Non-current portion included in other assets | \$219,862 | 185,162 |

Contingent rentals included in income during 1995, 1994 and 1993 were \$20 million, \$15 million and \$18 million, respectively.

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 1995, 1994 and 1993, rent expense was \$204 million, \$141 million and \$137 million, respectively. Rental rates have been modified by certain interest rate swap agreements as discussed in the "Derivative Financial Instruments" footnote.

LEASE PAYMENTS. Future minimum payments for leases in effect at December 31, 1995 are as follows:

| In thousands | As Lessor | | As Lessee |
|--------------|------------------|-------------------------|------------------|
| | Operating Leases | Direct Financing Leases | Operating Leases |
| 1996 | \$ 913,689 | 59,723 | 184,330 |
| 1997 | 791,240 | 53,007 | 189,620 |
| 1998 | 654,095 | 43,280 | 181,442 |
| 1999 | 488,197 | 37,733 | 183,194 |
| 2000 | 296,536 | 31,930 | 145,902 |
| Thereafter | 202,257 | 69,753 | 267,038 |
| | \$3,346,014 | 295,426 | 1,151,526 |

The amounts in 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 Statement No. 109, 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. 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) included the following components:

| In thousands | 1995 | 1994 | 1993 |
|-----------------------|-----------|--------|--------|
| Current tax expense: | | | |
| Federal | \$ 14,870 | 44,039 | 45,557 |
| State | 1,340 | 6,232 | 3,563 |
| Foreign | (1,056) | 71 | 1,029 |
| | 15,154 | 50,342 | 50,149 |
| Deferred tax expense: | | | |
| Federal | 65,270 | 34,123 | 28,836 |
| State | 16,731 | 14,267 | 11,332 |
| Foreign | 11,806 | 8,258 | 4,737 |

| | | | |
|----------------------------|-----------|---------|--------|
| | 93,807 | 56,648 | 44,905 |
| Provision for income taxes | \$108,961 | 106,990 | 95,054 |

A reconciliation of the Federal statutory tax rate with the effective tax rate for continuing operations follows:

| | % of Pretax Income | | |
|--|--------------------|------|------|
| | 1995 | 1994 | 1993 |
| Statutory rate | 35.0 | 35.0 | 35.0 |
| Impact on deferred taxes for changes in tax rates | - | 0.6 | 3.7 |
| State income taxes, net of Federal income tax benefit | 4.4 | 4.5 | 4.6 |
| Amortization of goodwill | 1.1 | 0.8 | 1.0 |
| Miscellaneous items, net | 0.7 | 0.2 | 1.0 |
| Effective rate | 41.2 | 41.1 | 45.3 |

The components of the net deferred income tax liability as of December 31, 1995 and 1994 were as follows:

| In thousands | 1995 | 1994 |
|--|-------------|-----------|
| ----- | | |
| Deferred income tax assets: | | |
| Accrued self-insurance | \$ 142,460 | 148,816 |
| Alternative minimum taxes | 45,335 | 32,380 |
| Accrued compensation and benefits | 43,619 | 37,789 |
| Miscellaneous other accruals | 86,638 | 70,510 |
| | ----- | ----- |
| | 318,052 | 289,495 |
| Valuation allowance | (9,969) | (7,855) |
| | ----- | ----- |
| | 308,083 | 281,640 |
| ----- | | |
| Deferred income tax liabilities: | | |
| Property and equipment bases differences | (836,631) | (734,722) |
| Other items | (80,298) | (65,952) |
| | ----- | ----- |
| | (916,929) | (800,674) |
| | ----- | ----- |
| Net deferred income tax liability | \$(608,846) | (519,034) |
| | ===== | ===== |

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 \$72 million at December 31, 1995. 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 alternative minimum tax credits, for tax purposes, of \$45 million at December 31, 1995 available to reduce future income tax liabilities. The alternative minimum tax credits may be carried forward indefinitely.

A valuation allowance has been established to reduce the income tax benefits of tax loss carryforwards to amounts expected to be realized.

Income taxes paid totaled \$13 million in 1995 and \$45 million in 1994. Income taxes paid in 1993 of \$52 million included amounts related to both continuing and discontinued operations.

DEBT

| In thousands | 1995 | 1994 |
|---|-------------|-----------|
| ----- | | |
| U.S. commercial paper | \$ 44,500 | 44,000 |
| Canadian commercial paper | 55,920 | 55,963 |
| Unsecured U.S. notes: | | |
| Debentures, 8.38% to 9.88%, due 2000 to 2017 | 539,499 | 839,499 |
| Medium-term notes, 4.81% to 9.90%, due 1996 to 2025 | 1,645,600 | 748,400 |
| Discount on unsecured U.S. notes | (22,601) | (22,215) |
| Unsecured foreign obligations (principally pound sterling), 6.85% to 11.75%, due 1996 to 2002 | 275,611 | 195,793 |
| Other debt, including capital leases | 84,572 | 51,458 |
| | ----- | ----- |
| Total debt | 2,623,101 | 1,912,898 |
| Current portion | (212,077) | (118,103) |
| | ----- | ----- |
| Long-term debt | \$2,411,024 | 1,794,795 |
| | ===== | ===== |

Debt maturities (including sinking fund requirements) during the five years subsequent to December 31, 1995 are as follows:

| In thousands | Debt Maturities |
|--------------|-----------------|
| ----- | |
| 1996 | \$212,077 |
| 1997 | 188,953 |
| 1998 | 288,105 |
| 1999 | 428,284 |
| 2000 | 493,408 |

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 secondary agreement, with a total commitment of \$150 million, expires in December 1999. No compensating balances are required for either of these facilities; however, they do require annual commitment fees ranging from .095% to .105%. There were no borrowings under either of these agreements during 1995 or 1994 and the company had \$606 million available under these agreements at December 31, 1995. The company had other committed lines of credit at December 31, 1995 totaling \$43 million, of which \$23 million was available. The weighted average interest rates for outstanding U.S. and Canadian commercial paper were 6.23% and 5.93%, respectively, at December 31, 1995.

The primary revolving loan agreement contains the most restrictive covenants as to the payment of cash dividends. As of December 31, 1995, approximately \$116 million of consolidated retained earnings were available for the payment of cash dividends.

Interest paid totaled \$182 million in 1995 and \$139 million in 1994. Interest paid was \$154 million in 1993 and included amounts related to both continuing and discontinued operations. Interest rates have been modified by derivative financial instruments as discussed in the following footnote.

DERIVATIVE FINANCIAL INSTRUMENTS

The company enters into various interest rate swap and cap agreements to manage its mix of fixed and variable interest rate instruments and better match the repricing life of the company's debt to its portfolio of assets. Under the interest rate swap agreements the company agrees to exchange in cash, at specified intervals, the difference between various floating and fixed interest rates applied to notional principal amounts. Under the interest rate cap agreements, the company is entitled to receive the amount, if any, by which a specified variable rate exceeds the fixed cap rate specified in the agreement applied to a notional principal amount.

The company had "fixed to floating" rate swap agreements with notional principal amounts totaling \$500 million outstanding at December 31, 1994 which were assigned to certain debt obligations. Under these agreements the company received an average fixed rate of 6.15% and paid an average floating rate of 5.93% at December 31, 1994. The company also had related interest rate cap agreements outstanding with notional principal amounts totaling \$350 million and an average fixed cap rate of 5.46% at December 31, 1994. Consistent with the objectives of the company's interest rate management program, the company terminated these fixed to floating rate swap agreements and interest rate cap agreements during 1995. At December 31, 1995, the company had deferred gains totaling \$6 million related to these terminated instruments.

At December 31, 1995 and 1994, the company had various "floating to fixed" rate swap agreements outstanding with notional principal amounts of \$171 million and \$173 million, respectively, which were assigned to certain debt and operating lease obligations. These agreements have expiration dates ranging from 1996 to 1998 and floating rate reset frequencies of three or six months. Under these agreements, the company received an average floating rate of 5.94% and paid an average fixed rate of 7.01% at December 31, 1995. At December 31, 1994, the average rate received was 6.36% and the average rate paid was 7.02%.

The company also had "floating to floating" interest rate swap agreements outstanding at December 31, 1995 with notional amounts totaling \$100 million which effectively convert the interest rate reset frequency on certain variable interest rate obligations.

Although the company is exposed to credit loss for the interest rate differential in the event of nonperformance by the counterparties to the agreements described above, it does not currently anticipate nonperformance. The company mitigates counterparty risk by entering into transactions with financial institutions in the high investment grade category of ratings by Standard & Poor's Ratings Group and/or Moody's Investors Service.

FAIR VALUES OF FINANCIAL INSTRUMENTS

The carrying amounts and estimated fair values of the company's debt (excluding capital leases), interest rate swap agreements and interest rate cap agreements at December 31, 1995 and 1994 were as follows:

| | Asset (Liability) | | | |
|----------------------|-------------------|-------------|-----------------|-------------|
| | 1995 | | 1994 | |
| In thousands | Carrying Amount | Fair Value | Carrying Amount | Fair Value |
| Debt | \$(2,571,757) | (2,739,587) | (1,896,376) | (1,902,358) |
| Interest rate swaps: | | | | |
| Fixed to floating | - | - | 411 | (61,713) |
| Floating to fixed | (980) | (3,517) | (1,007) | 3,976 |
| Interest rate caps | - | - | 1,775 | 14,423 |

The fair values above were determined from dealer quotations and represent the discounted future cash flows through maturity or expiration using current rates and are effectively the amounts the company would pay or receive to terminate the agreements or retire the debt. The fair values of all other financial instruments approximate their carrying amounts.

SHAREHOLDERS' EQUITY

| In thousands, except share and per share amounts | Preferred Stock | Common Stock | Retained Earnings | Translation Adjustment | Total |
|---|-----------------|--------------|-------------------|------------------------|-----------|
| 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) |
| Fixed Rate Auction Preferred Stock (FRAPS) - \$4.96 per share | - | - | (4,958) | - | (4,958) |
| Aviall, Inc. stock | - | - | (314,000) | - | (314,000) |
| Redemption of FRAPS | (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 |
| Net earnings | - | - | 153,529 | - | 153,529 |
| Common stock dividends declared - \$.60 per share | - | - | (46,926) | - | (46,926) |
| Common stock issued under employee plans (1,466,258 shares) | - | 27,601 | - | - | 27,601 |
| Foreign currency translation adjustment | - | - | - | 1,971 | 1,971 |
| Other | - | 2,668 | - | - | 2,668 |
| At December 31, 1994 | - | 539,101 | 603,226 | (13,303) | 1,129,024 |
| Net earnings | - | - | 147,666 | - | 147,666 |
| Common stock dividends declared - \$.60 per share | - | - | (47,372) | - | (47,372) |
| Common stock issued under employee plans (519,871 shares) | - | 11,251 | - | - | 11,251 |
| Foreign currency translation adjustment | - | - | - | (389) | (389) |
| Other | - | (155) | - | - | (155) |
| At December 31, 1995 | \$ - | 550,197 | 703,520 | (13,692) | 1,240,025 |

At December 31, 1995, the company had 79,280,613 Preferred Stock Purchase Rights outstanding. The Preferred Stock Purchase Rights were issued in March 1986 as a dividend to common shares outstanding and expired in March 1996. In March 1996 the board of directors declared a dividend to common shares outstanding of replacement Preferred Stock Purchase Rights (Rights) which expire in March 2006. The Rights contain provisions substantially the same as those that expired. The provisions 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, transferable or exchangeable 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, in the case of exercise or transfer, makes a tender offer for 10% 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 1/100 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 100 times the common stock dividend per share and have 100 votes per share, voting together with the common stock. By action of the board of directors, the Rights may also be exchanged in whole or in part, at an exchange ratio of one share of common stock per Right. The Rights have no voting rights and are redeemable, at the option of the company, at a price of \$.01 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 STOCK 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 1995, 1994 and 1993 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 and 1995 Stock Incentive Plans provide 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 20% to 50% each year, based on the terms of the grant, and may be granted in tandem with stock appreciation rights, limited stock appreciation rights and performance units. The plans also provide for restricted stock rights to these employees at no cost to them; none were granted in 1995, 1994 or 1993.

The following table summarizes the status of the company's stock option plans:

| Shares in thousands | 1995 | 1994 | 1993 |
|---|---------|-------|---------|
| ----- | | | |
| Outstanding, January 1 | 6,580 | 6,110 | 6,342 |
| Granted | 1,140 | 1,380 | 772 |
| Exercised | (207) | (405) | (1,305) |
| Expired or canceled | (89) | (505) | (127) |
| Adjustment for dividend of Aviall stock | - | - | 428 |
| ----- | | | |
| Outstanding, December 31 | 7,424 | 6,580 | 6,110 |
| ===== | | | |
| Average price of options exercised | \$19.90 | 20.42 | 20.32 |
| At December 31: | | | |
| Average option price per share outstanding | \$23.31 | 22.88 | 22.45 |
| Exercisable options | 5,482 | 4,839 | 4,901 |
| Shares available for future grant | 3,232 | 983 | 1,858 |

PURCHASE PLANS. The Employee Stock Purchase Plan provides for periodic offerings to substantially all U.S. and Canadian employees, with the exception of executives who participate in the 1980 and 1995 Stock Incentive Plans, 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 date of the offering.

The following table summarizes the status of the company's stock purchase plans:

| Shares in thousands | 1995 | 1994 | 1993 |
|---|---------|---------|-------|
| ----- | | | |
| Outstanding, January 1 | 1,819 | 1,187 | 1,784 |
| Granted | 41 | 1,827 | - |
| Exercised | (314) | (1,054) | (641) |
| Expired or canceled | (172) | (141) | (53) |
| Adjustment for dividend of Aviall stock | - | - | 97 |
| ----- | | | |
| Outstanding, December 31 | 1,374 | 1,819 | 1,187 |
| ===== | | | |
| Average price of options exercised | \$22.89 | 18.16 | 19.92 |
| At December 31: | | | |
| Average option price per share outstanding | \$22.79 | 22.87 | 18.08 |
| Exercisable options | 1,318 | - | 1,142 |
| Shares available for future grant | 1,705 | 1,574 | 3,260 |

During December 1993, the number and exercise price of all options and subscribed shares outstanding at the time of the spin off of Aviall were adjusted to reflect the impact of the spin off.

PENSION AND SAVINGS PLANS

The company and its subsidiaries sponsor several defined benefit pension 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 to exceed 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 1995, 1994 and 1993 was as follows:

| In thousands | 1995 | 1994 | 1993 |
|---|-----------|----------|----------|
| ----- | | | |
| Company-administered plans: | | | |
| Present value of benefits earned during the year \$ | 21,705 | 23,378 | 21,780 |
| Interest cost on projected benefit obligation | 35,622 | 32,290 | 28,263 |
| Return on plan assets: | | | |
| Actual | (124,435) | (1,725) | (43,551) |
| Deferred | 86,462 | (34,345) | 11,366 |
| Other, net | (2,105) | 165 | (2,066) |
| ----- | | | |
| Union-administered plans | 17,249 | 19,763 | 15,792 |
| | 20,495 | 21,282 | 19,239 |
| ----- | | | |
| Net pension expense | \$ 37,744 | 41,045 | 35,031 |
| ===== | | | |

The following table sets forth the plans' funded status and the company's prepaid expense at December 31, 1995 and 1994:

| In thousands | 1995 | 1994 |
|--|------------|-----------|
| Plan assets at fair value | \$ 583,944 | 442,562 |
| Actuarial present value of service rendered to date: | | |
| Accumulated benefit obligation, including vested benefits of \$464,417 in 1995 and \$323,455 in 1994 | (491,354) | (350,269) |
| Additional benefit based on estimated future salary levels | (46,318) | (53,681) |
| Projected benefit obligation | (537,672) | (403,950) |
| Plan assets in excess of projected benefit obligation | 46,272 | 38,612 |
| Unrecognized transition amount | (19,113) | (22,647) |
| Other, primarily unrecognized prior service cost and net losses (gains) | 9,394 | (1,389) |
| Prepaid pension expense | \$ 36,553 | 14,576 |

The following table sets forth the actuarial assumptions used for the company's dominant plan:

| | 1995 | 1994 |
|--|-------|-------|
| Discount rate | 7.50% | 8.50% |
| 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 | 8 | 9 |

The cumulative effect of the change in the discount rate as of December 31, 1995 is included above in unrecognized net losses (gains).

The company also has defined contribution savings plans that cover substantially all eligible employees. Company contributions to the plans are based on employee contributions and the level of company match. Company contributions to the plans totaled approximately \$11 million in 1995 and \$7 million in 1994 and 1993.

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 health and welfare 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 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.

Total periodic postretirement benefit expense for 1995, 1994 and 1993 was as follows:

| In thousands | 1995 | 1994 | 1993 |
|---|---------|-------|-------|
| Current year service cost | \$1,588 | 1,792 | 1,360 |
| Interest accrued on postretirement benefit obligation | 3,954 | 3,693 | 3,682 |
| Other, net | - | 317 | - |
| Periodic postretirement benefit cost | \$5,542 | 5,802 | 5,042 |

The company's postretirement benefit plans are not funded. The company's obligation under the plans as of December 31, 1995 and 1994 was

as follows:

| In thousands | 1995 | 1994 |
|--|----------|--------|
| ----- | | |
| Accumulated postretirement benefit obligation: | | |
| Retirees | \$30,563 | 26,586 |
| Fully eligible active plan participants | 8,627 | 6,631 |
| Other active plan participants | 16,596 | 16,031 |
| ----- | | |
| | 55,786 | 49,248 |
| Unrecognized net gains (losses) | (2,238) | 1,259 |
| ----- | | |
| Accrued unfunded postretirement benefit obligation | \$53,548 | 50,507 |
| ===== | | |
| Discount rate | 7.5% | 8.5% |

The cumulative effect of the change in the discount rate as of December 31, 1995 is included above in unrecognized net gains (losses).

The actuarial assumptions include health care cost trend rates projected ratably from 11.5% in 1996 to 6% in the year 2003 and 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, 1995 by \$2 million and would not have a material effect on periodic postretirement benefit cost for 1995.

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 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, the Superfund Amendments and Reauthorization Act and similar state statutes and may be required to share in the cost of cleanup of 27 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 estimate of 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 amounts for anticipated site testing, consulting, remediation, disposal, post-remediation monitoring and legal fees, as appropriate. 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. The liability does not reflect possible recoveries from insurance companies or reimbursement of remediation costs by state agencies, but does include a reasonable estimate of cost sharing with other PRPs at Superfund sites. The company made substantial progress toward completing the cleanup or determining the actions required to complete the cleanup at most of its facilities during the years leading up to December 31, 1994. As a result, the company's environmental expenses, which included remediation costs as well as normal recurring expenses such as licensing, testing and waste disposal fees, were \$14 million in 1995 compared with \$28 million in 1994 and \$27 million in 1993.

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 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.

DISCONTINUED OPERATIONS

On December 7, 1993, the company completed the spin off of its aviation services subsidiaries as a new public company, Aviall, Inc. 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.

Net sales of Aviall in 1993 prior to the spin off were approximately \$1.1 billion. The loss from discontinued operations of \$151 million was net of an income tax benefit of \$41 million and included an after tax charge of \$169 million (\$2.18 per common share) related to the restructuring of Aviall and transaction costs associated with the spin off. Interest expense of \$24 million was allocated and included in the operating results of discontinued operations for 1993.

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 logistics and transportation services, including dedicated logistics, full service truck leasing and programmed truck maintenance and commercial and consumer truck rental, primarily in North America with additional operations in South America and Europe. It also provides public transportation services in the United States which include student transportation, public transit management and public fleet management and maintenance. 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 \$447 million, \$452 million and \$453 million, primarily from Automotive Carriers, was derived from General Motors Corporation in 1995, 1994 and 1993, respectively.

| In thousands | 1995 | 1994 | 1993 |
|--|--------------|-----------|-----------|
| REVENUE: | | | |
| Vehicle Leasing & Services | \$ 4,589,621 | 4,057,735 | 3,596,803 |
| Automotive Carriers | 594,446 | 645,402 | 634,634 |
| Intersegment | (16,646) | (17,534) | (14,407) |
| | \$ 5,167,421 | 4,685,603 | 4,217,030 |
| ===== | | | |
| Foreign portion of revenue | \$ 473,518 | 347,671 | 311,265 |
| OPERATING PROFIT: | | | |
| Vehicle Leasing & Services | \$ 442,635 | 389,085 | 335,793 |
| Automotive Carriers | 36,238 | 49,850 | 31,832 |
| Other | 72 | 166 | (49) |
| | 478,945 | 439,101 | 367,576 |
| Operating profit | | | |
| Miscellaneous income (expense), net | 1,517 | (2,627) | (650) |
| Interest expense | (191,157) | (144,735) | (124,789) |
| Unallocated corporate overhead expense | (24,919) | (31,220) | (32,361) |
| | | | |
| Earnings from continuing operations before income taxes | \$ 264,386 | 260,519 | 209,776 |
| ===== | | | |
| Foreign portion of operating profit | \$ 41,643 | 30,030 | 26,176 |
| | | | |
| Foreign portion of earnings from continuing operations before income taxes | \$ 19,068 | 16,017 | 9,140 |
| DEPRECIATION: | | | |
| Vehicle Leasing & Services | \$ 716,098 | 628,625 | 557,406 |
| Automotive Carriers | 39,150 | 35,689 | 39,418 |
| Other | 1,288 | 900 | 1,074 |
| | 756,536 | 665,214 | 597,898 |
| Gains on vehicle sales | (92,463) | (73,545) | (54,560) |
| | \$ 664,073 | 591,669 | 543,338 |
| ===== | | | |
| IDENTIFIABLE ASSETS: | | | |
| Vehicle Leasing & Services | \$ 5,474,602 | 4,644,294 | 3,908,931 |
| Automotive Carriers | 311,539 | 285,950 | 277,310 |
| Other | 138,941 | 121,911 | 107,327 |
| Eliminations | (31,267) | (37,682) | (35,180) |
| | \$ 5,893,815 | 5,014,473 | 4,258,388 |
| ===== | | | |
| Foreign portion of identifiable assets | \$ 728,215 | 562,664 | 414,173 |
| CAPITAL EXPENDITURES, INCLUDING CAPITAL LEASES: | | | |
| Vehicle Leasing & Services | \$ 2,087,932 | 1,722,329 | 1,205,620 |
| Automotive Carriers | 64,563 | 43,789 | 31,045 |
| Other | 831 | 4,044 | 856 |
| | \$ 2,153,326 | 1,770,162 | 1,237,521 |
| ===== | | | |

RYDER SYSTEM, INC. AND CONSOLIDATED SUBSIDIARIES

SUPPLEMENTAL FINANCIAL DATA

Quarterly Data

| In thousands, except per share amounts | Quarters | | | |
|---|--------------|-----------|-----------|-----------|
| | First | Second | Third | Fourth |
| Revenue: | | | | |
| 1995 | \$ 1,233,481 | 1,324,444 | 1,264,049 | 1,345,447 |
| 1994 | \$ 1,071,837 | 1,176,339 | 1,194,675 | 1,242,752 |
| Earnings before cumulative effect of change in accounting: | | | | |
| 1995 | \$ 26,579 | 51,486 | 20,931 | 56,429 |
| 1994 | \$ 23,738 | 49,842 | 41,957 | 37,992 |
| Net earnings: | | | | |
| 1995 | \$ 18,820 | 51,486 | 20,931 | 56,429 |
| 1994 | \$ 23,738 | 49,842 | 41,957 | 37,992 |
| Earnings per common share before cumulative effect of change in accounting: | | | | |
| 1995 | \$ 0.34 | 0.65 | 0.26 | 0.71 |
| 1994 | \$ 0.30 | 0.64 | 0.53 | 0.48 |
| Net earnings per common share: | | | | |
| 1995 | \$ 0.24 | 0.65 | 0.26 | 0.71 |
| 1994 | \$ 0.30 | 0.64 | 0.53 | 0.48 |

Net earnings in the first quarter of 1995 include the cumulative effect of a change in accounting, resulting in an after tax charge of \$8 million (\$0.10 per common share). See "Summary of Significant Accounting Policies - Accounting Changes" note for additional discussion.

Net earnings in the third quarter of 1995 were impacted, in part, by the cost of the 32-day Teamsters strike against Automotive Carriers and reorganization costs resulting from the implementation of cost-reduction initiatives in the Vehicle Leasing & Services Division.

Net earnings in the fourth quarter of 1995 benefited, in part, from higher vehicle and property gains, recovery of costs from certain customers which were incurred during the Teamsters strike against Automotive Carriers, and the favorable resolution of certain operating tax matters.

COMMON STOCK DATA

At December 31, 1995 and 1994, the company had 79,280,613 and 78,760,742 shares, respectively, of common stock outstanding. As of January 31, 1996, there were 18,646 common shareholders of record. The payment of cash dividends is subject to the restrictions described on page 36.

The company's common shares are traded on the New York Stock Exchange, the Chicago 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 1995 and 1994 were as follows:

| | Market Price | | | | Common Share Cash Dividends | |
|----------------|--------------|--------|--------|--------|-----------------------------|------|
| | 1995 | | 1994 | | 1995 | 1994 |
| | High | Low | High | Low | | |
| First quarter | \$25 1/8 | 21 | 27 7/8 | 24 1/8 | .15 | .15 |
| Second quarter | 25 5/8 | 23 1/8 | 25 7/8 | 21 3/8 | .15 | .15 |
| Third quarter | 26 1/8 | 23 3/4 | 28 | 24 1/2 | .15 | .15 |
| Fourth quarter | 26 | 22 5/8 | 26 7/8 | 19 7/8 | .15 | .15 |

ELEVEN YEAR SUMMARY

| Dollars in thousands, except per share amounts | 1995 | 1994 | 1993 | 1992 |
|---|-------------|-----------|-----------|-----------|
| Revenue | \$5,167,421 | 4,685,603 | 4,217,030 | 4,019,675 |
| Earnings from continuing operations (a): | | | | |
| Before income taxes | \$ 264,386 | 260,519 | 209,776 | 165,545 |
| After income taxes | \$ 155,425 | 153,529 | 114,722 | 98,050 |
| Per common share | \$ 1.96 | 1.95 | 1.43 | 1.17 |
| Net earnings (loss) (b) | \$ 147,666 | 153,529 | (61,424) | 123,926 |
| Per common share (b) | \$ 1.86 | 1.95 | (0.84) | 1.51 |
| Cash dividends per common share | \$ 0.60 | 0.60 | 0.60 | 0.60 |
| Average number of common and common equivalent shares (in thousands) | 79,370 | 78,768 | 77,535 | 75,046 |
| Average common equity | \$1,176,373 | 1,057,931 | 1,266,715 | 1,327,624 |
| Return on average common equity (%) (c) | 13.2 | 14.5 | 10.2 | 8.1 |
| Book value per common share | \$ 15.64 | 14.33 | 12.81 | 18.26 |
| Market price - high (d) | \$ 26 1/8 | 28 | 26 5/8 | 28 7/8 |
| Market price - low (d) | \$ 21 | 19 7/8 | 24 3/4 | 19 5/8 |
| Total debt | \$2,623,101 | 1,912,898 | 1,531,446 | 1,668,947 |
| Long-term debt | \$2,411,024 | 1,794,795 | 1,374,943 | 1,499,765 |
| Debt to equity (%) | 212 | 169 | 155 | 113 |
| Debt to tangible equity (%) | 273 | 227 | 202 | 135 |
| Year-end assets | \$5,893,815 | 5,014,473 | 4,258,388 | 4,678,533 |
| Return on average assets (%) (e) | 2.8 | 3.3 | 2.7 | 2.3 |
| Average asset turnover (%) (f) | 92.4 | 99.6 | 103.2 | 104.0 |
| Cash flow from continuing operating activities and asset sales | \$1,173,863 | 1,096,222 | 995,954 | 1,066,936 |
| Capital expenditures, including capital leases | \$2,153,326 | 1,770,162 | 1,237,521 | 1,071,034 |
| Number of vehicles (f) | 203,932 | 188,831 | 168,278 | 160,188 |
| Number of employees (f) | 44,503 | 43,095 | 37,949 | 37,336 |

(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 a provision for business restructurings and revaluation of goodwill.

(b) Net earnings for 1995 include the cumulative effect of a change in accounting for charitable contributions resulting in an after tax charge of \$8 million (\$0.10 per common share). Net loss for 1993 includes the cumulative effect of a change in accounting for postretirement benefits other than pensions 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.

RYDER SYSTEM, INC. AND CONSOLIDATED SUBSIDIARIES

| 1991 | 1990 | 1989 | 1988 | 1987 | 1986 | 1985 |
|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| 3,851,334 | 3,950,024 | 3,889,063 | 3,842,724 | 3,621,526 | 3,105,632 | 2,723,705 |
| 60,479 | 98,690 | 54,090 | 167,131 | 237,560 | 232,855 | 188,686 |
| 30,923 | 58,632 | 31,975 | 100,249 | 149,615 | 139,317 | 118,496 |
| 0.28 | 0.64 | 0.31 | 1.18 | 1.82 | 1.80 | 1.64 |
| 14,017 | 42,680 | 45,986 | 197,173 | 187,113 | 160,933 | 125,316 |
| 0.05 | 0.43 | 0.50 | 2.40 | 2.29 | 2.09 | 1.73 |
| 0.60 | 0.60 | 0.60 | 0.56 | 0.52 | 0.44 | 0.40 |
| 73,837 | 74,769 | 77,275 | 79,641 | 79,621 | 74,898 | 72,410 |
| 1,317,888 | 1,365,269 | 1,419,226 | 1,406,470 | 1,227,372 | 957,084 | 814,897 |
| 4.2 | 5.0 | 3.1 | 9.1 | 14.8 | 16.3 | 15.4 |
| 17.50 | 18.06 | 18.24 | 18.71 | 16.75 | 14.72 | 12.20 |
| 21 5/8 | 23 3/8 | 31 1/8 | 32 1/2 | 43 | 35 1/2 | 24 5/8 |
| 14 | 12 1/4 | 19 3/4 | 22 5/8 | 20 | 21 1/2 | 14 5/8 |
| 1,988,509 | 2,402,741 | 2,674,884 | 2,576,568 | 2,614,018 | 2,037,824 | 1,553,100 |
| 1,742,911 | 1,883,869 | 2,151,411 | 2,281,604 | 2,476,715 | 1,866,980 | 1,459,235 |
| 143 | 168 | 180 | 162 | 185 | 164 | 160 |
| 176 | 213 | 226 | 202 | 232 | 214 | 231 |
| 4,843,991 | 5,263,498 | 5,690,450 | 5,639,674 | 5,450,809 | 4,526,087 | 3,643,599 |
| 0.5 | 1.1 | 0.5 | 2.0 | 3.5 | 3.6 | 3.8 |
| 95.2 | 88.7 | 83.0 | 83.5 | 87.2 | 83.4 | 87.2 |
| 855,373 | 1,093,739 | 1,017,418 | 1,004,776 | 1,006,819 | 891,601 | 697,987 |
| 598,044 | 787,740 | 1,032,056 | 1,120,751 | 1,157,993 | 758,450 | 768,509 |
| 155,159 | 160,983 | 163,082 | 162,633 | 153,848 | 134,987 | 109,644 |
| 35,566 | 35,591 | 37,628 | 40,625 | 36,811 | 30,865 | 24,624 |

(c) Excludes the cumulative effect of changes 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 the cumulative effect of changes in accounting and discontinued operations.

(f) Excludes discontinued operations.

Average common shares and all per share information have been adjusted for the March 1985 two-for-one split and the May 1986 three-for-two split, as appropriate.

EXHIBIT 21.1

RYDER SYSTEM, INC.

Subsidiaries as of March 1, 1996

| Name of Company | State /Country of Incorporation |
|---|---------------------------------|
| ATE Management of Duluth, Inc. | Minnesota |
| Automobile Transport Inc. | Canada |
| B & C, Inc. (1) | 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 |
| E/H Service Corporation | Wisconsin |
| Far East Freight, Inc. | Florida |
| Forrest Rental Services Limited | England |
| Harbor Drive Realty, Inc. | Florida |
| H.N.S. Management Company, Inc. | Connecticut |
| MCL Ryder Transport Inc. | Canada |
| Merrimack Valley Area Transportation Co., Corp. | Massachusetts |
| 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 |
| Old Dominion Transit Management Company | Virginia |
| OSHCO, Inc. | Florida |
| Paratransit Brokerage Services, Inc. | Massachusetts |
| Parking Management of Southwest Virginia, Inc. | Virginia |
| QAT, Inc. | Florida |
| RMX, Inc. (5) | Delaware |
| RSI Acquisition Corp. | Delaware |
| RSI Purchase Corp. | Delaware |
| RTA Transit Services, Inc. | Massachusetts |
| Ryder Argentina S.R.L. | Argentina |
| Ryder/ATE, Inc. | Delaware |
| Ryder Automotive Carrier Group, Inc. | Florida |
| Ryder Automotive Operations, Inc. | Florida |
| Ryder Capital S.A. de C.V. | Mexico |
| RYDERCORP | Florida |
| RYDERCORP, Inc. | Delaware |
| Ryder de Mexico S.A. de C.V. | Mexico |
| Ryder Dedicated Capacity, Inc. | Tennessee |
| Ryder Dedicated Logistics, Inc. (6) | Delaware |
| Ryder Dedicated Logistics Limited | England |
| Ryder Deutschland GmbH | West Germany |
| Ryder Distribution Services Ltd. | England |
| Ryder do Brasil Ltda. | Brazil |
| Ryder Driver Leasing, Inc. | Florida |

| | |
|--|------------------------|
| Ryder Energy Distribution Corporation | Florida |
| Ryder (Europe) Limited | England |
| Ryder Finance, Inc. | Florida |
| Ryder Freight Broker, Inc. | Virginia |
| Ryder International, Inc. | Florida |
| Ryder Mexicana, S.A. de C.V. | Mexico |
| Ryder Move Management, Inc. | Oregon |
| Ryder Pension Fund Limited | England |
| Ryder Plc | England |
| Ryder Polska Sp.zo.o. | Poland |
| Ryder Puerto Rico, Inc. | Delaware |
| Ryder Public Transportation Services, Inc. | Florida |
| Ryder Realty, Inc. | Delaware |
| Ryder Relocation Services, Inc. | Florida |
| Ryder Services Corporation (7) | Florida |
| Ryder Servicios S.A. de C.V. | Mexico |
| Ryder St. Louis Redevelopment Corporation | Missouri |
| Ryder Student Transportation Services, Inc. (8) | Florida |
| Ryder System, B.V. | Amsterdam, Netherlands |
| Ryder System, Ltd. | England |
| Ryder System Holdings (UK) Limited | England |
| Ryder Transport Services Limited | England |
| Ryder Transportation Limited | England |
| Ryder Truck Rental, Inc.(9) | Florida |
| Ryder Truck Rental Canada Ltd.(10) | Canada |
| Ryder Truck Rental Limited | England |
| Ryder Truck Rental-One Way, Inc. | Delaware |
| Ryder Truckstops, Inc. | Florida |
| Ryder Vehicle Leasing & Sales Corp. | Barbados |
| Saunders Leasing System of Canada Limited [Canada] - being dissolved | dissolved |
| Southwestern Virginia Transit Management Company, Inc. | Virginia |
| Spring Hill Integrated Logistics Management, Inc. | Delaware |
| Terminal Service Co. (11) | Washington |
| The Move Shop, Inc. | Florida |
| 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 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 Monroe County, Inc. | Michigan |
| Transit Management of Nashua, Inc. | New Hampshire |
| Transit Management of Richland, Inc. | Ohio |
| 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 |
| Unilink Contract Hire Limited | England |
| UniRyder Limited | England |
| United Contract Hire Limited | England |
| Westland Trailer Co., S.A. de C.V. [Mexico]-being dissolved | |
| Westside Corporate Center, Inc. | Florida |

(1) Kentucky and Wisconsin: B & C, Inc. of Michigan

Alabama: B & C of Michigan, Inc.

(2) California: Michigan Blazer Truck Lines Inc.

(3) Florida: d/b/a Commercial Carriers of Michigan, Inc.

Michigan and New York: d/b/a Delavan

(4) Ontario, Canada: d/b/a Vehicle Network Sales

(5) Texas: Delaware RMX, Inc.

(6) Arizona, Arkansas, California, Colorado, Connecticut, Delaware, Florida, Georgia, Idaho, Indiana, Iowa, Kentucky, Louisiana, Maine, Maryland, Massachusetts, Michigan, Missouri, Nebraska, Nevada, New Jersey, New York, North Carolina, Ohio, Oklahoma, Oregon, Pennsylvania, Rhode Island, South Dakota, Tennessee, Texas, Utah, Virginia and Washington: d/b/a LogiCorp.

Florida: d/b/a UniRyder

(7) New Jersey, Ohio and Texas: d/b/a Ryder Claims Services Corporation

(8) California, Colorado, Connecticut, Illinois, Minnesota, Missouri, Montana and New Jersey: d/b/a Ryder Transportation

California: d/b/a Ryder

Colorado: d/b/a Grand Connection

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

(9) Maryland and Virginia: d/b/a Ryder/Jacobs

Michigan: d/b/a Atlas Trucking, Inc.

Michigan: d/b/a Ryder Atlas of Western Michigan

(10) French Name: Location de Camions Ryder du Canada Ltee.

Canadian Provinces: Ryder Dedicated Logistics

(11) Florida: Terminal Service Co. of Washington

EXHIBIT 23.1

Independent Auditors' 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 March 8, 1996, relating to the consolidated balance sheets of Ryder System, Inc. and subsidiaries as of December 31, 1995 and 1994, and the related consolidated statements of earnings and cash flows for each of the years in the three-year period ended December 31, 1995, which reports appear in, or are incorporated by reference in, the December 31, 1995 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.
- Registration Statement No. 33-58667 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.
- Registration Statement No. 33-58001 covering the Ryder System, Inc. Employee Savings Plan A.
- Registration Statement No. 33-58003 covering the Ryder System, Inc. Employee Savings Plan B.
- Registration Statement No. 33-58045 covering the Ryder System, Inc. Savings Restoration Plan.
- Registration Statement No. 33-61509 covering the Ryder System, Inc. Stock for Merit Increase Replacement Plan.
- Registration Statement No. 33-62013 covering the Ryder System, Inc. 1995 Stock Incentive Plan.

/s/ KPMG Peat Marwick LLP

*Miami, Florida
March 27, 1996*

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that the person whose signature appears below constitutes and appoints James M. Herron, Edward R. Henderson and P. Gray Finney, 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, 1995 (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, Chicago 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/ Joseph L. Dionne

Joseph L. Dionne

STATE OF FLORIDA)
) ss:
COUNTY OF DADE)

Before me appeared Joseph L. Dionne, personally known to me and known to me to be the person described in and who executed the foregoing instrument, and acknowledged to and before me this 16th day of February, 1996 that he or she executed said instrument for the purposes therein expressed.

Witness my hand and official seal:

/s/Janice Johnson

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, Edward R. Henderson and P. Gray Finney, 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, 1995 (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, Chicago 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/John A. Georges

John A. Georges

STATE OF FLORIDA)
) ss:
COUNTY OF DADE)

Before me appeared John A. Georges, personally known to me and known to me to be the person described in and who executed the foregoing instrument, and acknowledged to and before me this 16th day of February, 1996 that he or she executed said instrument for the purposes therein expressed.

Witness my hand and official seal:

/s/Janice Johnson

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, Edward R. Henderson and P. Gray Finney, 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, 1995 (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, Chicago 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 appeared David T. Kearns, personally known to me and known to me to be the person described in and who executed the foregoing instrument, and acknowledged to and before me this 16th day of February, 1996 that he or she executed said instrument for the purposes therein expressed.

Witness my hand and official seal:

/s/Janice Johnson

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, Edward R. Henderson and P. Gray Finney, 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, 1995 (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, Chicago 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/James W. McLamore

James W. McLamore

STATE OF FLORIDA)
) ss:
COUNTY OF DADE)

Before me appeared James W. McLamore, personally known to me and known to me to be the person described in and who executed the foregoing instrument, and acknowledged to and before me this 16th day of February, 1996 that he or she executed said instrument for the purposes therein expressed.

Witness my hand and official seal:

/s/Lourdes Palomares

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, Edward R. Henderson and P. Gray Finney, 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, 1995 (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, Chicago 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/Paul J. Rizzo

Paul J. Rizzo

STATE OF FLORIDA)
) ss:
COUNTY OF DADE)

Before me appeared Paul J. Rizzo, personally known to me and known to me to be the person described in and who executed the foregoing instrument, and acknowledged to and before me this 16th day of February, 1996 that he or she executed said instrument for the purposes therein expressed.

Witness my hand and official seal:

/s/Lourdes Palomares

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, Edward R. Henderson and P. Gray Finney, 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, 1995 (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, Chicago 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/Hicks B. Waldron

Hicks B. Waldron

STATE OF FLORIDA)
) ss:
COUNTY OF DADE)

Before me appeared Hicks B. Waldron, personally known to me and known to me to be the person described in and who executed the foregoing instrument, and acknowledged to and before me this 16th day of February, 1996 that he or she executed said instrument for the purposes therein expressed.

Witness my hand and official seal:

/s/Lourdes Palomares

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, Edward R. Henderson and P. Gray Finney, 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, 1995 (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, Chicago 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 appeared Alva O. Way, personally known to me and known to me to be the person described in and who executed the foregoing instrument, and acknowledged to and before me this 16th day of February, 1996 that he or she executed said instrument for the purposes therein expressed.

Witness my hand and official seal:

/s/Lourdes Palomares

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, Edward R. Henderson and P. Gray Finney, 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, 1995 (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, Chicago 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/Mark H. Willes

Mark H. Willes

STATE OF FLORIDA)
) ss:
COUNTY OF DADE)

Before me appeared Mark H. Willes, personally known to me and known to me to be the person described in and who executed the foregoing instrument, and acknowledged to and before me this 16th day of February, 1996 that he or she executed said instrument for the purposes therein expressed.

Witness my hand and official seal:

/s/Lourdes Palomares

Notary Public

My commission expires:

ARTICLE 5

THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM THE RYDER SYSTEM, INC. AND CONSOLIDATED SUBSIDIARIES CONSOLIDATED BALANCE SHEETS AND STATEMENTS OF EARNINGS FOR THE YEAR ENDED DECEMBER 31, 1995 AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS.

MULTIPLIER: 1,000

| PERIOD TYPE | YEAR |
|----------------------------|-------------|
| FISCAL YEAR END | DEC 31 1995 |
| PERIOD START | JAN 01 1995 |
| PERIOD END | DEC 31 1995 |
| CASH | 92,857 |
| SECURITIES | 0 |
| RECEIVABLES | 374,689 |
| ALLOWANCES | 0 |
| INVENTORY | 59,699 |
| CURRENT ASSETS | 884,061 |
| PP&E | 7,066,625 |
| DEPRECIATION | 2,629,375 |
| TOTAL ASSETS | 5,893,815 |
| CURRENT LIABILITIES | 1,120,175 |
| BONDS | 2,411,024 |
| PREFERRED MANDATORY | 0 |
| PREFERRED | 0 |
| COMMON | 550,197 |
| OTHER SE | 689,828 |
| TOTAL LIABILITY AND EQUITY | 5,893,815 |
| SALES | 0 |
| TOTAL REVENUES | 5,167,421 |
| CGS | 0 |
| TOTAL COSTS | 4,711,878 |
| OTHER EXPENSES | 0 |
| LOSS PROVISION | 0 |
| INTEREST EXPENSE | 191,157 |
| INCOME PRETAX | 264,386 |
| INCOME TAX | 108,961 |
| INCOME CONTINUING | 155,425 |
| DISCONTINUED | 0 |
| EXTRAORDINARY | 0 |
| CHANGES | (7,759) |
| NET INCOME | 147,666 |
| EPS PRIMARY | 1.86 |
| EPS DILUTED | 0 |

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