RYDER SYSTEM INC

FORM 10-K
(Annual Report)

Filed 03/26/99 for the Period Ending 12/31/98

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

RYDER SYSTEM INC

FORM 10-K
(Annual Report)

Filed 3/26/1999 For Period Ending 12/31/1998

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

**[X] 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, 1998**

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	59-0739250
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
3600 N.W. 82 AVENUE, MIAMI, FLORIDA 33166	(305) 500-3726
(Address of principal executive offices including zip code)	(Telephone number including area code)

Indicate by check mark whether the registrant (l) 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: [ ]

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 29, 1999, was $1,740,111,477. The number of shares of Ryder System, Inc. Common Stock ($.50 par value) outstanding as of January 29, 1999, was 71,287,995.

DOCUMENTS INCORPORATED BY REFERENCE INTO THIS REPORT	PART OF FORM 10-K INTO WHICH DOCUMENT IS INCORPORATED
Ryder System, Inc. 1998 Annual Report to Shareholders*	Parts I, II and IV
Ryder System, Inc. 1999 Proxy Statement	Part III

*The Ryder System, Inc. 1998 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 Berlin 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. 6 1/2% Series O Notes, due May 15, 2005	None
Ryder System, Inc. 6.60% Series P Notes, due November 15, 2005	None
Ryder System, Inc. Medium-Term Notes Series 1, 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
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
Ryder System, Inc. Medium-Term Notes, Series 14, 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 15, 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

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

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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 logistics and transportation related services business with focus on: 1) integrated logistics, including dedicated contract carriage, the management of carriers, and other supply chain services; 2) transportation services, including full service leasing, maintenance and short-term rental of trucks, tractors and trailers; and
3) public transit management and operations, fleet management and maintenance services, and student transportation services. As of December 31, 1998, the Company and its subsidiaries had a fleet of 173,116 vehicles and 45,373 employees.(1)

Financial information about industry segments is incorporated by reference from the "Notes to Consolidated Financial Statements - Segment Reporting" on pages 44 and 45 of the Ryder System, Inc. 1998 Annual Report to Shareholders.

LOGISTICS AND TRANSPORTATION BUSINESS UNITS

INTEGRATED LOGISTICS

Ryder Integrated Logistics, Inc. ("Ryder Integrated Logistics") provides integrated logistics support of clients' entire supply chains, from inbound raw materials supply through finished goods distribution, including dedicated contract carriage, the management of carriers, and other supply chain services through 735 locations in the U.S. and Canada. Ryder Integrated Logistics utilizes advanced information technology, and teams frequently with strategic alliance and joint venture partners. Services include varying combinations of logistics system design, the provision of vehicles and equipment, maintenance, the provision of drivers, warehouse management (including cross docking and flow-through distribution), transportation management, vehicle dispatch, and inbound and outbound just-in-time and merge-in-transit delivery. Logistics systems include procurement and management of all modes of transportation, shuttles, interstate long-haul operations, just-in-time service to assembly plants, and factory-to-warehouse-to-retail facility service. These services are used in major industry sectors including automotive, telecommunications, utilities, health care, paper and paper packaging, chemical, electronic and office equipment, news, food and beverage, housing, and general retail industries, along with other industries and the federal sector. In 1998, Ryder Integrated Logistics continued to expand its presence in the logistics market through expansion of existing accounts, increased emphasis on global account management in key industry sectors, and initiation of strategic alliances/joint ventures.

INTERNATIONAL OPERATIONS

The Company provides a wide variety of logistics and transportation services in international markets outside the U.S. and Canada, including full service leasing of trucks, tractors and trailers, commercial truck rental, contract truck maintenance and a broad range of warehousing, logistics and supply chain management services. The Company continues to implement a strategy for further growth in international markets, providing global logistics solutions to multinational customers.

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(1) The employee count does not include: (a) operating personnel of local transit authorities managed by certain subsidiaries of the Company (in such situations, generally 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.

This strategy enables the Company to take advantage of, and build upon, the expertise, market knowledge and infrastructure of strategic alliance and joint venture partners, as well as its own expertise in providing logistics solutions to businesses involved in the over-the-road transportation of goods and to those who move goods around the world using any mode of transportation. As of December 31, 1998, the Company had 13,209 full service lease and commercial rental vehicles, 5,310 employees, and provided services through 140 locations in the United Kingdom, Germany, Mexico, Poland, the Netherlands, Argentina and Brazil. In 1998, the Company continued to enhance its presence in the United Kingdom, Mexico, Poland, Argentina and Brazil through internal growth, and also commenced both assessing and exploiting opportunities in markets in other countries. In its worldwide operations, the Company is always mindful of its need to mitigate risks, including the minimization of asset and currency exposures.

Within the context of international operations, the Company defines national service as the provision of services within the confines of one particular foreign country. International services require the management of the movement of goods across borders; while global services include both of the foregoing for customers with needs in a number of international markets who may also require multinational coordination of logistic and supply chain management services.

FULL SERVICE LEASING, MAINTENANCE AND SHORT-TERM RENTAL OF TRUCKS, TRACTORS AND TRAILERS

Ryder Truck Rental, Inc., which does business as Ryder Transportation Services ("Ryder Transportation Services"), provides full service leasing to nearly 13,000 customers (ranging from large national enterprises to small companies), with a fleet of 109,124 vehicles (including 14,751 vehicles leased to affiliates), through 894 locations in 48 states, Puerto Rico, and 8 Canadian Provinces. Under a full service lease, Ryder Transportation 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 Transportation Services provides contract maintenance services to more than 1,500 customers, servicing 44,856 vehicles (including approximately 9,560 vehicles owned by affiliates) under maintenance contracts, and provides short-term truck rental, which tends to be seasonal, to commercial customers to supplement their fleets during peak business periods. A fleet of 37,517 vehicles, ranging from heavy-duty tractors and trailers to light-duty trucks, is available for commercial short-term rental. In 1998, Ryder Transportation 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 1998, Ryder Transportation Services continued to develop its expanded range of services for customers. Such services include fleet management, freight management and the Ryder Citicorp Finance Lease program. By expanding its vehicle financing options, Ryder Transportation Services gives customers the flexibility to choose a full service lease or the combination of a finance lease and contract maintenance for their vehicles.

PUBLIC TRANSIT MANAGEMENT, OPERATIONS AND FLEET MAINTENANCE SERVICES AND STUDENT TRANSPORTATION SERVICES

The Company's public sector services are organized under a single management structure for operating efficiencies and in order to focus its marketing efforts on serving the unique needs of the public sector. The umbrella management organization, Ryder Public Transportation Services, provides a wide array of transportation and maintenance services to the public sector through two subsidiaries: Ryder Student Transportation Services, Inc. which operates more than 10,200 school buses under long-term contract for 477 school systems in 26 states; and Ryder/ATE, Inc., which operates or manages nearly 5,000 buses under long-term contracts to 86 public transit agencies in 28 states. In addition, Ryder/ATE, Inc.'s public fleet maintenance unit, Ryder/MLS, manages and maintains over 30,000 pieces of equipment for public transit agencies, cities, counties, colleges and utilities.

Ryder Public Transportation Services is either the largest or second largest private contractor in the three primary markets it serves: student transportation, public transit management and operations, and public fleet management and maintenance for local governments and utilities. In each case, public sector services that are operated by in-house governmental organizations represent two-thirds or more of the market for such services and the biggest opportunity for growth. Due to continuing cost pressures in the public sector and the Company's ability to provide the same or enhanced levels of services, typically at a 10 to 20 percent cost savings, a growing number of governmental organizations are willing to outsource their transportation and fleet maintenance services to Ryder Public Transportation Services.

In 1998, Ryder Public Transportation Services expanded through various methods, including acquisitions, increasing its fleet size by more than 600 buses in the student transportation operation.

DISPOSITION OF REVENUE EARNING EQUIPMENT

The Company's business units have historically disposed of used revenue earning equipment at prices in excess of book value. The gains on the sale of revenue earning equipment (reported as reductions in depreciation expense) were approximately 12%, 11% and 14% of earnings from reportable business segments before interest and taxes in 1998, 1997 and 1996, respectively. The extent to which gains will be realized on future disposal of revenue earning equipment is dependent upon various factors including the general state of the used vehicle market, the age and condition of vehicles at the time of their disposal and depreciation methods with respect to vehicles.

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.

In the United States and Canada, Ryder Integrated Logistics competes with companies providing similar services on a national, regional and local level. Additionally, this business is subject to potential competition in most of the regions it serves from air cargo, waterborne shipping, railroads and motor carriers. On a country-by-country basis and on a global basis, the Company competes 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. Ryder Integrated Logistics expects that competition with its services in emerging markets and in the global integrated logistics marketplace will develop. Competitive factors include price, equipment, maintenance, geographical coverage, market knowledge, expertise in logistics related technology, and overall performance (e.g., timeliness, accuracy and flexibility). Value-added differentiation of these service offerings across the full global supply chain will continue to be Ryder Integrated Logistics' overriding strategy.

Ryder Transportation Services competes 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. Ryder Transportation Services also competes, to an extent, with a number of truck and trailer manufacturers who provide truck and trailer leasing, extended warranty maintenance, rental and other transportation services. Value-added differentiation of the full service truck leasing, truck rental, and contract and non-contract truck maintenance service offerings has been, and will continue to be, Ryder Transportation Services' emphasis.

Ryder Public Transportation Services competes with companies that provide similar services in each segment of its operations, although no competitors duplicate the complete array of services that Ryder Public Transportation Services provides. In the student transportation market, one national competitor is larger than Ryder Student Transportation Services, and the next three largest competitors are less than one-half of its size. In addition, over 1,500 small and regional companies compete with Ryder Student Transportation Services on a limited, local market basis. In the public transit market, one national competitor is larger than Ryder/ATE, and less than 100 small and regional companies compete with Ryder/ATE on a limited basis. In the public fleet management and maintenance market, a small number of companies compete with Ryder/MLS, of which MLS is the largest in the delivery of services to cities and counties. In all segments of its operations, Ryder Public Transportation Services has been able to retain over 90% of its contracts on an annual basis through a combination of high quality, customer-focused services, and ongoing improvements in cost efficiency and service innovation.

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 the use, storage and disposal of petroleum products and various wastes associated with vehicle maintenance activities. 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 affect 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 1, 1998 in conjunction with the Company's 1998 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	56	Chairman, President and Chief Executive Officer
Dwight D. Denny	55	Executive Vice President - Development
John H. Dorr	52	President - Ryder Public Transportation Services, Inc.
Raymond B. Greer	36	President - Ryder Integrated Logistics, Inc.
James B. Griffin	44	President - Ryder Transportation Services
Edwin A. Huston	60	Senior Executive Vice President - Finance and Chief Financial Officer
Thomas E. McKinnon	54	Executive Vice President - Human Resources and Corporate Services
Vicki A. O'Meara	41	Executive Vice President, General Counsel and Secretary
Lisa A. Rickard	43	Senior Vice President - Government Relations
George P. Scanlon	41	Senior Vice President - Planning and Controller

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.

John H. Dorr has been President - Ryder Public Transportation Services, Inc. since January 1997. Mr. Dorr served as Senior Vice President and General Manager of Ryder Public Transportation Services since July 1993 and prior to that was Vice President and General Manager of Ryder Student Transportation Services from September 1990 to July 1993.

Raymond B. Greer has been President - Ryder Integrated Logistics, Inc. since December 1998. Mr. Greer served as Senior Vice President and General Manager - Global Operations from March 1998 to December 1998, as Senior Vice President - Information and Logistics Services from March 1997 to March 1998, as a Regional Vice President and General Manager from January 1995 to March 1997, and as a Regional Distribution Manager from May 1994 to January 1995. Previously, Mr. Greer spent 11 years with Federal Express in various operational, engineering and technology capacities, most recently as Global Contract Director for FedEx Logistics.

James B. Griffin has been President - Ryder Transportation Services (formerly 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.

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 and Corporate Services since February 1997. Mr. McKinnon served as Executive Vice President - Human Resources from June 1995 until February 1997. Mr. McKinnon previously served Unisys Corporation as Vice President - Human Resources from August 1990 to June 1995.

Vicki A. O'Meara has been Executive Vice President and General Counsel since June 1997 and Secretary since February 1998. Previously, Ms. O'Meara was with the Chicago office of the law firm of Jones Day Reavis & Pogue where she was a partner and chair of the firm's worldwide Environmental, Health and Safety practice; and prior to that was Assistant Attorney General, heading the Environmental and Natural Resources Division of the U.S. Department of Justice.

Lisa A. Rickard has been Senior Vice President - Government Relations since January 1997. Ms. Rickard served as Vice President - Federal Affairs from January 1994 until January 1997. From June 1982 until December 1993, Ms. Rickard was with the Washington law firm of Akin, Gump, Strauss, Hauer & Feld, LLP, where she was a partner.

George P. Scanlon has been Senior Vice President - Planning and Controller since August 1998 and served as Vice President - Planning and Controller from January 1997. Mr. Scanlon is the Company's principal accounting officer. Prior to that, Mr. Scanlon served as Vice President - Corporate Planning since August 1996. Mr. Scanlon served as Group Director - Corporate Planning from October 1993 until August 1996 and Group Director - Audit Services from March 1991 until October 1993.

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.

Ryder Integrated Logistics, Inc. has 735 locations in the United States and Canada; 5 of these facilities are owned and the remainder are leased. Such locations generally include a warehouse and administrative offices.

The Company's international operations has 140 locations in the United Kingdom, Germany, The Netherlands, Mexico, Poland, Argentina, and Brazil; 21 of these facilities are owned and the remainder are leased. Such locations generally include a repair shop, warehouse and administrative offices.

Ryder Transportaton Services has 894 locations in the United States, Puerto Rico and Canada; 385 of these facilities are owned and the remainder are leased. Such locations generally include a repair shop and administrative offices.

Ryder Public Transportation Services has 340 locations in the United States; all of which 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 operations 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, 1998.

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 46 ("Quarterly Financial and Common Stock Data") of the Ryder System, Inc. 1998 Annual Report to Shareholders.

ITEM 6. SELECTED FINANCIAL DATA

The information required by Item 6 is incorporated by reference from page 46 ("Five Year Summary") of the Ryder System, Inc. 1998 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 16 through 27 of the Ryder System, Inc. 1998 Annual Report to Shareholders.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

In the normal course of business, the Company is exposed to fluctuations in interest rates and foreign exchange rates. The Company manages such exposures in several ways including the use of a variety of derivative financial instruments when deemed prudent. The Company does not enter into leveraged financial transactions or use derivative financial instruments for trading purposes.

The exposure to market risk for changes in interest rates relates primarily to debt obligations. The Company's interest rate risk management program objective is to limit the impact of interest rate changes on earnings and cash flows and to lower overall borrowing costs. The Company manages its exposure to interest rate risk through the proportion of fixed rate and variable rate debt in the total debt portfolio. The Company targets variable rate debt levels at 25%-30% of total financing obligations, including the present value of off-balance sheet obligations such as operating leases. From time to time, the Company also uses interest rate swap and cap agreements to manage its fixed rate and variable rate exposure and to better match the repricing of its debt instruments to that of its portfolio of assets. No interest rate swap or cap agreements were outstanding at December 31, 1998.

The following table summarizes debt obligations outstanding as of December 31, 1998 expressed in U.S. dollar equivalents. The table shows the amount of debt, including current portion, and related weighted average interest rates by contractual maturity dates. Weighted average variable rates are based on implied forward rates in the yield curve at December 31, 1998. This information should be read in conjunction with the "Notes to Consolidated Financial Statements-Debt" contained in the Ryder System, Inc. 1998 Annual Report to Shareholders.

(Dollars in thousands)	1999	2000	2001	2002	2003	THEREAFTER	TOTAL	FAIR VALUE
	DECEMBER 31, EXPECTED MATURITY DATE							
Total Fixed Rate-Dollar Denominated	$374,270	443,738	281,287	107,502	92,657	691,350	1,990,804	2,060,816
Average interest rate	7.54%	7.41%	7.33%	7.33%	7.47%	7.51%		
Total Fixed Rate-Pound Sterling Denominated	24,893	24,893	24,893	58,083	-	-	132,762	136,587
Average interest rate	8.06%	8.17%	8.17%	7.88%	-	-		
Total Fixed Rate-Canadian Dollars	22,873	19,605	22,873	-	9,803	-	75,154	75,356
Average interest rate	7.22%	7.12%	6.49%	5.75%	5.75%	-		
Total Fixed Rate-Brazilian Real	7,917	2,115	1,070	840	227	-	12,169	12,328
Average interest rate	8.00%	8.00%	8.00%	8.00%	8.00%	-		
Total Fixed Rate-German Deutsche Mark	2,697	3,256	3,256	1,458	1,458	3,600	15,725	16,640
Average interest rate	5.47%	5.57%	5.67%	5.88%	5.91%	5.96%		
Total Variable Rate Commercial Paper (a)	-	-	-	197,500	-	-	197,500	197,500
Average interest rate	5.08%	5.02%	5.05%	5.56%	-	-		
Total Variable Rate-Dollar Denominated	-	-	-	9,382	-	-	9,382	9,382
Average interest rate	5.19%	5.13%	5.17%	5.69%	-	-		
Total Variable Rate-Pound Sterling Denominated	34,850	-	-	54,764	-	-	89,614	89,614
Average interest rate	5.68%	5.67%	5.48%	5.40%	-	-		
Total Variable Rate-Canadian Dollar	-	-	-	18,102	-	-	18,102	18,102
Average interest rate	5.11%	5.24%	5.41%	5.53%	-	-		
Total Variable Rate-German Deutsche Mark	-	-	-	4,615	-	-	4,615	4,615
Average interest rate	3.57%	3.56%	3.84%	4.11%	-	-		
Total Variable Rate-Argentine Peso	2,500	-	-	-	-	-	2,500	2,500
Average interest rate	11.50%	-	-	-	-	-		
Total Debt (b)							$2,548,327	2,623,440

(a) Assumed to be renewed through June 2002. As discussed in the "Debt" note to the consolidated financial statements contained in the 1998 Annual Report to Shareholders, the commercial paper program is supported by the Company's $720 million global credit facility which is scheduled to expire in June 2002. The Company classified commercial paper borrowings as long-term debt in the consolidated balance sheet at December 31, 1998.

(b) Excludes capital leases.

The exposure to market risk for changes in foreign exchange rates relates primarily to foreign operations' buying, selling and financing in currencies other than local currencies and to the carrying value of net investments in foreign subsidiaries. The Company manages its exposure to foreign exchange rate risk related to foreign operations' buying, selling and financing in currencies other than local currencies by naturally offsetting assets and liabilities not denominated in local currencies. The Company also uses foreign currency option contracts and forward agreements to preserve the carrying value of foreign currency assets, liabilities, commitments and anticipated foreign currency transactions. No foreign currency option contracts or forward agreements were outstanding at December 31, 1998. The Company does not generally hedge the translation exposure related to its net investment in foreign subsidiaries. Based on the overall level of transactions denominated in other than local currencies and of the net investment in foreign subsidiaries, the exposure to market risk for changes in foreign exchange rates is not material.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

The information required by Item 8 is incorporated by reference from pages 29 through 45 and page 46 ("Quarterly Financial and Common Stock Data") of the Ryder System, Inc. 1998 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. 1999 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 17 ("Section 16(a) Beneficial Ownership Reporting Compliance") of the Ryder System, Inc. 1999 Proxy Statement.

ITEM 11. EXECUTIVE COMPENSATION

The information required by Item 11 is incorporated by reference from pages 9 and 10 ("Compensation of Directors") and 21 through 24 of the Ryder System, Inc. 1999 Proxy Statement.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The information required by Item 12 is incorporated by reference from pages 16 and 17 of the Ryder System, Inc. 1999 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. 1999 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 F are incorporated by reference from pages 28 through 45 of the Ryder System, Inc. 1998 Annual Report to Shareholders.

A) Consolidated Statements of Operations for years ended December 31, 1998, 1997 and 1996.

B) Consolidated Balance Sheets as of December 31, 1998 and 1997.

C) Consolidated Statements of Cash Flows for years ended December 31, 1998, 1997 and 1996.

D) Consolidated Statements of Shareholders' Equity for years ended December 31, 1998, 1997 and 1996.

E) Notes to Consolidated Financial Statements.

F) 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 46 of the Ryder System, Inc. 1998 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
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	The Rights Agreement between Ryder System, Inc. and Boston Equiserve, L.P., dated as of March 8, 1996, filed with the Commission on April 3, 1996 as an exhibit to the Company's Registration Statement on Form 8-A is incorporated by reference into this report.

10.1 The form of change of control severance agreement for executive officers effective as of May 1, 1996, previously filed with the Commission as an exhibit to the Company's Annual Report on Form 10-K for the year ended December 31, 1996, is incorporated by reference to this report.

10.2 The form of severance agreement for executive officers effective as of May 1, 1996, previously filed with the Commission as an exhibit to the Company's Annual Report on Form 10-K for the year ended December 31, 1996, is incorporated by reference to this report.

10.3(a) The Ryder System, Inc. 1998 Incentive Compensation Plan for Headquarters Executive Management Levels MS 11 and Higher, previously filed with the Commission as an exhibit to the Company's Annual Report on Form 10-K for the year ended December 31, 1997, is incorporated by reference to this report.

10.3(b) The Ryder System, Inc. 1999 Incentive Compensation Plan for Headquarters Executive Management Levels MS 11 and Higher.

10.4(a) The form of Ryder System, Inc. 1980 Stock Incentive Plan, as amended and restated as of August 15, 1996, previously filed with the Commission as an exhibit to the Company's Annual Report on Form 10-K for the year ended December 31, 1997, is incorporated by reference into this report.

10.4(b) The form of Ryder System, Inc. 1980 Stock Incentive Plan, United Kingdom Section, dated May 4, 1995, previously filed with the Commission as an exhibit to the Company's Annual Report on Form 10-K for the year ended December 31, 1995, is incorporated by reference into this report.

10.4(c) The form of Ryder System, Inc. 1980 Stock Incentive Plan, United Kingdom Section, dated October 3, 1995, previously filed with the Commission as an exhibit to the Company's Annual Report on Form 10-K for the year ended December 31, 1995, is incorporated by reference into this report.

10.4(d) The form of Ryder System, Inc. 1995 Stock Incentive Plan, as amended and restated as of August 15, 1996, previously filed with the Commission as an exhibit to the Company's Annual Report on Form 10-K for the year ended December 31, 1997, is incorporated by reference into this report.

10.5(a) 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.

10.5(b) The form of Ryder System, Inc. Directors Stock Award Plan dated as of May 2, 1997, previously filed with the Commission as an exhibit to the Company's Annual Report on Form 10-K for the year ended December 31, 1997, is incorporated by reference into this report.

10.7 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.

10.8	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.
10.9(a)	The form of Ryder System, Inc. Stock for Merit Increase Replacement Plan, as amended and restated as of August 15, 1996, previously filed with the Commission as an exhibit to the Company's Annual Report on Form 10-K for the year ended December 31, 1997, is incorporated by reference into this report.
10.9(b)	The form of Ryder System, Inc. Non-Qualified Stock Option Agreement, dated as of February 17, 1998.
10.10	The form of Ryder System, Inc. Deferred Compensation Plan effective January 1, 1997, as amended and restated as of November 3, 1997, previously filed with the Commission as an exhibit to the Company's Annual Report on Form 10-K for the year ended December 31, 1997, is incorporated by reference into this report.
10.11	The Asset and Stock Purchase Agreement by and between Ryder Truck Rental, Inc. and RCTR Holdings, Inc. dated as of September 19, 1996, filed with the Commission on September 20, 1996 as an exhibit to the Company's report on Form 8-K, is incorporated by reference into this report.
10.12	The Acquisition Agreement among Ryder System, Inc. and Allied Holdings, Inc., AH Acquisition Corp., Canadian Acquisition Corp. and Axis National Inc., dated as of August 20, 1997, filed with the Commission on October 16, 1997 as an exhibit to the Company's report on Form 8-K, is incorporated by reference into this report.
13.1	Portions of the Ryder System, Inc. 1998 Annual Report to Shareholders. Those portions of the Ryder System, Inc. 1998 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 subsidiaries.
24.1	Manually executed powers of attorney for each of: Joseph L. Dionne Edward T. Foote II David I. Fuente

John A. Georges
Vernon E. Jordan, Jr.
David T. Kearns
Lynn M. Martin
Paul J. Rizzo
Christine A. Varney
Alva O. Way

27.1 Financial Data Schedule.

(b) Reports on Form 8-K:

No such reports were filed.

(c) Executive Compensation Plans and Arrangements:

Please refer to the description of Exhibits 10.1 through 10.12 set forth 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.

(d) Not applicable

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 26, 1999 — *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 26, 1999 — *By: /s/ M. ANTHONY BURNS*

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

Date: March 26, 1999 — *By: /s/ EDWIN A. HUSTON*

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

Date: March 26, 1999 — *By: /s/ GEORGE P. SCANLON*

George P. Scanlon
Senior Vice President - Planning and Controller
(Principal Accounting Officer)

Date: March 26, 1999 By: /s/ JOSEPH L. DIONNE *

Joseph L. Dionne
Director

Date: March 26, 1999 By: /s/ EDWARD T. FOOTE II *

Edward T. Foote II
Director

Date: March 26, 1999 By: /s/ DAVID I. FUENTE *

David I. Fuente
Director

Date: March 26, 1999 By: /s/ JOHN A. GEORGES *

John A. Georges
Director

Date: March 26, 1999 By: /s/ VERNON E. JORDAN, JR. *

Vernon E. Jordan, Jr.
Director

Date: March 26, 1999 By: /s/ DAVID T. KEARNS *

David T. Kearns
Director

Date: March 26, 1999 By: /s/ LYNN M. MARTIN *

Lynn M. Martin
Director

Date: March 26, 1999 By: /s/ PAUL J. RIZZO *

Paul J. Rizzo
Director

Date: March 26, 1999 By: /s/ CHRISTINE A. VARNEY *

Christine A. Varney
Director

Date: March 26, 1999 By: /s/ ALVA O. WAY *

Alva O. Way
Director

*By: /s/ DIANA H. HULL

Diana H. Hull
Attorney-in-Fact

EXHIBIT INDEX

EXHIBIT NUMBER	DESCRIPTION
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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 subsidiaries.
24.1	Manually executed powers of attorney for each of: Joseph L. Dionne Edward T. Foote II David I. Fuente John A. Georges Vernon E. Jordan, Jr. David T. Kearns Lynn M. Martin Paul J. Rizzo Christine A. Varney Alva O. Way
27.1	Financial Data Schedule.

EXHIBIT 10.3(b)

RYDER RSI HEADQUARTERS

EXECUTIVE MANAGEMENT
LEVELS MS 11 AND HIGHER

1999 INCENTIVE COMPENSATION PLAN PAGE 1

Supersedes 1998 Executive Management Incentive Compensation Plans

INTRODUCTION

The following material explains the operation and administration of the 1999 Incentive Compensation Plan (the "Plan") for Ryder System, Inc. ("RSI" or the "Company") headquarters Officers and Directors whose positions are evaluated at Management Level 11 (MS11) or higher and other members of the Company's Executive Committee ("participants"). The Plan is intended to serve as a single, comprehensive source of information that will explain your bonus for achieving various levels of performance.

The Plan is based on the Economic Value Added ("EVA") performance measurement system. EVA is a measurement tool that determines whether a business is earning more than its true cost of capital by incorporating the cost of equity capital as well as debt capital. EVA will assess financial performance and will also serve as a management tool for setting goals, evaluating strategies, and analyzing results.

EVA can be expressed in the following formula: EVA = NAT - AN EQUITY CHARGE

PERFORMANCE TARGETS

The Plan is intended to provide participants with competitive compensation for achieving targeted performance. Target awards are expressed as a percentage of a participant's base salary and will be declared when Target EVA improvement is achieved.

Target EVA improvement is the level of EVA performance improvement required over a one-year time frame whereby participants will receive a target bonus payout. RSI's Target EVA for 1999 is $20 million higher than year-end 1998 EVA, or $53.6 MM.

TARGET BONUS OPPORTUNITY

Target Bonus Opportunity is expressed as a percentage of base salary for each participant. The following table summarizes the Target Bonus Opportunity for each participating management level:

TARGET BONUS OPPORTUNITY AS A PERCENTAGE OF BASE SALARY

MANAGEMENT LEVEL	TARGET BONUS OPPORTUNITY
Chief Executive Officer	85%
Management Levels 17 - 20; including Division Presidents	75%
Management Levels 14 - 16	70%
Management Level 13	40%
Management Levels 11 - 12	30%

BONUS OPPORTUNITY

The Plan has uncapped bonus opportunity, both positive and negative. Bonus opportunity will increase as EVA exceeds the expected level. Similarly, bonus opportunity will decrease as EVA falls short of target. Participants in this Plan will be subject to the Bonus Reserve which is discussed later in this document.

BONUS PAYOUT MECHANISM

In 1999, 100% of the bonus calculation will be based on EVA performance. Actual bonus award amounts will be distributed with 80% of the declared bonus based on EVA improvement and the remaining 20% of the declared bonus based on performance for pre-established Value Enhancement Measures ("VEMs") subject to the Bonus Reserve discussed below. VEMs for 1999 will be 10% based on Ryder Transportation Services ("RTS") Net Sales and 10% based on Ryder Integrated Logistics ("RIL") Global Net Sales.

[GRAPHIC OMITTED]

The bonus calculation is based on EVA performance. Once the bonus calculation is determined, bonuses will be distributed to participants based 80% on EVA and 20% on the relative performance of VEMs.

VALUE ENHANCEMENT MEASURES

There will be two 1999 Value Enhancement Measures, each based on Net Sales. 10% of the overall 1999 bonus payout will be based on RTS Net Sales (Full Service Lease plus RPM) and 10% will be based on RIL Global Net Sales.

The goals for 1999 Net Sales levels are shown below:

	PERCENTAGE OF VEM AWARD				
	0%	2.5%	5%	7.5%	10%
RTS NET SALES ($ millions)	$75	$87	$100	$113	$126

	PERCENTAGE OF VEM AWARD				
	0%	2.5%	5%	7.5%	10%
RIL GLOBAL NET SALES ($ millions)	$189	$226	$264	$302	$339

BONUS RESERVE

Participants in the Plan will be subject to a Bonus Reserve.

The Bonus Reserve promotes a long-term perspective for the Plan and aligns participants with owners by simulating ownership. Sustained improvements are rewarded and consistently exceeding EVA performance targets increases the Bonus Reserve balance. The Bonus Reserve also makes managers accountable for performance shortfalls since the Reserve can carry a negative balance if performance is significantly lower than expected. The Bonus Reserve provides a mechanism to smooth the impact of performance cycles.

The Bonus Declared in any year is added to the Bonus Reserve. The Bonus Reserve will then pay participants up to their Target Bonus levels plus one-half of any residual balance. The remaining one-half is carried forward and will be held in the Bonus Reserve.

The Bonus Reserve is specifically identified with each individual and will follow that individual through other positions within any business unit of the Company. The Bonus Reserve balance will not exceed 3 times Target Bonus and any residual balance above 3 times Target Bonus will be immediately paid out to the participant.

The Bonus Reserve is illustrated below:

[GRAPHIC OMITTED]

The Bonus Reserve Balance, while linked to each Plan participant, is not considered "earned" by that individual until performance is sustained over time. The Bonus Reserve is designed to reward long-term performance, and participants will receive one-half of any excess over target levels in any given year. The remaining balance in the Bonus Reserve will be distributed in future years if performance improvements are sustained, and will be used to pay up to Target Bonus in years where performance falls short of target financial performance.

1999 PLAN SCALE - EVA

The following scale illustrates how the Plan will work. Noted are the points where Target Bonus, two times Target Bonus, and zero bonus are achieved. Bonus amounts are dependent on the multiple declared.

[GRAPHIC OMITTED]

Follow the steps on the following example to understand how your bonus is calculated.

STEPS TO CALCULATE YOUR BONUS:

Calculate Variance between Actual and Target EVA Calculate Bonus Multiple Contribution Calculate Bonus Contribution
Calculate Financial Bonus Contribution Calculate VEM Bonus Contribution Calculate Total Bonus Declared
Calculate Bonus Reserve and Bonus Payment

To fully appreciate these steps, the following definitions describe key terms of the Plan.

KEY TERMS:

TARGET EVA	The level of EVA performance required to earn a Target Bonus. For RSI, Target EVA for 1999 will be year-end 1998 EVA plus $20 million or $53.6 MM.
BONUS INTERVAL	The performance above Target EVA or the performance below Target EVA that will cause a 2x bonus contribution or a zero bonus contribution. For RSI, the Bonus Interval will be $34 million. With RSI 1999 Target EVA of $53.6 MM, a 2x bonus multiple contribution will result if EVA of $87.6 MM is achieved. If actual EVA is $19.6 MM or less, then a zero bonus will occur.
VEMS	VEMs are important measures which impact how bonuses will be paid out. For 1999, 80% of bonus payments will be based on EVA and 20% will be based on two VEMs, which are RTS Net Sales (10%) and RIL Global Net Sales (10%).
VEM POTENTIAL BONUS	20% of your Bonus Contribution
VEM AWARD	The percent of your VEM Potential Bonus that you have earned. This award % will be based on how well RTS and RIL achieved Net Sales goals.
VEM BONUS CONTRIBUTION	Your VEM Potential Bonus x VEM Award
BONUS DECLARED	The bonus dollars available for payment or reserve after all declarations have been made.
AVAILABLE BALANCE	The Bonus Declared plus the Beginning Bonus Reserve Balance.

KEY TERMS (CONTINUED):

NAT	The consolidated Net Earnings After Tax for the bonus year, including appropriate accruals for all incentive awards estimated to be payable for that bonus year.
EQUITY CHARGE	The average equity x the cost of equity determined by Chief Financial Officer.

EXAMPLE:

The following is an example of how bonus calculations are determined using 1999 RSI Target EVA of $53.6 MM.

Assume your base salary is $100,000 and your Target Bonus is 30% of your salary, or $30,000. 80% of your bonus is determined by EVA, and 20% determined by VEMs.

As you will recall, Target EVA for 1999 is $20 MM higher than 1998 Year-End EVA, or $53.6 MM.

The EVA Bonus Interval ("Interval") is the EVA Improvement needed, over and above Target, to declare a double bonus. It is also the shortfall from Target that will cause a zero bonus being declared. The EVA Bonus Interval for 1999 is $34 MM. Therefore:

Zero Bonus Contribution at: 1999 Target EVA - Interval = $53.6 MM - $34 MM= $19.6 MM

or,

Twice Target Bonus Contribution at: = 1999 Target EVA + Interval = $53.6 MM + $34 MM = $87.6 MM

For any level of EVA, determine the difference between Actual EVA and Target EVA, and divide that difference by the Interval. Add that number to 1.0 to calculate the Bonus Contribution.

STEP ONE: CALCULATE VARIANCE FROM TARGET EVA:

Year-end EVA in 1998 was $33.6 MM. As stated previously, 1999 Target EVA is $53.6MM. First, determine the difference between 1999 Actual EVA and 1999 Target EVA. This is your Variance from Target EVA. If year-end 1999 EVA is $58.6 MM, the calculation is shown below.

	1999 Actual EVA	$58.6 MM
-	1999 Target EVA	- $53.6 MM
=	Variance from Target EVA	$ 5 MM

STEP TWO: CALCULATE BONUS MULTIPLE CONTRIBUTION:

In this example, RSI's 1999 EVA is $5 MM above Target EVA. From above, this should be divided by the EVA Bonus Interval to determine the amount of Bonus to be added to Target.

	Variance from Target EVA	$ 5 MM
/	EVA Bonus Interval	/ 34 MM
=	Bonus Above Target	0.15 x

Next, add the Bonus Above Target to the Target Bonus of 1.0 to determine your Bonus Contribution.

	Bonus Above Target	0.15x
+	Target Bonus Multiple	+ 1.00
=	Bonus Multiple Contribution	1.15 x

STEP THREE: CALCULATE BONUS CONTRIBUTION:

The Bonus Multiple Contribution is then multiplied by your Target Bonus to determine your Bonus Contribution in dollars.

	Bonus Multiple Contribution	1.15x
x	Target Bonus	x $30,000
=	Bonus Contribution	$34,500

STEP FOUR: CALCULATE FINANCIAL BONUS CONTRIBUTION:

For all RSI participants, 20% of your Bonus Contribution will be determined by VEMs. The other 80% is determined by EVA.

```
     Bonus Contribution                 $34,500
x    EVA Component                      x   80%
     -------------                       ------
=    Financial Bonus Contribution       $27,600
```

STEP FIVE: CALCULATE VALUE ENHANCEMENT MEASURES BONUS CONTRIBUTION:

To determine the amount subject to VEMs (your VEM Potential Bonus) multiply your Bonus Contribution by 20%.

```
     Bonus Contribution                 $34,500
x    Value Enhancement Measures         x   20%
     --------------------------          ------
=    VEM Potential Bonus                $ 6,900
```

Your VEM Potential Bonus is then modified by VEM performance. If you achieved 90% performance on your VEM, this calculation is illustrated below.

```
     VEM Potential Bonus                $  6,900
x    VEM Award                          x    90%
     ---------------------                 -----
=    VEM Bonus Contribution             $  6,210
```

STEP SIX: CALCULATE TOTAL BONUS DECLARED:

Add the VEM Bonus Contribution to the Financial Bonus Contribution to get the Total Bonus Declared, which is then subject to the Bonus Reserve.

```
     Vem Bonus Contribution               $ 6,210
+    Financial Bonus Contribution      +  $27,600
     ----------------------------          -------
=    Total Bonus Declared                 $33,810
```

STEP SEVEN: CALCULATE THE BONUS RESERVE AND BONUS PAYMENT:

The Bonus Reserve will only apply to those in MS 11 and above. Before any Bonus can be paid, the Bonus Declared must flow through the Bonus Reserve. First, the Bonus Declared is added to the Beginning Reserve Balance to determine how much is available to be paid. If in 1999, your Beginning Reserve Balance is $2,000.

```
     Bonus Declared (1999)             $33,810
+    Beginning Reserve Balance       + $ 2,000
     -------------------------         -------
=    Available Balance                 $35,810
```

Second, the reserve then pays out up to Target Bonus; if less than Target Bonus is in the Bonus Reserve, the entire Bonus Reserve is paid out.

```
          Available Balance                  $35,810
     -    (Up To) Target Bonus             - $30,000
           -------------------               -------
     =    Residual Balance                   $ 5,810

Next, ONE-HALF OF ANY RESIDUAL BALANCE is paid out...

          Residual Balance                   $ 5,810
     x    1/2                                x   1/2
          ------------------                 -------
     =    Additional Payment                 $ 2,905

          Target Bonus                       $30,000
     +    Additional Payment               + $ 2,905
          ------------------                 -------
     =    Total Bonus Payment                $32,905

...with the remaining one-half staying in the reserve.

          Residual Balance                   $ 5,810
      -   Additional Payment               - $ 2,905
          ------------------                 -------
      =   Ending Reserve Balance             $ 2,905
```

The Ending Reserve Balance from 1999 then becomes the Beginning Reserve Balance for 2000.

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, car allowance, employee benefits, moving expenses, any imputed income and amounts attributable to any of the Company's stock plans.

The average annual rate of pay for a participant whose base salary changes within the bonus year is calculated below. Salaried employees are paid semi-monthly, each check representing 1/24 of the annual base salary. Daily pay for a salaried employee is calculated by dividing the annual salary by 360 working days per year.

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 $100,000, then effective April 1 receives an increase to a base salary of $104,000:

JANUARY 1 THROUGH MARCH 31 OF BONUS YEAR:

```
3 months X 30 days per month  =  90  =   .25 x $100,000/yr. =  $  25,000
----------------------------     ----
    360 days                     360
```

APRIL 1 THROUGH DECEMBER 31 OF BONUS YEAR:

```
360 - 90                      =  270   = .75 x $104,000/yr. =  $  78,000
--------                         ------                           ------
360 days                         360
```

AVERAGE ANNUAL RATE OF PAY FOR BONUS YEAR = $ 103,000

PLAN RULES

The following rules apply to Plan participants. The Company reserves the right to alter, modify, change or terminate any of the provisions described below at any time.

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 and Bonus Opportunity in eligible positions, provided they are employed in good standing at the time bonus awards are distributed.

PROMOTION: A participant who is promoted during the bonus year will receive a pro-rata bonus declaration based on the average annual rate of pay and bonus opportunity in the eligible positions. The participant will receive a pro-rata bonus based on the appropriate Plan for his/her management level, position and the portion of time spent in each position during the year.

WORKERS' COMPENSATION OR LEAVE OF ABSENCE ("LOA"): A participant who

leaves the payroll due to a workers' compensation leave or LOA will receive no additional bonus declarations while off the payroll, but will be eligible to receive a pro-rata bonus for the year in which they leave the payroll. Such payment may be made in a lump sum or over time at the discretion of the Company, the Board of Directors or the Compensation Committee of the Board of Directors.

TRANSFERS: A participant who transfers from one business unit to another will have their Bonus Reserve transferred with them. At the time of transfer the award will be prorated with respect to the year in which the transfer occurs.

DEMOTION: If an individual is demoted from level 11 or above to level 10 or below, the person will no longer be subject to the Bonus Reserve mechanism. The reserve balance will be paid out one half over each of the next 2 years in accordance with the other provisions of this Plan.

PLAN RULES (CONTINUED)

TERMINATION (DISMISSAL): 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. A participant who is terminated and who has a positive Reserve Balance will forfeit any Reserve Balance. Unless terminated for cause, the individual may be eligible for severance which may include a provision for bonus.

RESIGNATIONS: Except as provided otherwise in this Plan, voluntary termination of employment with the Company will result in forfeiture of any unpaid declared bonuses and of the balance in a participant's Bonus Reserve.

RETIREMENT OR PERMANENT DISABILITY RETIREMENT: A participant who retires or takes disability retirement from the Company will receive full payment of their Reserve Balance and a pro-rata bonus for the year in which they retire. Such payment will be made in a lump sum or over time at the Company's discretion.

DEATH: The estate of a participant who dies while in the employ of the Company will receive full payment of their Reserve Balance and a pro-rata bonus for the year in which they die. Such payment will be made at the regular time for making bonus payments in respect to the year of such death, and will be paid to the designated beneficiary or estate.

SALE OF BUSINESS: If a business is sold, the reserve will be paid out to participants of the sold business.

NO GUARANTEE: Participation provides no guarantee that a bonus will be paid. The success of the Company, its business units and individual participants as measured by the achievement of EVA will determine the extent to which participants will be entitled to receive bonuses hereunder; provided, however, all bonuses are subject to the sole discretion of the Board of Directors or the Compensation Committee of the Board of Directors of the Company.

EXCLUSION CRITERIA: Participation in the Plan is not a right, but a privilege subject to annual review by the Company. RSI retains the right to withhold payment from any participant who violates Company principles or policies, or the rules contained in this Plan.

NEGATIVE BALANCES: The entire Bonus Declared is credited to each participant's personal Bonus Reserve account, with the Target Bonus and one half of any net positive balance paid out. Residual amounts, including negative balances, are reserved forward to be credited or debited against future declared bonus amounts. Negative balances will not be held as claims against participants who leave the payroll for any reason.

ADMINISTRATION

The Chairman, President, and Chief Executive Officer of RSI will administer this Plan, except for bonus awards to the Chief Executive Officer, which will be administered by the Compensation Committee of the Board of Directors of RSI.

BONUS YEAR

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

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, including the Reserve Balances, 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 5" accounting firm chosen by the Company. 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 1999, participants will receive instructions regarding the collection of incentive awards.

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 13% of consolidated RSI NBT may be allotted by RSI throughout the bonus year as an accrual to fund all awards under all incentive compensation plans of the Company, including this Plan, as well as any incentive or bonus payments resulting from employment commitments or agreements.

BONUS FUNDING (CONTINUED)

Bonus payout maximums are limited by the lower of the total declared bonus provided under this Plan, the amount of the accrual at the time of any bonus payment, or the maximum funding limitation. Should the funding limitation or accrual not provide for bonus allotments under this Plan, proration will be performed at the discretion of the Chairman, President and Chief Executive Officer of RSI. Unused funds may not be carried forward for subsequent bonus years.

DISCRETIONARY AWARDS

With the approval of the Board of Directors or the Compensation Committee 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 participants under all RSI incentive compensation plans, including this Plan as well as awards granted off-cycle, may not exceed $500,000 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 10.9(b)
RYDER SYSTEM, INC

NON-QUALIFIED STOCK OPTION AGREEMENT

THIS AGREEMENT, made as of this 19th day of February, 1998, between Ryder System, Inc., a Florida corporation ("RSI"), and [FName] [LName] (the "Grantee");

W I T N E S S E T H:

WHEREAS, the Board of Directors of RSI has adopted and the shareholders of RSI have approved the Ryder System, Inc. Stock for Merit Increase Replacement Plan, as amended (the "Plan"), which provides for the grant of non-qualified stock options ("Non-qualified Stock Options") in lieu of merit salary increases to key executive employees; 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 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 February 19, 1998 a Non-qualified Stock Option to purchase an aggregate of
[Award] shares of RSI's common stock, par value $.50 per share (the "Common Stock"), at a price of $37.2188 per share of Common Stock, 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 February 18, 2008, the expiration of the term of the Non-Qualified Stock Option, as follows:

(i) 20% of the shares of Common Stock subject to the Non-qualified Stock Option effective immediately;

(ii) 20% of the shares of Common Stock subject to the Non-qualified Stock Option on or after February 19, 1999;

(iii) 20% of the shares of Common Stock subject to the Non-qualified Stock Option on or after February 19, 2000;

(iv) 20% of the shares of Common Stock subject to the Non-qualified Stock Option on or after February 19, 2001;

(v) and the final 20% of the shares of Common Stock subject to the Non-qualified Stock Option on or after February 19, 2002.

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 may be exercised in whole or, from time-to-time, in part with respect to the number of then exercisable shares by delivering written notice to RSI addressed to the Controller of RSI specifying the number of shares of Common Stock 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 of 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 the purchase price. As promptly as practicable after any such exercise, RSI will deliver to the Grantee certificates for the number of shares of Common Stock with respect to which the Non-qualified Stock Option has been exercised, issued in the name of the Grantee.

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 12 of the Plan, 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 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, in which case the Non-qualified Stock Option shall automatically terminate.

(ii) 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, for a period of sixty days following the occurrence of a Change of Control at the Price upon a Change of Control specified below.

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 Non-qualified Stock Option or portions thereof 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 approved by the shareholders 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 of Common Stock at which the related Non-qualified Stock Option is exercisable, as applicable.

II. GENERAL

TRANSFERABILITY OF OPTIONS No Options 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 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 Non-qualified Stock Option and the issuance of shares of Common Stock subject thereto 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, subject to the express provisions of the Plan, 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:                                Ryder System, Inc. ("RSI")


By:_____________________________       By:_____________________________
         Edward R. Henderson                 Stephen N. Karp
         Assistant Secretary                 Vice President
                                             Compensation & Benefits

                                        __________________________
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GRANTEE

Social Security Number

FINANCIAL REVIEW
Ryder System, Inc. and Subsidiaries

1998 REVENUE

Full Service Leasing	33%
Integrated Logistics	29%
International	12%
Public Transportation	11%
Rental	10%
Other	5%

[Chart]

This Financial Review discusses the Company's results of operations and financial position and should be read in conjunction with the consolidated financial statements and related notes.

The Company's business segments consist of Integrated Logistics, Transportation Services (which primarily provides full service leasing, programmed maintenance and commercial rental services in the United States and Canada), Public Transportation Services and International (which provides integrated logistics and full service leasing in Europe, South America and Mexico). During 1997, the Company completed the sale of its automotive carrier business. The sale, which followed the 1996 sale of the consumer truck rental business, reinforced the Company's strategy to emphasize contractual businesses which are less cyclical and less capital intensive. In the accompanying consolidated statements of operations and cash flows, the automotive carrier business has been reported as a discontinued operation (see the "Divestitures" note to the consolidated financial statements for a further discussion).

Consolidated Results

In thousands	Years ended December 31 1998	1997	1996
Earnings from continuing operations before special items*	$182,702	162,359	103,136
Per diluted common share	2.48	2.08	1.27
Earnings (loss) from continuing operations	159,071	160,238	(19,423)
Per diluted common share	2.16	2.05	(0.24)

* Year 2000 expense, 1996 restructuring and other charges and the results of the consumer truck rental business.

Earnings from continuing operations increased 13% in 1998 and 57% in 1997 after adjusting for the effects of special items. The earnings growth in 1998 was primarily due to improved performance in Transportation Services and Integrated Logistics which offset slight decreases in Public Transportation Services and International performance. All of the Company's business segments contributed to the improved results in 1997. The earnings per share growth rate the last two years exceeded the earnings growth rate because the average number of shares outstanding during 1998 and 1997 decreased by 5% compared with prior periods. The decrease in shares reflects the impact of the Company's various stock repurchase programs announced since 1996.

Revenue in 1998 totaled $5.2 billion, an increase of $295 million, or 6%, from 1997. International, Public Transportation Services and Integrated Logistics led the 1998 growth with annual increases of 10% or greater. Transportation Services revenue in 1998 was lower due to decreased fuel revenue associated with declining fuel prices and volumes, which offset an improvement in full service leasing and commercial rental revenue. In 1997, revenue decreased $42 million, or 1%, compared with 1996. Excluding the consumer truck rental business, revenue increased 9% in 1997 compared with 1996, led by Integrated Logistics, Public Transportation Services and International.

Operating expense increased 4% in 1998 compared with 1997. The increase was attributable to higher compensation and employee benefit expenses, outside driver costs, maintenance, technology and workers' compensation costs primarily as a result of higher business volumes. These increases were partially offset by lower fuel costs. Operating expense as a percentage of revenue was 73% in 1998 compared with 74% in 1997. The decrease was primarily attributable to lower fuel costs. Operating expense as a percentage of revenue (excluding restructuring and other charges and the consumer truck rental business) decreased to 74% in 1997 from 77% in 1996, due to an overall decrease in employee benefit and vehicle liability expenses.

Freight under management expense, which represents subcontracted freight costs on logistics contracts where the Company purchases transportation, increased $85 million, or 35%, in 1998 and $167 million, or 214%, in 1997 compared with prior periods. Freight under management expense as a percentage of revenue also increased to 6% in 1998 from 5% in 1997 and 2% in 1996. The increases since 1996 reflect the growth these integrated logistics contracts experienced, especially during the latter half of 1997.

Incremental Year 2000 expense totaled $38 million in 1998 ($24 million after tax, or $0.32 per diluted common share) compared with $3 million ($2 million after tax, or $0.03 per diluted common share) in 1997. See "Year 2000 Preparation" for a further discussion of this matter.

Depreciation expense (before gains on vehicle sales) increased 3% in 1998 compared with 1997 reflecting growth in the average size of the full service lease and commercial rental fleets. Gains on vehicle sales increased by $7 million, or 12%, in 1998 compared with 1997. The increase was due to a higher number of vehicles sold in 1998 as well as greater average gain per vehicle sold. As a percentage of revenue, depreciation expense, net of gains on vehicle sales, remained at 12% in 1998 and 1997. Excluding the consumer truck rental business, depreciation expense (before gains on vehicle sales) decreased 1% in 1997 compared with 1996 as the average size of the full service lease vehicle fleet remained constant while the average size of the commercial truck rental fleet decreased 8%. Excluding the consumer truck rental business, gains on vehicle sales decreased in 1997 by $2 million, or 4%, compared with 1996 due to a reduced number of vehicles sold in 1997. As a percentage of revenue, depreciation expense, net of gains on vehicle sales, decreased to 12% in 1997 from 13% in 1996.

Interest expense increased 5% in 1998 compared with 1997 as higher average outstanding debt levels were only partially offset by lower average interest rates. The higher outstanding debt levels resulted primarily from increased levels of capital spending. Interest expense decreased 8% in 1997 compared with 1996 due to lower average debt levels during 1997, reflecting the impact of reduced capital spending which began in 1996 and the Company's use of proceeds from the sale of its consumer truck rental business to pay down debt.

Miscellaneous income, net was $7 million in 1998 compared with $10 million in 1997 and $22 million in 1996. The decrease in 1998 was primarily because of lower earnings from equity investments due in part to the International acquisition of an entity previously reported on the equity method of accounting, increased costs associated with selling, with limited recourse, more trade receivables during the year, and costs incurred in an attempt to sell a portion of the International segment's operations in the U.K. These items were partially offset by increased gains from the sale of surplus non-operating properties and the reversal of a valuation allowance established for the sale of a small, non-strategic business which the Company has elected to retain. The U.K. transactions are discussed in more detail in the "1996 Restructuring" and "International" sections of this Financial Review. The decrease in miscellaneous income, net in 1997, compared with 1996, was primarily due to a gain of

$25 million recognized in 1996 on the sale of the consumer truck rental business. This item was partially offset by decreased costs associated with selling, with limited recourse, less trade receivables during 1997.

The Company's effective tax rate for continuing operations was 38.1% in 1998, 39.3% in 1997 and 222.1% in 1996. The lower 1998 effective tax rate resulted primarily from lower state income taxes and lower net non-deductible items. The lower 1997 effective tax rate relative to the prior year resulted primarily from the impact of a reduced amount of non-deductible expenses on higher pretax earnings as well as a reduction in the corporate income tax rate in the U.K. The 1996 effective tax rate includes the tax effects of non-deductible restructuring and other charges. Additionally, lower income before taxes in 1996 increased the rate impact of normal, recurring non-deductible expenses.

1996 RESTRUCTURING

During 1996, the Company recorded to operating expense, restructuring and other charges of $228 million, attributable to continuing operations, related to plans to improve organizational effectiveness, improve margins and contain costs. The restructuring plan included reducing the workforce by approximately 2,300 positions, including employees who took advantage of early retirement programs, and closing approximately 200 operating and administrative locations in order to achieve economies of scale and eliminate redundant processes. The planned headcount reductions and facility closures were substantially completed as of December 31, 1998.

The Company's restructuring initiatives also included asset write-downs and valuation allowances of $81 million relating to facility closures, the anticipated sale of small non-strategic businesses, discontinuance of the company car program, certain information systems and other assets, and $29 million for other costs associated with the restructuring initiatives including relocation of employees and professional fees incurred as part of the implementation of the restructuring. The Company substantially completed its facility closure program during the third quarter of 1998 and credited to operating expense, excess accruals of $3.4 million. During the fourth quarter of 1998, the Company also decided to retain a small business previously held for sale in the U.K. and credited to miscellaneous income, a valuation allowance of $7.5 million which had been established in 1996.

See the "Restructuring and Other Charges" note to the consolidated financial statements for a further discussion.

OPERATING RESULTS BY BUSINESS SEGMENT

In thousands	Years ended December 31 1998	1997	1996
REVENUE			
Transportation Services:			
Full service lease and programmed maintenance	$1,604,739	1,584,159	1,579,251
Commercial rental	467,222	419,720	429,278
Fuel	533,406	635,849	702,323
Other	261,477	246,907	268,557
	2,866,844	2,886,635	2,979,409
Integrated Logistics	1,501,126	1,370,320	1,104,797
Public Transportation Services	581,748	525,757	439,750
International	603,834	457,869	358,869
Intersegment eliminations	(364,828)	(346,676)	(386,815)
Total revenue from reportable segments	5,188,724	4,893,905	4,496,010
Consumer truck rental	--	--	440,113
Total revenue	$5,188,724	4,893,905	4,936,123

EARNINGS (LOSS) BEFORE INCOME TAXES

Transportation Services	$236,466	217,059	171,441
Integrated Logistics	76,514	67,300	36,351
Public Transportation Services	48,367	50,178	39,434
International	(93)	1,516	(9,989)
Intersegment eliminations	(54,619)	(50,061)	(37,933)
Total product line earnings before income taxes from reportable segments	306,635	285,992	199,304
Corporate administrative expenses and other	(11,506)	(18,546)	(21,566)
Year 2000 expense	(38,173)	(3,494)	--
Consumer truck rental	--	--	44,687
Restructuring and other charges	--	--	(228,455)
Total earnings (loss) before income taxes	$256,956	263,952	(6,030)

Fleet size (owned and leased), including International:			
Full service lease	120,018	113,565	112,518
Commercial rental	39,832	36,631	37,609
Buses operated or managed	15,226	14,552	13,098
Transportation Services locations	1,034	957	1,083

The Company evaluates financial performance based upon several factors, of which the primary measure is business segment earnings before income taxes and one-time items such as Year 2000 expense and 1996 restructuring and other charges. Business segment earnings before income taxes represent the total profit earned from each segment's customers across all of the Company's segments and include allocations of certain overhead costs.

INTEGRATED LOGISTICS

Ryder Integrated Logistics helps clients speed products to market, reduce inventory, free working capital, improve customer satisfaction and expand into new markets-domestically and globally. We achieve these goals by providing supply chain solutions, from raw material supply management to finished goods distribution. Solutions range from just-in-time pickup and delivery (smoothing material flow into assembly and manufacturing plants) to flow-through distribution (products from multiple locations are brought into a central facility, consolidated by delivery destination and shipped, minimizing facility investment and material handling). Ryder also offers dedicated contract carriage for time-sensitive door-to-door shipping. Additionally, Ryder offers shipment and carrier management to optimize all methods of domestic and international transportation, from mode selection support to complete planning and execution of the transportation process.

INTEGRATED LOGISTICS REVENUE [GRAPH]

Integrated Logistics serves more than 400 customers on three continents and has special expert teams dedicated to automotive, aerospace, communications, consumer goods, electronics, health care, high tech, industrial products, retail and utilities industries.

Revenue from Integrated Logistics increased 10% in 1998 compared with 1997, primarily due to expansion of revenue with existing customers and start-up of business sold in the previous year. The largest component of growth in 1998 has come from logistics contracts where the Company manages the transportation of freight and subcontracts the delivery of products to third parties. Operating revenue (which excludes subcontracted freight costs) increased 4% in 1998 compared with 1997. Revenue growth from Integrated Logistics was impacted by the termination of two large accounts in the last year. Adjusting for these accounts, total revenue and operating revenue would have increased 15% and 9%, respectively, in 1998 compared with 1997. Revenue growth for Integrated Logistics was also impacted by lower levels of new business sales during 1997 and the first half of 1998; however, new business sales in the second half of 1998 increased more than 50% compared to the second half of 1997. Management believes that improved sales force capabilities, industry segmentation, and the ability to leverage rapidly emerging logistics technologies and alliances to enhance service offerings should result in continued new sales growth and higher revenue growth rates in 1999.

Integrated Logistics pretax earnings increased 14% in 1998 compared with 1997. Pretax earnings as a percentage of operating revenue also increased to 6.5% in 1998 from 6.0% in 1997. These improvements were primarily due to increased operating efficiencies, lower overhead spending, improved pricing in new and existing contracts and, to a lesser extent, the growth in revenue.

Total revenue increased 24% in 1997 compared with 1996, primarily due to expansion of business with existing customers and start-up of business from sales in 1996. Operating revenue was 10% higher in 1997 compared with 1996. Pretax earnings increased 85% in 1997 and pretax earnings as a percentage of operating revenue also increased to 6.0% in 1997 from 3.5% in 1996. The significant earnings improvement resulted from the growth in revenue combined with operating efficiencies, improved pricing in new and existing contracts and lower vehicle liability and overhead expenses.

TRANSPORTATION SERVICES

The primary product lines of Transportation Services consist of full service leasing, programmed maintenance and commercial rental of trucks, tractors and trailers. Revenue in the Transportation Services segment decreased 1% in 1998 compared with 1997 and 3% in 1997 compared with 1996. The results for both years were impacted by decreased fuel revenue. Dry revenue (revenue excluding fuel) increased 4% in 1998 compared with 1997 primarily due to growth in commercial rental revenue. Dry revenue declined 1% in 1997 compared with 1996 due to reduced commercial rental revenue.

Fuel revenue decreased 16% and 9% in 1998 and 1997, respectively, compared with the prior periods as a result of both lower fuel prices and volume. Other transportation services revenue, consisting of third-party maintenance, trailer rentals and other ancillary revenue to support product lines, increased 6% in 1998 and decreased 8% in 1997, compared with prior periods.

Transportation Services pretax earnings increased 9% in 1998 compared with 1997. Earnings before income taxes as a percentage of dry revenue also improved to 10.1% in 1998, compared with 9.6% in 1997. The improvement resulted from higher revenue and operating margins in both product lines, especially commercial rental, which more than offset increased overhead spending for technology and 1998 marketing initiatives. Transportation Services earnings before income taxes increased 27% in 1997 compared with 1996. Earnings before income taxes as a percentage of dry revenue also improved to 9.6% in 1997, compared with 7.5% in 1996. The improvement resulted from higher operating margins in commercial rental and reduced overhead spending primarily due to 1996 restructuring actions and a focus on cost containment throughout the Company.

FULL SERVICE LEASING. Full service leasing continues to be Ryder's largest product line, supplying more than 13,500 full service leasing customers with 109,000 vehicles in the U.S. and Canada. Full service leasing 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. The full service leasing product line provides nearly all of the vehicles operated by Ryder to serve Integrated Logistics customers, as well as nearly all the maintenance services for Public Transportation Services vehicles.

Under a customized full service lease, Ryder offers customers vehicle specification and acquisition support; preventive maintenance; licensing and permitting; emergency road service; fuel and fuel tax reporting; substitute vehicles; safety programs; customized vehicle painting and washing; flexible return conditions; and vehicle reliability and protection programs.

To serve customers and prospects with more tailored solutions to meet their financial, maintenance and vehicle management needs, Ryder offers the Ryder Citicorp Lease. The Ryder Citicorp Lease combines Ryder's equipment management expertise with Citicorp's financing flexibility to provide customized solutions in four service areas: vehicle specification and acquisition, financing, programmed maintenance, and vehicle management services.

FULL SERVICE LEASING REVENUE [GRAPH]

Ryder's maintenance expertise is also available to companies who choose to own their vehicles. Ryder Programmed Maintenance offers companies all of the components of a full service lease except the actual vehicles. Many programmed maintenance customers eventually ask Ryder to take on an expanded role in their transportation operations.

Full service lease and programmed maintenance revenue increased 1% in 1998 compared with 1997. New lease sales for 1998 were significantly ahead of new lease sales in 1997 and the best since 1994. The strong lease sales in 1998 were partially offset by extended manufacturer's delivery times for new vehicle purchases which delayed the period for lease revenue recognition. However, the impact of delays in delivery did begin to lessen during the second half of 1998 and revenue grew 3% during this period. Management expects continued revenue growth in 1999 in light of the increased level of new lease sales. Operating margin (revenue less direct operating expenses, depreciation and interest expense) and operating margin as a percentage of revenue from full service leasing were up slightly in 1998, compared with 1997, as revenue growth on a larger fleet was offset by higher vehicle maintenance costs, principally on older units.

Revenue from full service lease and programmed maintenance was about the same in 1997, compared with 1996, as new lease sales were offset by lost business including selected non-renewal of lower margin business. Operating margin and operating margin as a percentage of revenue were slightly lower in 1997 compared with 1996 as the benefit of improved pricing on new lease sales in 1997 and 1996 was offset by higher vehicle maintenance costs.

COMMERCIAL RENTAL. Helping companies meet their short-term transportation needs safely, efficiently and cost-effectively is one of Ryder's strengths. With more than 37,000 trucks, tractors and trailers available for rent in the U.S. and Canada, Ryder offers vehicles for short-term rental. Often times, these vehicles supplement the needs of full service lease customers when they require additional vehicles to meet peak demand, to replace vehicles being serviced or to serve as temporary vehicles while awaiting delivery of new full service lease vehicles.

COMMERCIAL RENTAL REVENUE [GRAPH]

Commercial rental revenue in 1998 increased 11%, compared with 1997, due to strong utilization of a larger fleet. Utilization levels reflect, in part, increased demand from full service lease customers, especially while awaiting delivery of new full service lease vehicles. Such "awaiting new lease" rental revenue increased $23 million, or 95%, in 1998 compared with 1997. The average commercial truck rental fleet size was 7% larger in 1998 compared with 1997 which was consistent with management's plan to grow the rental fleet in response to strengthening demand beginning in the second half of 1997 and to shift the fleet mix to more light-duty trucks. Management believes that with the current fleet level and demand, this product line is well positioned for continued good performance in 1999. However, the commercial rental product line continues to be sensitive to the overall condition of the U.S. economy and 1999 rental results will depend to a great extent on the strength of the economy.

Revenue from commercial rental decreased 2% in 1997 compared with 1996, primarily due to planned fleet reductions; however, revenue per unit and utilization were higher in 1997. Stronger demand for rental resulted in revenue growth in the second half of 1997 compared with the second half of 1996.

Commercial rental operating margin and operating margin as a percentage of revenue were significantly higher in 1998 and 1997, compared with prior periods, as a result of higher vehicle utilization.

PUBLIC TRANSPORTATION SERVICES

Ryder extends its logistics expertise to the public sector through its Public Transportation Services segment, which includes student transportation, public transit and public fleet management and maintenance services.

Ryder Student Transportation Services, one of the largest providers of student transportation services in the U.S., transports more than 650,000 students daily in 477 school systems in 26 states.

Ryder/ATE provides public transit contracting and management services to nearly 90 public transit organizations in such cities as Los Angeles, Dallas, Charlotte and New York City. Those systems range from shuttles with fixed routes and express bus service to paratransit systems.

PUBLIC TRANSPORTATION SERVICES REVENUE [GRAPH]

Ryder/MLS is the nation's largest private supplier of fleet management and maintenance services for public fleets and for utility companies. More than 30,000 vehicles and pieces of equipment owned by cities, counties, municipalities, colleges and utilities are managed or maintained by Ryder/MLS.

Public Transportation Services revenue increased 11% in 1998 compared with 1997. This revenue growth was primarily achieved through contributions from new contracts, as well as the impact of four acquisitions completed in student transportation services since December 1997. Revenue in Public Transportation Services increased 20% in 1997, compared with 1996, reflecting the expansion of existing contracts and contributions from new contracts, primarily at Ryder/ATE, as well as the impact of a first quarter 1997 acquisition in student transportation and public transportation. Pretax earnings in Public Transportation Services decreased 4% in 1998 compared with 1997, and pretax earnings as a percentage of revenue declined to 8.3% in 1998 compared with 9.5% in 1997. These results were due to increased maintenance, safety and termination costs associated with several transit and fleet maintenance contracts at Ryder/ATE which more than offset improvements in student transportation services achieved as a result of revenue growth and fleet efficiencies. Pretax earnings in Public Transportation Services increased 27% in 1997 compared with 1996, and pretax earnings as a percentage of revenue increased to 9.5% in 1997 from 9.0% in 1996. These improvements were primarily as a result of the growth in revenue, lower vehicle liability expense and lower driver compensation costs as a percentage of revenue.

INTERNATIONAL

During 1998, Ryder continued to strengthen its presence within Latin America and Europe, with the objective of becoming the leading provider of supply chain management solutions. Ryder's supply chain management is globally coordinated, targets key industries with an array of logistics services, and implements and operates specialized logistics solutions tailored to both customer and local market requirements and norms.

In Latin America, Ryder completed the acquisition of Companhia Transportadora e Comercial Translor ("Translor"), a major logistics provider in Brazil. In Europe, Ryder continues to focus on further refining a comprehensive Pan-European strategy that will enable the Company to better serve customers in this highly complex market.

INTERNATIONAL REVENUE [GRAPH]

The International segment experienced revenue growth of 32% in 1998 and 28% in 1997, compared with the prior years. The revenue growth in 1998 resulted primarily from the May 1998 acquisition of the remaining interest in Translor; however, revenue improvements were made in every country. The 1998 revenue growth also reflected the impact of a ground equipment maintenance contract with British Airways that commenced in the U.K. during the second quarter of 1997. The 1997 increase in revenue was primarily due to new logistics and maintenance contracts in the U.K. and expanding operations in Argentina and Mexico.

Pretax results in the International segment were break-even in 1998 compared with earnings of $1.5 million in 1997. The results in the International segment were adversely affected by operations in the U.K. and Brazil which reported decreased pretax earnings in 1998 of $10 million. During 1998, the Company explored various alternatives relative to disposing of its full service leasing and commercial rental business in the U.K. in order to focus on global integrated logistics. In December

1998, the Company announced its intention to retain this business. U.K. results include $5.5 million in transaction and other costs incurred during the sale process. The U.K. results also include losses and write-offs of $7.5 million associated with two logistics contracts which have been terminated or renegotiated. These U.K. charges were somewhat mitigated by the reversal of a valuation allowance originally established in 1996 for the sale of a small, non-strategic business in the U.K. which the Company elected to retain. The results in Brazil reflect the country's general economic problems experienced during the year.

Pretax earnings in the International segment were $1.5 million in 1997 compared with a loss of $10 million in 1996. The significant improvement in earnings in 1997 compared with 1996 results principally from revenue growth. 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.

CORPORATE ADMINISTRATIVE EXPENSES AND OTHER

Net corporate administrative expenses and other totaled $12 million in 1998 compared with $19 million in 1997 and $22 million in 1996. Lower 1998 costs were primarily due to gains from the sale of surplus non-operating properties and the re-insurance of certain vehicle-related liabilities. Lower 1997 costs were primarily due to headcount reductions resulting from the 1996 restructuring plan and reduced spending levels.

DISCONTINUED OPERATIONS

On September 30, 1997, the Company completed the sale of its automotive carrier business for $111 million in cash and realized a $3 million after tax gain ($0.04 per diluted common share). The transaction was made at a premium over the net book value of the business sold and also generated gains from the settlement and curtailment of certain employee benefit and postretirement plans, offset by provisions for severance and direct transaction and other costs. The disposal of the automotive carrier business has been accounted for as a discontinued operation and accordingly, its operating results and cash flows are segregated and reported as discontinued operations in the accompanying consolidated financial statements.

Earnings (loss) from discontinued operations before disposition gain totaled $12 million in 1997 and $(12) million in 1996. The loss from discontinued operations in 1996 includes the after tax impact of restructuring and other charges of $14 million. The increase in earnings in 1997 (excluding restructuring and other charges) was primarily due to an increase in vehicles shipped through the sale date over the comparable 1996 period and reduced overhead expenses as a result of the 1996 restructuring actions.

FINANCIAL RESOURCES AND LIQUIDITY

CASH FLOW

The following is a summary of the Company's cash flows from continuing operating, financing and investing activities for the past three years:

	Years ended December 31		
In thousands	1998	1997	1996
Net cash provided by (used in):			
Operating activities	$ 960,539	615,791	532,683
Financing activities	(124,862)	(105,184)	(317,728)
Investing activities	(775,694)	(628,855)	(128,215)
Net cash flows from continuing operations	$ 59,983	(118,248)	86,740

The increase in cash flow from continuing operating activities in 1998, compared with 1997, was attributable to lower working capital needs. The lower working capital needs related primarily to an increase in the aggregate balance of trade receivables sold, increased accounts payable for vehicle purchases due to the timing of new lease sales and vehicle deliveries, and lower cash payments for accrued expenses as 1997 activity reflected payments associated with restructuring activities initiated in 1996. The increase in cash flow from continuing operating activities in 1997, compared with 1996, resulted primarily from higher earnings before non-cash charges, such as depreciation and deferred income taxes, which were partially offset by higher working capital needs. A summary of the individual items contributing to the cash flow changes is included in the Consolidated Statements of Cash Flows.

During 1998, cash of $125 million was used for financing activities, primarily to repurchase $110 million of common stock and pay dividends of $44 million. Debt levels were relatively unchanged for 1998 compared with 1997. During 1997, cash of $105 million was used for financing activities. Net cash expended for the purchase of common stock of $241 million and to pay dividends of $46 million was partially offset by additional borrowings of $120 million and stock issuances from employee option plans of $62 million. In December 1998, the Company announced its fourth stock repurchase program since 1996, to acquire up to three million shares of common stock in open market transactions. The three prior programs were completed in their entirety, resulting in the repurchase of fifteen million shares of common stock. The Company has utilized proceeds from the sale of the automotive carrier business and the consumer truck rental business, cash from operating activities and commercial paper borrowings to fund these programs.

The increase in cash used for investing activities in 1998 compared with 1997 is primarily attributable to higher capital expenditures which was partially offset by the sale and operating leaseback of revenue earning equipment in 1998. Additionally, 1997 investing activities included the sale of the automotive carrier business which generated proceeds of $111 million. The significant increase in cash used for continuing investing activities in 1997 compared with 1996 is primarily attributable to the 1996 sale of the consumer truck rental business which generated proceeds of $574 million.

The following is a summary of capital expenditures for the past three years:

In thousands	Years ended December 31 1998	1997	1996
Revenue earning equipment:			
Transportation Services	$1,136,582	818,932	841,764
Public Transportation Services	32,044	45,027	44,808
International	84,432	75,991	129,412
	1,253,058	939,950	1,015,984
Operating property and equipment	116,059	99,168	173,224
Consumer truck rental	--	--	68,099
	$1,369,117	1,039,118	1,257,307

The increase in capital spending for 1998 was consistent with management's expectations of anticipated growth and fleet replacement in full service leasing and commercial rental. For the year, capital expenditures in full service truck leasing increased $238 million in 1998 to $932 million. Capital expenditures for commercial rental were $165 million in 1998, an increase of $62 million compared with 1997, due to a planned shift in fleet mix and fleet replacement to reduce the average age of the commercial rental fleet. The decrease in spending for Public Transportation Services in 1998 was primarily due to the timing of fleet replacement. International capital expenditures increased in 1998 due primarily to additional spending on the lease fleet in the U.K. In 1999, management projects that capital expenditures will exceed 1998 levels by 20%-25%, primarily as a result of anticipated growth and fleet replacement in full service truck leasing. The Company expects to fund its 1999 capital expenditures with both internally generated funds and additional financing.

During 1998 and 1997, the Company completed a number of acquisitions, in all business segments, each of which has been accounted for using the purchase method of accounting. Total consideration for these acquisitions was $70 million in 1998 and $84 million in 1997. The Company will continue to evaluate selective acquisitions in full service leasing, integrated logistics and public transportation in 1999.

The Company's cash requirements are funded principally through operations and the sale of revenue earning equipment. Cash flow from continuing operating activities (excluding sales of receivables) plus asset sales (excluding sale of business) as a percentage of capital expenditures (net of proceeds from the sale and leaseback of revenue earning equipment) was 110% in 1998, compared with 92% in 1997 and 82% in 1996. The increase in 1998 as compared with 1997 was primarily due to improved cash flow from operations and the sale and leaseback of equipment which offset higher capital spending. The 1997 increase reflected decreased capital spending and improved cash flow from operations.

FINANCING

Ryder utilizes external capital to support growth in its asset-based product lines. The Company has a variety of financing alternatives available to fund its capital needs. These alternatives include long- and medium-term public and private debt, as well as variable-rate financing available through bank credit facilities and commercial paper. The Company also periodically enters into sale and leaseback agreements of revenue earning equipment, the majority of which are accounted for as operating leases. The Company's debt ratings as of December 31, 1998 were as follows:

	Commercial Paper	Unsecured Notes
Moody's Investors Service	P2	Baa1
Standard & Poor's Ratings Group	A2	BBB+
Duff and Phelps	D1	A

On April 29, 1998, Moody's Investors Service lowered its senior unsecured debt rating on the Company to Baa1 from A3 and assigned a Baa1 rating to the Company's $720 million global revolving credit facility. All other debt ratings are consistent with the prior year.

Debt totaled $2.6 billion at the end of 1998 and 1997; however, the composition of the Company's debt portfolio changed during the year. The Company made $251 million of scheduled unsecured note payments in 1998 and issued $405 million of unsecured debentures and medium-term notes with the proceeds used to reduce commercial paper balances. U.S. commercial paper outstanding at December 31, 1998, was $198 million, compared with $340 million at the end of 1997. The Company's foreign debt also remained unchanged at approximately $390 million. The Company's percentage of variable-rate financing obligations was 27% at December 31, 1998, which is within the Company's targeted level of 25%-30% and comparable to December 31, 1997. The Company's debt to equity ratio at December 31, 1998, decreased to 236% from 242% at December 31, 1997.

During 1997, the Company entered into a $720 million global revolving credit facility, which expires in 2002, and replaced existing credit facilities in the U.S., U.K. and Canada. The primary purpose of the credit facility is to finance working capital and provide support for the issuance of commercial paper. At the Company's option, the interest rate on borrowings under the credit facility is based on LIBOR, prime, federal funds or local equivalent rates. The credit facility has an annual facility fee of 0.08% based on the Company's current credit rating. At December 31, 1998, foreign borrowings of $55 million were outstanding under the credit facility.

At the end of 1998, $468 million was available under the Company's global credit facility. In September 1998, the Company filed an $800 million shelf registration statement with the Securities and Exchange Commission. Proceeds from debt issues under the shelf registration are expected to be used for capital expenditures, debt refinancing and general corporate purposes. As of December 31, 1998, the Company had $661 million of debt securities available for issuance under this shelf registration statement. The Company also participates in an agreement to sell, with limited recourse, up to $350 million ($50 million of which is uncommitted) of trade receivables on a revolving basis through July 2002. At December 31, 1998, the outstanding balance of receivables sold pursuant to this agreement was $200 million.

Proceeds from sale-leaseback transactions were $312 million in 1998. The 1998 sale-leaseback transactions include a vehicle securitization transaction whereby the Company sold a beneficial interest in certain long-term vehicle leases and related lease vehicle residuals to a separately-rated and unconsolidated vehicle lease trust (the "Trust") for $78 million, which approximated the carrying value of the vehicles. The Company received $73 million in cash and a $5 million subordinated note from the Trust. The Trust funded the cash payment to the Company with the issuance of triple-A rated senior notes and single-A rated asset-backed certificates collateralized by a beneficial interest in the long-term vehicle leases and the residual value of the vehicles. The senior notes and asset-backed certificates are not insured or guaranteed by the Company; however, the Company has provided credit enhancement in the form of a cash reserve fund of approximately $3 million and a pledge of its subordinated note as additional security for the Trust to the extent that delinquencies and losses on the truck leases and related vehicle sales are incurred. The completion of the vehicle securitization provides the Company with further liquidity and access to new capital markets.

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 $9 million in 1998 and $7 million in 1997. Environmental capital expenditures have primarily related to a government mandated tank replacement program which was completed by the end of 1998; accordingly, these capital expenditures are expected to decrease from 1998 levels. The Company also incurred $4 million of environmental expenses in 1998, compared with $5 million in 1997 and $7 million in 1996, which included normal recurring expenses, such as licensing, testing and waste disposal fees. Based on current circumstances and the present standards imposed by governmental regulations, environmental expenses should not increase materially from 1998 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.

YEAR 2000 PREPARATION

The Year 2000 issue is the result of computer systems, software products and embedded technology using two digits rather than four to indicate the applicable year. If not addressed, such computer systems, software products and embedded technology may be unable to properly interpret dates beyond the year 1999, which could cause system failures or miscalculations and lead to disruptions in the Company's activities and operations.

During 1997, after consideration of the potential impact to operations, including customer and supplier relationships, an enterprise-wide program was initiated to modify computer information systems to be Year 2000 compliant or to replace non-compliant systems. The Company has established a Year 2000 Steering Committee comprised of senior executives to address compliance issues and alternatives. The Company also established a program office dedicated to implementing the Year 2000 compliance plan, and has engaged external consultants to provide day-to-day management oversight and contractors to remediate and test non-compliant source code. Accordingly, the majority of the Company's Year 2000 costs are incremental to operations. Management believes that adequate resources have been allocated to the Year 2000 effort and expects the Year 2000 compliance program to be completed on a timely basis.

The Company has identified three major areas determined to be critical for successful Year 2000 compliance: (1) information systems, such as mainframes, PCs, networks and similar type systems maintained at customer sites, and legacy applications relating to operations such as financial reporting, human resources, purchasing, treasury, marketing and sales; (2) third-party relationships, including customers, suppliers, vendors and government agencies; and (3) facilities and equipment which may contain microprocessors with embedded technology.

The Company's Year 2000 compliance program for each major area can be segregated into three broad phases. Phase I of the program is the assessment of information systems, facilities and equipment, and services and products provided by third parties in order to identify exposures to Year 2000 issues and to develop a master plan of action including remediation, retirement or replacement of non-compliant systems. Phase II of the program is the implementation of action plans. Phase III of the program is the final testing of each major area of exposure to ensure compliance, the placement of remediated items into production and contingency planning to assess reasonably likely worst case scenarios.

The Company has completed the assessment of the legacy application and system software. The Company's remediation plan for this area is segregated into 15 major partitions worldwide. Currently, the Company's remediation projects are at different phases of completion; overall, approximately 55% of the remediation effort has been performed. Remediation and testing activities are underway on most of the Company's core business applications. Final testing of remediated code is scheduled to be substantially completed by mid-1999. In addition, due to the uncertainties inherent in this undertaking, the Company has initiated contingency planning to evaluate a course of action to minimize the impact of any unforeseen disruption resulting from non-compliance.

The Company relies on suppliers, vendors and government agencies to timely provide a wide range of goods and services, including equipment, supplies, telecommunications, utilities, transportation services and banking services. Management believes that third-party relationships represent the greatest risk with respect to the Year 2000 issue because of the Company's limited ability to influence actions of third parties and to estimate the impact of non-compliance of third parties throughout the Company's operations. The Company is making concerted efforts to understand the Year 2000 status of third parties whose Year 2000 non-compliance could either have a material adverse effect on the Company's business, financial condition or results of operations or involve a safety risk to employees or customers. The Company continues to survey and communicate with customers, suppliers and vendors with whom it has important financial and operational relationships to assess the status of their Year 2000 compliance program and to develop a joint contingency plan.

The Company's vendor compliance program includes the following: assessing vendor compliance status; tracking vendor compliance progress; developing contingency plans, including identifying alternate vendors, as needed; addressing contract language; replacing, remediating or upgrading equipment;

requesting certification from vendors or making on-site assessments, as required; and sending questionnaires and conducting phone interviews. Some of the Company's significant suppliers and vendors have not responded to inquiries, have declined to respond because of liability concerns or have not responded with sufficient detail for the Company to ensure (a) timely Year 2000 compliance, or (b) the impact to the Company in the event of non-compliance. The Company is continuing to pursue adequate responses from mission critical business partners under the new "Year 2000 Readiness Disclosure" legislation. However, the Company can provide no assurance that Year 2000 compliance plans will be successfully completed by third parties in a timely manner.

In the facilities and equipment area, the Company's exposure relates to embedded technology in, among other things, vehicles, vehicle-related devices, and fuel storage and other facilities operated by the Company. Based upon preliminary testing and discussions with major truck manufacturers, it appears that the microprocessors installed by the truck manufacturers are Year 2000 compliant. Remediation of leak detection devices on the Company's underground fuel storage tanks will be completed by mid-1999. The Company is continuing to assess its exposure and to develop action and contingency plans for other critical facilities and equipment, including on-board vehicle computers acquired from manufacturers other than major truck manufacturers.

The Company has developed a Year 2000 contingency plan development process to mitigate potential disruptions in the Company's activities and operations that may be created by failures of critical business partners, facilities and equipment, and internal systems. Management currently believes that the most likely worst case scenario will consist of some localized disruptions of systems that may affect individual business processes, facilities or suppliers for a short time rather than systemic or long-term problems affecting business operations as a whole. Through visits to key operating sites, departments, customers, and vendors, potential disruption scenarios are being identified and contingency plans are being developed. These plans address preparation, assessment of failure, and resumption of critical business functions. Detailed contingency plans for each business unit and for critical business processes are expected to be developed by the third quarter of 1999.

However, the Company can provide no assurance that it will correctly anticipate the level, impact or duration of non-compliance by critical business partners, facilities and equipment or internal systems, or that contingency plans will be sufficient to mitigate the impact of non-compliance.

Based upon current information, the Company estimates that the impact on after tax earnings for incremental Year 2000 costs range from $34 to $38 million, an increase of approximately $12 million from the estimate provided in the 1997 annual report. The increase in estimated costs reflects primarily the discovery of additional lines of software code subject to remediation. Through December 31, 1998, the Company has incurred $26 million after tax on the Year 2000 project. The majority of costs incurred to date relate to remediation activities. These costs have been and will continue to be funded through operating cash flows and expensed as incurred. Future costs are difficult to estimate and actual results could differ significantly from the Company's expectations due to changes in software remediation or replacement plans, unanticipated technological difficulties, project vendor delays or overruns, impact of third-party non-compliance and the cost and availability of resources.

EURO CONVERSION

On January 1, 1999, the participating countries of the European Union adopted the euro as their common legal currency. The participating countries' existing national currencies will continue as legal tender until at least January 1, 2002. During this transition period, parties may pay for goods and services using either the euro or the participating country's legacy currency. The Company is presently assessing the business implications of conversion to the euro, principally the need to adapt internal systems to accommodate euro-denominated transactions. Due to the nature of current international operations, conversion to the euro is not expected to have a material impact on the Company's results of operations or financial position.

RECENT ACCOUNTING PRONOUNCEMENTS

In March 1998, the American Institute of Certified Public Accountants (AICPA) issued Statement of Position (SOP) 98-1, "Accounting for the Costs of Computer Software Developed or Obtained for Internal Use," which is effective for fiscal years beginning after December 15, 1998. The statement outlines the accounting treatment for certain costs related to the development or purchase of software to be used internally and requires that costs incurred during the preliminary project and post-implementation/operation stages be expensed, and costs incurred during the application development stage be capitalized and amortized over the estimated useful life of the software. Adoption of this statement is not expected to have a material impact on the Company's results of operations or financial position.

In April 1998, the AICPA also issued SOP 98-5, "Reporting on the Costs of Start-up Activities." SOP 98-5, which is effective for fiscal years beginning after December 15, 1998, requires that all costs of start-up activities, including organization costs, be expensed as incurred. Adoption of this statement is not expected to have a material impact on the Company's results of operations or financial position.

In June 1998, the Financial Accounting Standards Board issued FAS No. 133, "Accounting for Derivative Instruments and Hedging Activities," which requires all derivatives to be recognized at fair value as either assets or liabilities on the balance sheet. Any gain or loss resulting from changes in such fair value is required to be recognized in earnings to the extent the derivatives are not effective as hedges. This statement is effective for fiscal years beginning after June 15, 1999, and is effective for interim periods in the initial year of adoption. Adoption of this statement is not expected to have a material impact on the Company's results of operations or financial position.

OUTLOOK

In 1999, the Company will focus on several key areas to sustain growth, maximize shareholder value and improve EVA. The Company will emphasize growing revenue in all business segments through increased new sales and improved customer loyalty and retention, building on strategic alliances and enhanced services to increase the base of logistics business, and rationed capital spending and overall cost containment to enhance productivity and EVA.

FORWARD-LOOKING STATEMENTS

This annual report contains "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. These statements are based on the current plans and expectations of Ryder System, Inc. and involve risks and uncertainties that may cause actual results to differ materially from the forward-looking statements.

Important factors that could cause such differences include, among others, general economic conditions in the United States and worldwide, the highly competitive environment applicable to the Company's operations (including competition in integrated logistics from other logistics companies as well as from air cargo, shipping, railroads and motor carriers and competition in full service leasing and commercial rental from companies providing similar services as well as truck and trailer manufacturers who provide leasing, extended warranty maintenance, rental and other transportation services), greater than expected expenses associated with the Company's personnel needs or activities (including increased cost of freight and transportation), availability of equipment, changes in customers' business environments (or the loss of a significant customer), changes in government regulations and disruptions due to Year 2000 non-compliance by the Company, its suppliers or customers.

The risks included here are not exhaustive. New risk factors emerge from time to time and it is not possible for management to predict all such risk factors or to assess the impact of such risk factors on the Company's business.

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 Corporate Conduct Guidelines. The importance of these standards is stressed throughout the Company and all of our employees are expected to comply with them.

/s/ M. ANTHONY 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, 1998 and 1997, and the related consolidated statements of operations, shareholders' equity and cash flows for each of the years in the three-year period ended December 31, 1998. 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, 1998 and 1997, and the results of their operations and their cash flows for each of the years in the three-year period ended December 31, 1998, in conformity with generally accepted accounting principles.

/s/ KPMG LLP

Miami, Florida
February 4, 1999

CONSOLIDATED STATEMENTS OF OPERATIONS
Ryder System, Inc. and Subsidiaries

In thousands, except per share amounts	Years ended December 31 1998	1997	1996
Revenue	$ 5,188,724	4,893,905	4,936,123
Operating expense	3,767,063	3,609,612	4,003,269
Freight under management expense	330,124	244,874	77,946
Year 2000 expense	38,173	3,494	--
Depreciation expense, net of gains	604,281	592,279	676,273
Interest expense	198,857	189,361	206,636
Miscellaneous income, net	(6,730)	(9,667)	(21,971)
	4,931,768	4,629,953	4,942,153
Earnings (loss) from continuing operations before income taxes	256,956	263,952	(6,030)
Provision for income taxes	97,885	103,714	13,393
Earnings (loss) from continuing operations	159,071	160,238	(19,423)
Earnings (loss) from discontinued operations	--	15,447	(11,864)
Earnings (loss) before extraordinary loss	159,071	175,685	(31,287)
Extraordinary loss on early extinguishment of debt	--	--	(10,031)
Net earnings (loss)	$ 159,071	175,685	(41,318)
Earnings (loss) per common share-Basic:			
Continuing operations	$ 2.18	2.08	(0.24)
Discontinued operations	--	0.20	(0.15)
Extraordinary loss on early extinguishment of debt	--	--	(0.12)
Net earnings (loss)	$ 2.18	2.28	(0.51)
Earnings (loss) per common share-Diluted:			
Continuing operations	$ 2.16	2.05	(0.24)
Discontinued operations	--	0.20	(0.15)
Extraordinary loss on early extinguishment of debt	--	--	(0.12)
Net earnings (loss)	$ 2.16	2.25	(0.51)

See accompanying notes to consolidated financial statements.

CONSOLIDATED BALANCE SHEETS

Ryder System, Inc. and Subsidiaries

Dollars in thousands, except per share amounts	December 31 1998	1997
Assets		
Current assets:		
Cash and cash equivalents	$ 138,353	78,370
Receivables	559,141	625,955
Inventories	67,605	66,006
Tires in service	166,578	163,771
Prepaid expenses and other current assets	178,022	157,883
Total current assets	1,109,699	1,091,985
Revenue earning equipment	3,211,969	3,145,461
Operating property and equipment	597,951	581,705
Direct financing leases and other assets	476,390	414,932
Intangible assets and deferred charges	312,592	274,977
	$ 5,708,601	5,509,060
Liabilities and Shareholders' Equity		
Current liabilities:		
Current portion of long-term debt	$ 483,334	301,361
Accounts payable	399,495	305,337
Accrued expenses	479,835	482,811
Total current liabilities	1,362,664	1,089,509
Long-term debt	2,099,697	2,267,554
Other non-current liabilities	343,003	365,264
Deferred income taxes	807,623	726,025
Total liabilities	4,612,987	4,448,352
Shareholders' equity:		
Common stock of $0.50 par value per share Authorized, 400,000,000; outstanding, 1998-71,280,247; 1997-73,692,226	610,543	605,573
Retained earnings	504,105	466,257
Accumulated other comprehensive income	(19,034)	(11,122)
Total shareholders' equity	1,095,614	1,060,708
	$ 5,708,601	5,509,060

See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS
Ryder System, Inc. and Subsidiaries

In thousands	Years ended December 31 1998	1997	1996
Continuing operations			
Cash flows from operating activities:			
Earnings (loss) from continuing operations	$ 159,071	160,238	(19,423)
Depreciation expense, net of gains	604,281	592,279	676,273
Amortization expense and other non-cash charges, net	2,207	9,191	31,563
Gain on sale of consumer truck rental business	--	--	(25,000)
Deferred income tax expense (benefit)	108,806	124,516	(8,810)
Changes in operating assets and liabilities, net of acquisitions:			
Increase in aggregate balance of trade receivables sold	125,000	--	--
Receivables	(31,991)	(76,895)	(192,275)
Inventories	(1,599)	(7,947)	(8,064)
Prepaid expenses and other assets	(40,672)	(61,298)	30,167
Accounts payable	88,220	22,305	(50,078)
Accrued expenses and other non-current liabilities	(52,784)	(146,598)	98,330
	960,539	615,791	532,683
Cash flows from financing activities:			
Net change in commercial paper borrowings	(150,162)	305,132	(36,568)
Debt proceeds	475,161	47,502	138,992
Debt repaid, including capital lease obligations	(328,873)	(232,597)	(312,677)
Dividends on common stock	(43,841)	(45,859)	(48,315)
Common stock issued	32,393	61,973	63,710
Common stock repurchased	(109,540)	(241,335)	(122,870)
	(124,862)	(105,184)	(317,728)
Cash flows from investing activities:			
Purchases of property and revenue earning equipment	(1,369,117)	(1,039,118)	(1,257,307)
Sales of property and revenue earning equipment	326,195	344,513	373,300
Sale and leaseback of revenue earning equipment	312,230	--	150,000
Acquisitions, net of cash acquired	(70,081)	(84,195)	--
Proceeds from business sold	--	111,306	574,167
Other, net	25,079	38,639	31,625
	(775,694)	(628,855)	(128,215)
Net cash flows from continuing operations	59,983	(118,248)	86,740
Net cash flows from discontinued operations	--	5,234	11,787
Increase (decrease) in cash and cash equivalents	59,983	(113,014)	98,527
Cash and cash equivalents at January 1	78,370	191,384	92,857
Cash and cash equivalents at December 31	$ 138,353	78,370	191,384

See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

Ryder System, Inc. and Subsidiaries

Dollars in thousands, except per share amounts	Comprehensive Income (Loss)	Common Stock	Retained Earnings	Accumulated Other Comprehensive Income	Total
Balance at January 1, 1996		$ 550,197	703,520	(13,692)	1,240,025
Net loss	$(41,318)	--	(41,318)	--	(41,318)
Foreign currency translation adjustments	9,519	--	--	9,519	9,519
Comprehensive loss	$(31,799)				
Common stock dividends declared-$0.60 per share		--	(48,315)	--	(48,315)
Common stock issued under employee plans (2,833,241 shares)*		63,710	--	--	63,710
Common stock repurchased (4,152,700 shares)		(30,872)	(91,998)	--	(122,870)
Other		5,255	--	--	5,255
Balance at December 31, 1996		588,290	521,889	(4,173)	1,106,006
Net earnings	$175,685	--	175,685	--	175,685
Foreign currency translation adjustments	(6,949)	--	--	(6,949)	(6,949)
Comprehensive income	$168,736				
Common stock dividends declared-$0.60 per share		--	(45,859)	--	(45,859)
Common stock issued under employee plans (2,778,372 shares)*		61,973	--	--	61,973
Common stock repurchased (7,047,300 shares)		(55,877)	(185,458)	--	(241,335)
Other		11,187	--	--	11,187
Balance at December 31, 1997		605,573	466,257	(11,122)	1,060,708
Net earnings	$159,071	--	159,071	--	159,071
Foreign currency translation adjustments	(7,912)	--	--	(7,912)	(7,912)
Comprehensive income	$151,159				
Common stock dividends declared-$0.60 per share		--	(43,841)	--	(43,841)
Common stock issued under employee plans (1,388,021 shares)*		32,393	--	--	32,393
Common stock repurchased (3,800,000 shares)		(32,158)	(77,382)	--	(109,540)
Other		4,735	--	--	4,735
Balance at December 31, 1998		$ 610,543	504,105	(19,034)	1,095,614

*Net of common stock purchased from employees exercising stock options.

See accompanying notes to consolidated financial statements.

Ryder System, Inc. and subsidiaries (the "Company") is a multinational logistics and transportation company operating in nine countries. The Company's segments consist of integrated logistics, transportation services, public transportation services and international.

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. 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.

REVENUE RECOGNITION. Operating lease revenue is recognized as vehicles are used over the terms of the related agreements. Revenue from service contracts is recognized as services are provided, generally at billing rates specified in underlying contracts. Direct financing lease revenue is recognized by the interest method over the terms of the lease agreements.

CASH EQUIVALENTS. All investments in highly liquid debt instruments with maturities of three months or less at the date of 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. Vehicle repairs and maintenance that extend the life or increase the value of the vehicle are capitalized whereas ordinary maintenance and repairs are expensed as incurred. Provision for depreciation is computed using the straight-line method on substantially all depreciable assets. Annual straight-line depreciation rates range from 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 income. Gains on sales of revenue earning equipment, net of selling and equipment preparation costs, are reported as reductions of depreciation expense and totaled $59 million, $52 million and $66 million in 1998, 1997 and 1996, respectively.

TIRES IN SERVICE. The Company allocates a portion of the acquisition costs of revenue earning equipment to tires in service and amortizes such tire costs to expense over the lives of the vehicles and equipment. The cost of replacement tires and tire repairs are expensed as incurred.

INTANGIBLE ASSETS. Intangible assets consist principally of goodwill totaling $275 million in 1998 and $238 million in 1997. Goodwill is amortized on a straight-line basis over appropriate periods generally ranging from 10 to 40 years. Accumulated amortization was approximately $96 million and $84 million at December 31, 1998 and 1997, respectively.

IMPAIRMENT OF LONG-LIVED ASSETS. Long-lived assets, including intangible assets, used in the Company's operations are reviewed for impairment when circumstances indicate that the carrying amount of assets may not be recoverable. The primary indicators of recoverability are the associated current and forecasted undiscounted operating cash flows.

SELF-INSURANCE RESERVES. The Company retains a portion of the risk under vehicle liability, workers' compensation and other insurance programs. 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 amounts are 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.

INCOME TAXES. Deferred taxes are provided using the asset and liability method for temporary differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases.

DERIVATIVE FINANCIAL INSTRUMENTS. From time to time, the Company enters into interest rate swap and cap agreements to manage its fixed and variable interest rate exposure and to better match the repricing of its debt instruments to that of its portfolio of assets. 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. Derivative financial instruments are not leveraged or held for trading purposes.

FOREIGN CURRENCY TRANSLATION. The Company's foreign operations generally 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 other comprehensive income as a translation adjustment. For subsidiaries whose economic environment is highly inflationary, the U.S. dollar is the functional currency and gains and losses that result from translation are included in earnings.

STOCK-BASED COMPENSATION. Stock-based compensation is recognized using the intrinsic value method. Under this method, compensation cost is recognized based on the excess, if any, of the quoted market price of the stock at the date of grant (or other measurement date) and the amount an employee must pay to acquire the stock.

EARNINGS PER SHARE. Basic earnings per share is computed by dividing net earnings (loss) by the weighted average number of common shares outstanding. Diluted earnings per share reflects the dilutive effect of potential common shares from securities such as stock options.

ACCOUNTING CHANGES. Effective December 31, 1998, the Company adopted Statement of Financial Accounting Standards (FAS) No. 131, "Disclosures about Segments of an Enterprise and Related Information." This statement establishes standards for reporting information about a company's operating segments and related disclosures about its products, services, geographic areas of operations and major customers. Adoption of this statement did not impact the Company's results of operations or financial position. The "Segment Reporting" note provides further information.

Effective January 1, 1998, the Company adopted FAS No. 130, "Reporting Comprehensive Income." Comprehensive income presents a measure of all changes in shareholders' equity except for changes resulting from transactions with shareholders in their capacity as shareholders. The Company's total comprehensive income presently consists of net earnings (loss) and currency translation adjustments associated with foreign operations which use the local currency as their functional currency. The statement also requires the separate presentation of the accumulated balance of comprehensive income other than net earnings in the Consolidated Balance Sheets.

Effective December 31, 1997, the Company adopted FAS No. 128, "Earnings per Share." This statement requires the presentation of basic and diluted earnings per share. All prior years' earnings per share data were restated to conform with the provisions of the new statement.

Effective January 1, 1997, the Company adopted FAS No. 125, "Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities," which establishes accounting standards for, among other things, the sales of receivables with recourse. The Company also adopted the American Institute of Certified Public Accountants' (AICPA) Statement of Position (SOP) 96-1, "Environmental Remediation Liabilities," effective January 1, 1997. The guidance provided by these statements was consistent with the Company's prior method of accounting and, therefore, adoption of these statements did not impact the Company's results of operations, cash flows or financial position.

RECLASSIFICATIONS. Certain prior year amounts have been reclassified to conform with current year presentation.

RECENT ACCOUNTING PRONOUNCEMENTS. In March 1998, the AICPA issued SOP 98-1, "Accounting for the Costs of Computer Software Developed or Obtained for Internal Use," which is effective for fiscal years beginning after December 15, 1998. SOP 98-1 outlines the accounting treatment for certain costs related to the development or purchase of software to be used internally and requires that costs incurred during the preliminary project and post-implementation/operation stages be expensed, and costs incurred during the application development stage be capitalized and amortized over the estimated useful life of the software. Adoption of this statement is not expected to have a material impact on the Company's results of operations or financial position.

In April 1998, the AICPA also issued SOP 98-5, "Reporting on the Costs of Start-up Activities." SOP 98-5, which is effective for fiscal years beginning after December 15, 1998, requires that all costs of start-up activities, including organization costs, be expensed as incurred. Adoption of this statement is not expected to have a material impact on the Company's results of operations or financial position.

In June 1998, the Financial Accounting Standards Board issued FAS No. 133, "Accounting for Derivative Instruments and Hedging Activities," which requires all derivatives to be recognized at fair value as either assets or liabilities on the balance sheet. Any gain or loss resulting from changes in such fair value is required to be recognized in earnings to the extent the derivatives are not effective as hedges. This statement is effective for fiscal years beginning after June 15, 1999, and is effective for interim periods in the initial year of adoption. Adoption of this statement is not expected to have a material impact on the Company's results of operations or financial position.

ACQUISITIONS

During 1998 and 1997, the Company completed a number of acquisitions in each of its business segments, all of which have been accounted for using the purchase method of accounting. The consolidated financial statements reflect the results of operations of the acquired businesses from the acquisition dates. Pro forma results of operations have not been presented because the effects of these acquisitions were not significant. The fair value of assets acquired and liabilities assumed in connection with these acquisitions were as follows:

In thousands	1998	1997
Working capital	$ 14,708	(2,170)
Goodwill	43,269	42,755
Other net assets	47,971	57,809
Non-current liabilities	(35,867)	(14,199)
Net assets acquired	$ 70,081	84,195

DIVESTITURES

On September 30, 1997, the Company completed the sale of its automotive carrier business for $111 million in cash and realized a $3 million after tax gain ($0.04 per diluted common share). The transaction was made at a premium over the net book value of the business sold and also generated gains from the settlement and curtailment of certain employee benefit and postretirement plans, offset by provisions for severance and direct transaction and other costs. The disposal of the automotive carrier business has been accounted for as a discontinued operation and accordingly, its operating results and cash flows are segregated and reported as discontinued operations in the accompanying consolidated financial statements.

Summarized results of the automotive carrier business were as follows:

In thousands	Period ended September 30 1997	Year ended December 31 1996
Revenue	$ 462,853	583,292
Earnings (loss) before income taxes	$ 18,228	(11,592)
Provision for income taxes	5,981	272
Earnings (loss) from discontinued operations before net gain on disposition	12,247	(11,864)
Loss on disposition	(5,300)	--
Income tax benefit	8,500	--
Net gain on disposition	3,200	--
Earnings (loss) from discontinued operations	$ 15,447	(11,864)

The loss from discontinued operations in 1996 includes a pretax charge of $18 million as part of a company-wide restructuring. The pretax charge included $8 million in employee-related costs, $8 million in estimated facility closure costs and $2 million in other costs. The after tax impact of these charges was $14 million or $0.18 per diluted common share.

On October 17, 1996, the Company sold substantially all the assets and certain liabilities of its consumer truck rental business for $574 million in cash, resulting in a pretax gain of $25 million ($15 million after tax), which is included in miscellaneous income, net. Revenue related to the consumer truck rental business was $440 million for the period January 1 through October 16, 1996. Pretax earnings (before restructuring and other charges) of the consumer truck rental business, on a stand alone basis, were $20 million for the period January 1 through October 16, 1996.

Pursuant to the terms of the sales agreement, the Company gave the buyer a royalty-free license to use the Ryder trademark and color scheme, subject to certain restrictions, for a total of 10 years (with required modifications to the trademark after five years).

RESTRUCTURING AND OTHER CHARGES

During 1996, the Company implemented several restructuring initiatives designed to reduce costs, improve profitability and align the organizational structure with the strategic direction of the Company. As a result of the initiatives, the Company recorded to operating expense, restructuring and other charges of $228 million for continuing operations ($150 million after tax or $1.84 per diluted common share). These charges were as follows:

In thousands	
Restructuring charges:	
Employee separations	$ 58,568
Facility closures	13,817
	72,385
Early retirement costs	46,251
Asset write-downs and valuation allowances	80,544
Other charges	29,275
	$228,455

The restructuring plan included charges of $72 million for reducing the workforce by approximately 1,500 positions and closing approximately 200 operating and administrative locations in order to achieve economies of scale and eliminate redundant processes. The planned headcount reductions and facility closures were substantially completed as of December 31, 1998. The Company made cash payments of $8 million in 1998, $44 million in 1997 and $15 million in 1996 related to restructuring charges. As of December 31, 1998, the remaining restructuring liabilities totaled $5 million and management believes these amounts are adequate to complete its plans and that the liabilities will be substantially paid by the end of 1999.

The pretax charges also included $46 million of pension and postretirement benefit expense for approximately 740 employees who retired pursuant to voluntary early retirement programs.

The Company's restructuring initiatives also included asset write-downs and valuation allowances of $81 million relating to facility closures, the anticipated sale of small non-strategic businesses, discontinuance of the company car program, certain information systems and other assets, and $29 million for other costs associated with the restructuring initiatives including relocation of employees and professional fees incurred as part of the implementation of the restructuring. The Company substantially completed its facility closure program during the third quarter of 1998 and credited to operating expense, excess accruals of $3.4 million. During the fourth quarter of 1998, the Company also decided to retain a small business previously held for sale in the U.K. and credited to miscellaneous income, a valuation allowance of $7.5 million which had been established in 1996.

SALES OF RECEIVABLES

The Company participates in an agreement to sell, with limited recourse, up to $350 million ($50 million of which is uncommitted) of trade receivables on a revolving basis through July 2002. The costs associated with this program were $8 million in 1998, $6 million in 1997 and $13 million in 1996 and were charged to miscellaneous income, net. At December 31, 1998 and 1997, the outstanding balance of receivables sold pursuant to this agreement was $200 million and $75 million, respectively.

REVENUE EARNING EQUIPMENT

In thousands	1998	1997
Full service lease	$ 3,552,891	3,538,297
Commercial rental	1,278,036	1,171,038
	4,830,927	4,709,335
Accumulated depreciation	(1,803,425)	(1,742,949)
	3,027,502	2,966,386
Other revenue earning equipment	352,739	333,588
Accumulated depreciation	(168,272)	(154,513)
	184,467	179,075
	$ 3,211,969	3,145,461

OPERATING PROPERTY AND EQUIPMENT

In thousands	1998	1997
Land	$ 107,057	104,813
Buildings and improvements	503,188	467,652
Machinery and equipment	407,304	385,099
Other	114,548	99,445
	1,132,097	1,057,009
Accumulated depreciation	(534,146)	(475,304)
	$ 597,951	581,705

ACCRUED EXPENSES AND OTHER NON-CURRENT LIABILITIES

In thousands	1998	1997
Salaries and wages	$ 104,498	113,042
Employee benefits	16,360	17,188
Interest	38,628	41,274
Operating taxes	80,078	66,544
Self-insurance reserves	227,982	249,137
Postretirement benefits other than pensions	46,761	47,694
Vehicle rent and related accruals	153,018	162,611
Environmental liabilities	22,962	29,971
Other	132,551	120,614
	822,838	848,075
Non-current portion	(343,003)	(365,264)
Accrued expenses	$ 479,835	482,811

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 1998, 1997 and 1996 were $251 million, $233 million and $248 million, respectively.

DIRECT FINANCING LEASES. The Company also leases revenue earning equipment to customers as direct financing leases. The net investment in direct financing leases consisted of:

In thousands	1998	1997
Minimum lease payments receivable	$ 772,550	714,065
Executory costs and unearned income	(405,777)	(375,724)
Unguaranteed residuals	64,514	59,123
Net investment in direct financing leases	431,287	397,464
Current portion included in receivables	(55,927)	(52,976)
Non-current portion included in other assets	$ 375,360	344,488

Contingent rentals included in income were $26 million in 1998 and 1997, and $24 million in 1996.

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 periodically based on changes in interest rates and provide for early termination at stipulated values. During 1998 and 1996, the Company entered into several agreements for the sale and operating leaseback of revenue earning equipment. Proceeds from these transactions totaled $312 million in 1998 and $150 million in 1996. The Company has purchase and lease renewal options under these agreements as well as limited guarantees of the lessor's residual value. During 1998, 1997 and 1996, rent expense was $261 million, $228 million and $240 million, respectively. Through September 1997, rental rates were modified by certain interest rate swap agreements as discussed in the "Summary of Significant Accounting Policies" note.

LEASE PAYMENTS. Future minimum payments for leases in effect at December 31, 1998 were as follows:

	As Lessor		As Lessee
In thousands	Operating Leases	Direct Financing Leases	Operating Leases
1999	$ 977,689	131,510	285,479
2000	822,878	126,616	257,711
2001	637,612	121,223	219,025
2002	432,470	112,322	172,397
2003	246,466	101,218	136,735
Thereafter	190,659	179,661	100,506
	$3,307,774	772,550	1,171,853

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 lease revenue; no effect has been given to renewals, new business, cancellations, contingent rentals or future rate changes.

INCOME TAXES

The components of the provision for income taxes attributable to continuing operations were as follows:

In thousands	1998	1997	1996
Current tax (benefit) expense:			
Federal	$ (13,304)	(21,243)	19,756
State	(4,467)	(998)	2,767
Foreign	6,850	1,439	(320)
	(10,921)	(20,802)	22,203
Deferred tax expense (benefit):			
Federal	94,686	100,756	(13,847)
State	13,590	15,546	(767)
Foreign	530	8,214	5,804
	108,806	124,516	(8,810)
Provision for income taxes	$ 97,885	103,714	13,393

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

	% of Pretax Income		
	1998	1997	1996
Federal statutory tax rate	35.0	35.0	(35.0)
Impact on deferred taxes for changes in tax rates	(0.6)	(0.6)	--
State income taxes, net of Federal income tax benefit	2.3	3.6	21.6
Amortization of goodwill	1.1	0.9	41.2
Restructuring and other charges	--	--	148.6
Miscellaneous items, net	0.3	0.4	45.7
Effective tax rate	38.1	39.3	222.1

The higher 1996 effective tax rate is primarily due to the tax effects of non-deductible foreign charges associated with the restructuring and other charges. Additionally, lower income before taxes increased the rate impact of normal, recurring non-deductible expenses.

The components of the net deferred income tax liability as of December 31, 1998 and 1997 were as follows:

In thousands	1998	1997
Deferred income tax assets:		
Self-insurance reserves	$ 74,190	88,374
Alternative minimum taxes	30,905	12,771
Accrued compensation and benefits	31,345	36,167
Lease accruals and reserves	45,707	46,652
Miscellaneous other accruals	32,375	44,978
	214,522	228,942
Valuation allowance	(13,030)	(12,445)
	201,492	216,497
Deferred income tax liabilities:		
Property and equipment bases differences	(894,475)	(837,120)
Other items	(113,361)	(83,093)
	(1,007,836)	(920,213)
Net deferred income tax liability*	$ (806,344)	(703,716)

* Deferred tax assets of $1 million and $22 million have been included in the consolidated balance sheet caption "Prepaid expenses and other current assets" at December 31, 1998 and 1997, respectively.

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 $92 million at December 31, 1998. 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 $31 million at December 31, 1998, 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 deferred income tax assets, principally foreign tax loss carryforwards, to amounts expected to be realized.

Income taxes paid (refunded) totaled $(23) million in 1998, $18 million in 1997 and $1 million in 1996 and include amounts related to both continuing and discontinued operations.

DEBT

In thousands	1998	1997
U.S. commercial paper	$ 197,500	340,000
Canadian commercial paper	18,102	27,339
Unsecured U.S. notes:		
Debentures, 6.50% to 9.88%, due 2001 to 2017	627,340	444,215
Medium-term notes, 5.00% to 8.45%, due 1999 to 2025	1,381,500	1,410,020
Discount on unsecured U.S. notes	(20,807)	(21,196)
Unsecured foreign obligations (principally pound sterling), 4.84% to 9.48%, due 1999 to 2006	338,496	320,362
Other debt, including capital leases	40,900	48,175
Total debt	2,583,031	2,568,915
Current portion	(483,334)	(301,361)
Long-term debt	$ 2,099,697	2,267,554

Debt maturities (including sinking fund requirements) during the five years subsequent to December 31, 1998 were as follows:

In thousands	Debt Maturities
1999	$483,334
2000	503,087
2001	341,935
2002	454,884
2003	104,311

The weighted average interest rates for outstanding U.S. commercial paper at December 31, 1998 and 1997, were 5.96% and 6.25%, respectively. The weighted average interest rates for outstanding Canadian commercial paper at December 31, 1998 and 1997, were 5.30% and 4.63%, respectively. U.S. commercial paper is classified as long-term debt since it is backed by the long-term revolving credit facility discussed below.

During 1997, the Company entered into a $720 million global revolving credit facility, which expires in 2002, and replaced existing credit facilities in the U.S., U.K. and Canada. The global credit facility is primarily to be used to finance working capital and provide support for the issuance of commercial paper. At the Company's option, the interest rate on borrowings under the global credit facility is based on LIBOR, prime, federal funds or local equivalent rates. No compensating balances are required under the global credit facility; however, it does have an annual facility fee of 0.08% based on the Company's current credit rating. At December 31, 1998, foreign borrowings of $55 million were outstanding under the credit facility and the Company had $468 million available under this agreement.

At December 31, 1998 and 1997, the Company also had letters of credit outstanding totaling $163 million and

$220 million, respectively, which primarily guarantee various insurance activities.

During the fourth quarter of 1996, the Company recorded an extraordinary loss of $10 million (net of income tax benefit of $6 million) in connection with the early retirement of $80 million of outstanding high coupon debt.

Interest paid totaled $201 million in 1998, $196 million in 1997 and $204 million in 1996. Interest rates have been modified by interest rate swap agreements as discussed in the "Summary of Significant Accounting Policies" note.

The carrying amount of debt (excluding capital leases) was $2,548 million and $2,525 million as of December 31, 1998 and 1997, respectively. Based on dealer quotations which represent the discounted future cash flows through maturity or expiration using current rates, the fair value of this debt at December 31, 1998 and 1997 was estimated at $2,623 million and $2,631 million, respectively.

At December 31, 1997, the Company had outstanding an interest rate swap agreement effectively changing the interest rate exposure on $61 million of medium-term notes from variable to 5.84% fixed rate. The swap matured in March 1998. The carrying amount and estimated fair value of this agreement as of December 31, 1997 was not material.

SHAREHOLDERS' EQUITY

In December 1998, the Company announced its fourth stock repurchase program since 1996, which allows the Company to acquire up to three million shares of common stock in open market transactions. The three prior programs were completed in their entirety, resulting in the repurchase of fifteen million shares of common stock. The Company used a portion of the proceeds from the sale of the automotive carrier business and consumer truck rental business to repurchase shares of common stock. The cost of stock repurchases has been allocated between common stock and retained earnings based on the amount of capital surplus at the time of the stock repurchase. Prior year amounts were reclassified to conform with current year presentation.

At December 31, 1998, the Company had 71,280,247 Preferred Stock Purchase Rights (Rights) outstanding which expire in March 2006. The Rights contain provisions to protect shareholders in the event of an unsolicited attempt to acquire the Company which is not believed by the board of directors to be in the best interest of shareholders. The Rights are evidenced by common stock certificates, are subject to antidilution provisions, and are not exercisable, 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 $0.01 per Right prior to the acquisition by a person or a group of persons affiliated or associated persons of beneficial ownership of 10% or more of the common stock.

EMPLOYEE STOCK OPTION AND STOCK PURCHASE PLANS

OPTION PLANS. The Company sponsors various stock option and incentive plans which provide for the granting of options to employees and directors for purchase of common stock at prices equal to fair market value at the time of grant. Key employee plans also provide for the issuance of stock appreciation rights, limited stock appreciation rights, performance units or restricted stock at no cost to the employee; none were granted in 1998, 1997 or 1996. Options granted under all plans are for terms not exceeding 10 years and are exercisable cumulatively 20% to 50% each year based on the terms of the grant. Awards under a non-employee director plan may be granted in tandem with restricted stock units at no cost to the grantee; 2,850 units and 47,673 units were granted in 1998 and 1997, respectively. Compensation expense is recognized as the restricted stock units vest over the periods established for each grant.

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

Shares in thousands	1998		1997		1996	
	Shares	Weighted Average Exercise Price	Shares	Weighted Average Exercise Price	Shares	Weighted Average Exercise Price
Beginning of year	6,000	$27.18	6,878	$24.33	7,424	$23.31
Granted	246	33.21	1,339	35.08	1,312	29.35
Exercised	(911)	23.60	(2,037)	22.85	(1,742)	23.29
Forfeited	(82)	27.01	(180)	26.40	(116)	27.57
End of year	5,253	$28.06	6,000	$27.18	6,878	$24.33
Exercisable at end of year	3,610	$26.12	3,373	$23.87	4,636	$22.83
Available for future grant	3,907	N/A	1,566	N/A	2,535	N/A

Information about options in various price ranges at December 31, 1998 follows:

Shares in thousands	Options Outstanding			Options Exercisable	
Price Range	Shares	Remaining Life (in years)	Weighted Average Price	Shares	Weighted Average Price
$ 10-20	261	2.5	$16.13	261	$16.13
20-25	1,070	4.2	22.42	802	21.88
25-30	2,436	5.9	27.30	2,067	26.90
30-38	1,486	8.5	35.46	480	35.25
	5,253	6.2	$28.06	3,610	$26.12

PURCHASE PLANS. The Employee Stock Purchase Plan provides for periodic offerings to substantially all U.S. and Canadian employees, with the exception of employees in executive stock option 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 most recent stock purchase plan provides for quarterly purchase periods. 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	1998		1997		1996	
	Shares	Weighted Average Exercise Price	Shares	Weighted Average Exercise Price	Shares	Weighted Average Exercise Price
Beginning of year	571	$24.46	1,653	$23.88	1,374	$22.79
Granted	146	20.31	63	30.28	1,608	23.96
Exercised	(586)	23.05	(994)	23.96	(1,191)	22.85
Forfeited	(49)	24.54	(151)	23.91	(138)	22.86
End of year	82	$27.05	571	$24.46	1,653	$23.88
Exercisable at end of year	--	N/A	472	$23.96	--	N/A
Available for future grant	226	N/A	323	N/A	235	N/A

PRO FORMA INFORMATION. The Company accounts for stock-based compensation using the intrinsic value method; accordingly, no compensation expense has been recognized for its stock-based compensation plans. Had the fair value method of accounting been applied to the Company's plans, which requires recognition of compensation expense over the vesting periods of the awards, pro forma net earnings (loss) and earnings (loss) per share for 1998, 1997 and 1996 would have been:

In thousands, except per share amounts	1998	1997	1996
Net earnings (loss):			
As reported	$ 159,071	175,685	(41,318)
Pro forma	150,958	164,235	(49,310)
Earnings (loss) per share:			
Basic:			
As reported	2.18	2.28	(0.51)
Pro forma	2.07	2.14	(0.61)
Diluted:			
As reported	2.16	2.25	(0.51)
Pro forma	2.06	2.11	(0.61)

This pro forma impact only takes into account options granted since January 1, 1995 and is likely to increase in future years as additional options are granted and amortized over the vesting period. The fair values of options granted since January 1, 1995 were estimated as of the dates of grant using the Black-Scholes option-pricing model. The option pricing assumptions for 1998, 1997 and 1996 were as follows:

	1998	1997	1996
Dividend yield	2.3%	1.8%	2.1%
Expected volatility	25.1%	24.5%	25.4%
Option plans:			
Risk-free interest rate	5.4%	6.2%	6.7%
Weighted average expected life	9 years	8 years	9 years
Weighted average grant-date fair value per option	$11.05	$12.59	$10.82
Purchase plans:			
Risk-free interest rate	5.3%	6.1%	6.3%
Weighted average expected life	.25 year	5 years	1.5 years
Weighted average grant-date fair value per option	$ 5.50	$12.30	$ 6.51

EARNINGS PER SHARE INFORMATION

A reconciliation of the number of shares used in computing basic and diluted EPS follows:

In thousands	1998	1997	1996
Weighted average shares outstanding-Basic	73,068	76,888	81,263
Common equivalents:			
Shares issuable under outstanding dilutive options	3,850	5,442	--
Shares assumed repurchased based on the average market value for the period	(3,416)	(4,494)	--
Dilutive effect of exercised options prior to being exercised, net	143	356	--
Weighted average shares outstanding-Diluted	73,645	78,192	81,263
Anti-dilutive options not included above	1,485	1,129	8,531

EMPLOYEE BENEFIT PLANS

PENSION PLANS. The Company sponsors 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 greater than the maximum allowable contribution deductible for Federal income tax purposes. The majority of the plans' assets are invested in a master trust which, in turn, is primarily invested in listed stocks and bonds. The Company also contributed to various defined benefit, union-administered, multi-employer plans for employees under collective bargaining agreements.

Pension (income) expense attributable to continuing operations for 1998, 1997 and 1996 was as follows:

In thousands	1998	1997	1996
Company-administered plans:			
Service cost	$ 26,067	24,037	26,746
Interest cost	48,356	46,160	36,662
Expected return on plan assets	(75,680)	(60,078)	(44,979)
Additional expense from early retirement program	--	--	43,928
Curtailment gain	--	(7,614)	--
Amortization of transition asset	(3,848)	(3,376)	(2,905)
Recognized net actuarial (gain) loss	(2,334)	523	651
Amortization of prior service cost	2,368	1,816	1,082
	(5,071)	1,468	61,185
Union-administered plans	2,488	1,840	2,013
Net pension (income) expense	$ (2,583)	3,308	63,198

The following table sets forth the balance sheet impact, as well as the benefit obligations, assets and funded status associated with the Company's pension plans at December 31, 1998 and 1997:

In thousands	1998	1997
Change in benefit obligations:		
Benefit obligations at January 1,	$ 708,714	644,073
Service cost	26,067	24,037
Interest cost	48,356	46,160
Amendments	618	6,669
Actuarial (gain) loss	(4,053)	11,194
Benefits paid	(38,530)	(33,718)
Curtailment	--	(10,308)
Change in discount rate assumption	46,986	22,448
Foreign currency exchange rate changes	(429)	(1,841)
Benefit obligations at December 31,	787,729	708,714
Change in plan assets:		
Fair value of plan assets at January 1,	820,696	679,756
Actual return on plan assets	136,108	142,195
Employer contributions	8,466	33,532
Plan participants' contributions	2,746	1,881
Benefits paid	(38,530)	(33,718)
Foreign currency exchange rate changes	(325)	(2,950)
Fair value of plan assets at December 31,	929,161	820,696
Funded status	141,432	111,982
Unrecognized transition asset	(7,990)	(11,838)
Unrecognized prior service cost	15,355	16,802
Unrecognized net actuarial gain	(88,713)	(72,230)
Prepaid benefit cost	$ 60,084	44,716

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

	1998	1997
Discount rate	6.75%	7.25%
Rate of increase in compensation levels	5.00%	5.00%
Expected long-term rate of return on plan assets	9.50%	9.50%
Transition amortization in years	8	8
Gain and loss amortization in years	8	8

SAVINGS PLANS. The Company also has defined contribution savings plans that cover substantially all eligible employees. Company contributions to the plans, which are based on employee contributions and the level of company match, totaled approximately $12 million in 1998, 1997 and 1996.

SUPPLEMENTAL PENSION AND DEFERRED COMPENSATION PLANS. The Company has a non-qualified supplemental pension plan covering certain employees which provides for incremental pension payments from the Company's funds so that total pension payments equal amounts that would have been payable from the Company's principal pension plans if it were not for limitations imposed by income tax regulations. The benefit obligation under this plan totaled $17 million and $15 million at December 31, 1998 and 1997, respectively. The prepaid benefit cost in the table above is net of an accrued pension expense liability of $11 million and $9 million related to this plan at December 31, 1998 and 1997, respectively. Pension expense for this plan totaled $2 million in 1998 and 1997 and $3 million in 1996.

The Company also has deferred compensation plans which permit eligible employees, officers and directors to defer a portion of their compensation. The deferred compensation liability, including Company matching amounts and accumulated earnings on notional investments, totaled $20 million and $17 million at December 31, 1998 and 1997, respectively.

The Company has established a grantor trust to provide funding for benefits payable under the supplemental pension plan and a deferred compensation plan. The assets held in trust at December 31, 1998 and 1997, amounted to $23 million and $5 million, respectively, consisting of a managed portfolio of equity securities and corporate-owned life insurance policies. These assets are included in Direct Financing Leases and Other Assets in the accompanying balance sheets because they are available to the general creditors of the Company in the event of the Company's insolvency.

POSTRETIREMENT BENEFITS OTHER THAN PENSIONS. The Company sponsors 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. On January 1, 1998, the postretirement plans were amended to change the health care provider elections. The amendment generated an unrecognized prior service credit of $9 million.

Total periodic postretirement benefit expense attributable to continuing operations for 1998, 1997 and 1996 was as follows:

In thousands	1998	1997	1996
Service cost	$1,117	1,569	1,626
Interest cost	2,535	3,122	2,790
Additional expense from early retirement program	--	--	2,323
Curtailment gain	--	(1,881)	--
Amortization of prior service cost	(1,091)	--	--
Postretirement benefit expense	$2,561	2,810	6,739

The Company's postretirement benefit plans are not funded. The following table sets forth the balance sheet impact, as well as the benefit obligations and rate assumptions associated with the Company's postretirement benefit plans at December 31, 1998 and 1997:

In thousands	1998	1997
Benefit obligations at January 1,	$44,286	59,298
Service cost	1,117	1,569
Interest cost	2,535	3,122
Service and interest cost - discontinued operations	--	573
Amendment	(8,731)	--
Actuarial loss (gain)	2,801	(2,974)
Benefits paid	(3,497)	(2,783)
Disposition of automotive carrier business	--	(9,921)
Curtailment and settlement	--	(5,232)
Change in discount rate assumption	1,797	1,004
Change in participation assumption	(1,332)	--
Change in medical trend rate assumption	--	(370)
Benefit obligations at December 31,	38,976	44,286
Unrecognized prior service credit	7,640	--
Unrecognized net actuarial gain	145	3,408
Accrued postretirement benefit obligation	$46,761	47,694
Discount rate	6.75%	7.25%

The actuarial assumptions include health care cost trend rates projected ratably from 8% in 1999 to 6% in 2003 and thereafter. Changing the assumed health care cost trend rates by 1% in each year would not have had a material effect on the accumulated postretirement benefit obligation as of December 31, 1998 or periodic postretirement benefit expense for 1998.

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. During 1998, the Company completed its tank replacement program 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 33 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 estimates of cost sharing with other PRPs at Superfund sites.

The Company's environmental expenses, which included remediation costs as well as normal recurring expenses such as licensing, testing and waste disposal fees, were $4 million in 1998, $5 million in 1997 and $7 million in 1996.

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.

OTHER MATTERS

The Company is currently involved in litigation with a former customer relating to a logistics services agreement which was terminated in 1997. The former customer has filed a claim against the Company and the Company has filed a counterclaim. Management believes that the resolution of this matter will not have a material impact on the Company's consolidated financial position, liquidity or results of operations.

The Company is also a party to various other 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 consolidated financial position, liquidity or results of operations of the Company.

SEGMENT REPORTING

The Company operates in four business segments: (1) Transportation Services, which provides full service leasing, commercial rental and programmed maintenance of trucks, tractors and trailers to customers throughout the U.S. and Canada; (2) Integrated Logistics, which provides support services for customers' entire supply chains, from inbound raw materials supply through finished goods distribution, including dedicated contact carriage, the management of carriers, and inventory deployment throughout the U.S. and Canada;
(3) Public Transportation Services, which provides student transportation, transit management, and fleet management and maintenance services to the U.S. public sector; and (4) International, which provides full service leasing, commercial rental, programmed maintenance and logistics services in Europe, South America and Mexico.

The segment information set forth below is based on the nature of the services offered, as well as the geographic markets served. The accounting policies of the business segments are the same as those previously described in the "Summary of Significant Accounting Policies" note. The Company evaluates financial performance based upon several factors, of which the primary measure is business segment earnings before income taxes and one-time items such as Year 2000 expense and 1996 restructuring and other charges. Business segment earnings before income taxes represent the total profit earned from each segment's customers across all of the Company's segments and include allocations of certain overhead costs. The Transportation Services segment leases revenue earning equipment, sells fuel and provides maintenance and other ancillary services to the Integrated Logistics segment. Likewise, the Transportation Services segment sells fuel and provides maintenance services to the Public Transportation Services segment. Intersegment sales are accounted for at fair value as if the sales were made to third parties. Interest expense, net is allocated to the various business segments based upon targeted debt to equity ratios using an interest factor which reflects the Company's average total cost of debt.

In thousands	Years ended December 31		
REVENUE	1998	1997	1996
Transportation Services	$2,866,844	2,886,635	2,979,409
Integrated Logistics	1,501,126	1,370,320	1,104,797
Public Transportation	581,748	525,757	439,750
International	603,834	457,869	358,869
Intersegment eliminations	(364,828)	(346,676)	(386,815)
Total from reportable segments	5,188,724	4,893,905	4,496,010
Consumer truck rental	--	--	440,113
Total revenue	$5,188,724	4,893,905	4,936,123

In thousands	Years ended December 31		
EARNINGS (LOSS) BEFORE INCOME TAXES	1998	1997	1996
Transportation Services	$ 236,466	217,059	171,441
Integrated Logistics	76,514	67,300	36,351
Public Transportation	48,367	50,178	39,434
International	(93)	1,516	(9,989)
Intersegment eliminations	(54,619)	(50,061)	(37,933)
Total from reportable segments	306,635	285,992	199,304
Other, primarily corporate administrative expenses	(11,506)	(18,546)	(21,566)
Year 2000 expense	(38,173)	(3,494)	--
Consumer truck rental	--	--	44,687
Restructuring and other charges	--	--	(228,455)
Total earnings (loss) before income taxes	$ 256,956	263,952	(6,030)

In thousands	Years ended December 31		
DEPRECIATION EXPENSE, NET OF GAINS	1998	1997	1996
Transportation Services	$464,098	466,251	495,566
Integrated Logistics	18,824	16,485	9,794
Public Transportation	34,088	32,563	27,242
International	84,824	74,730	65,842
Total from reportable segments	601,834	590,029	598,444
Other, primarily corporate	2,447	2,250	1,072
Consumer truck rental	--	--	76,757
Total depreciation, net of gains	$604,281	592,279	676,273

In thousands	Years ended December 31		
AMORTIZATION EXPENSE AND OTHER NON-CASH CHARGES, NET	1998	1997	1996
Transportation Services	$ 2,649	(1,352)	8,113
Integrated Logistics	4,969	5,996	5,238
Public Transportation	2,999	3,411	3,136
International	(4,490)	(1,225)	12,407
Total from reportable segments	6,127	6,830	28,894
Other, primarily corporate	(3,920)	2,361	2,652
Consumer truck rental	--	--	17
Total amortization expense and other non-cash charges, net	$ 2,207	9,191	31,563

In thousands	Years ended December 31		
INTEREST EXPENSE, NET	1998	1997	1996
Transportation Services	$162,609	159,768	161,440
Integrated Logistics	1,588	214	828
Public Transportation	10,532	9,159	6,019
International	25,564	22,975	23,050
Total from reportable segments	200,293	192,116	191,337
Other, primarily corporate	(1,436)	(2,755)	(5,104)
Consumer truck rental	--	--	20,403
Total interest expense, net	$198,857	189,361	206,636

In thousands	December 31		
ASSETS	1998	1997	1996
Transportation Services	$4,236,787	4,229,236	4,165,033
Integrated Logistics	294,667	286,677	268,480
Public Transportation	378,483	353,482	271,481
International	611,755	552,522	536,925
Total from reportable segments	5,521,692	5,421,917	5,241,919
Other, primarily corporate	186,909	87,143	112,733
Discontinued operations	--	--	290,737
Total assets	$5,708,601	5,509,060	5,645,389

In thousands	Years ended December 31		
CAPITAL EXPENDITURES	1998	1997	1996
Transportation Services	$1,203,885	873,002	956,371
Integrated Logistics	20,413	24,921	36,357
Public Transportation	35,976	49,107	49,463
International	107,366	89,603	143,451
Total from reportable segments	1,367,640	1,036,633	1,185,642
Other, primarily corporate	1,477	2,485	3,566
Consumer truck rental	--	--	68,099
Total capital expenditures	$1,369,117	1,039,118	1,257,307

GEOGRAPHIC INFORMATION

In thousands	Years ended December 31		
REVENUE	1998	1997	1996
Transportation Services	$2,377,851	2,408,954	2,463,946
Integrated Logistics	1,386,458	1,298,408	1,073,416
Public Transportation	581,748	525,757	439,750
Consumer truck rental	--	--	440,113
Total United States	4,346,057	4,233,119	4,417,225
Transportation Services	400,354	386,045	352,025
Integrated Logistics	442,313	274,741	166,873
Total Foreign	842,667	660,786	518,898
Total	$5,188,724	4,893,905	4,936,123

In thousands	December 31		
LONG-LIVED ASSETS	1998	1997	1996
United States	$3,209,027	3,139,084	3,296,319
Foreign	600,893	588,082	604,880
Total	$3,809,920	3,727,166	3,901,199

SUPPLEMENTAL FINANCIAL DATA
Ryder System, Inc. and Subsidiaries

QUARTERLY FINANCIAL AND COMMON STOCK DATA

In thousands, except per share amounts	Revenue	Earnings From Continuing Operations	Net Earnings	Per Common Share: Earnings From Continuing Operations Basic	Diluted	Net Earnings Basic	Diluted	Stock Prices High	Low	Dividends Per Common Share
1998										
First quarter	$1,245,617	37,274	37,274	0.50	0.50	0.50	0.50	38.94	31.44	0.15
Second quarter	1,281,577	45,267	45,267	0.61	0.61	0.61	0.61	40.56	31.06	0.15
Third quarter	1,290,817	37,048	37,048	0.51	0.51	0.51	0.51	32.25	19.44	0.15
Fourth quarter	1,370,713	39,482	39,482	0.55	0.55	0.55	0.55	28.81	21.75	0.15
Total	$5,188,724	159,071	159,071	2.18	2.16	2.18	2.16	40.56	19.44	0.60
1997										
First quarter	$1,187,119	32,451	33,666	0.42	0.41	0.43	0.43	32.75	27.13	0.15
Second quarter	1,233,999	43,328	50,035	0.56	0.55	0.65	0.64	34.63	28.88	0.15
Third quarter	1,204,339	35,278	42,803	0.45	0.45	0.55	0.54	36.50	33.25	0.15
Fourth quarter	1,268,448	49,181	49,181	0.65	0.64	0.65	0.64	37.13	31.81	0.15
Total	$4,893,905	160,238	175,685	2.08	2.05	2.28	2.25	37.13	27.13	0.60

Quarterly and year-to-date computations of per share amounts are made independently; therefore, the sum of per share amounts for the quarters may not equal per share amounts for the year.

The Company's common shares are traded on the New York Stock Exchange, the Chicago Stock Exchange, the Pacific Stock Exchange and the Berlin Stock Exchange. As of January 29, 1999, there were 16,614 common stockholders of record.

FIVE YEAR SUMMARY

Dollars in thousands, except per share amounts	1998	1997	1996	1995	1994
Revenue	$ 5,188,724	4,893,905	4,936,123	4,572,975	4,040,201
Earnings from continuing operations before special items(a):					
Before income taxes	$ 295,129	267,446	177,738	210,412	186,571
After income taxes	$ 182,702	162,359	103,136	123,633	109,877
Per diluted common share	$ 2.48	2.08	1.27	1.56	1.39
Earnings (loss) from continuing operations:					
Before income taxes	$ 256,956	263,952	(6,030)	217,985	207,071
After income taxes	$ 159,071	160,238	(19,423)	128,023	121,800
Per diluted common share(a)	$ 2.16	2.05	(0.24)	1.61	1.55
Net earnings (loss)(b)	$ 159,071	175,685	(41,318)	147,666	153,529
Per diluted common share(b)	$ 2.16	2.25	(0.51)	1.86	1.95
Cash dividends per common share	$ 0.60	0.60	0.60	0.60	0.60
Average common shares-diluted (in thousands)	73,645	78,192	81,263	79,370	78,768
Average common equity, excluding Year 2000	$ 1,106,889	1,126,519	1,261,101	1,176,373	1,057,931
Return on average common equity (%)(c)	16.5	15.5	(3.3)	13.2	14.5
Book value per common share	$ 15.37	14.39	14.19	15.64	14.33
Market price (high-low)	$40.56-19.44	37.13-27.13	31.13-22.63	26.13-21	28-19.88
Total debt	$ 2,583,031	2,568,915	2,436,968	2,623,101	1,912,898
Long-term debt	$ 2,099,697	2,267,554	2,237,010	2,411,024	1,794,795
Debt to equity (%)	236	242	220	212	169
Year-end assets	$ 5,708,601	5,509,060	5,645,389	5,893,815	5,014,473
Return on average assets (%)(d)	3.2	3.0	(0.5)	2.4	2.8
Average asset turnover (%)(e)	91.2	91.2	87.3	86.4	91.3
Cash flow from continuing operating activities and asset sales	$ 1,286,734	960,304	905,983	1,115,015	1,017,921
Capital expenditures, including capital leases(e)	$ 1,369,983	1,041,515	1,259,835	2,088,763	1,726,373
Number of vehicles(e)	173,116	162,665	161,749	197,029	179,725
Number of employees(e)	45,373	42,342	40,287	39,740	37,326

(a) Special items represent Year 2000 expense, 1996 restructuring and other charges and results of the consumer truck rental business. Year 2000 expense totaled $38 million ($24 million after tax, or $0.32 per diluted common share) in 1998 and $3 million ($2 million after tax, or $0.03 per diluted common share) in 1997. Restructuring and other charges totaled $228 million ($150 million after tax, or $1.84 per diluted common share) in 1996. The consumer truck rental business reported earnings of $45 million ($27 million after tax, or $0.33 per diluted common share) in 1996 before restructuring and other charges, $8 million ($4 million after tax, or $0.05 per diluted common share) in 1995 and $21 million ($12 million after tax, or $0.16 per diluted common share) in 1994.

(b) Net loss for 1996 includes, in addition to the items discussed in (a) above, an after tax extraordinary loss of $10 million ($0.12 per diluted common share) relating to the early extinguishment of debt at a premium. Net earnings for 1995 include, in addition to the items discussed in (a) above, the cumulative effect of a change in accounting for charitable contributions resulting in an after tax charge of $8 million ($0.10 per diluted common share). Net earnings (loss) for all years include the results of discontinued operations.

(c) Excludes Year 2000 expense, the cumulative effect of changes in accounting and special charges and gains related to discontinued operations.

(d) Excludes Year 2000 expense and the cumulative effect of changes in accounting and discontinued operations.

(e) Excludes discontinued operations.

EXHIBIT 21.1

RYDER SYSTEM, INC.

SUBSIDIARIES AS OF FEBRUARY 1, 1999

NAME OF COMPANY	STATE/COUNTRY OF INCORPORATION
Associated Ryder Capital Services, Inc.	Florida
Associated Ryder Capital Services LLC	Delaware
ATE Management of Duluth, Inc.	Minnesota
Cape Area Transportation Systems, Inc.	Massachusetts
Central Virginia Transit Management Company, Inc.	Virginia
Commuter Services, Inc.	Virginia
Companhia Transportadora e Comercial Translor	Brazil
Disposition Holding Corp.	Florida
Far East Freight, Inc.	Florida
Forrest Rental Services Limited	England
H.N.S. Management Company, Inc.	Connecticut
Manufacturing Holding Corp.	Florida
Merrimack Valley Area Transportation Co., Corp.	Massachusetts
Mid-South Transportation Management, Inc.	Tennessee
Mitchell Self Drive Limited	England
Network Sales, Inc. (1)	Tennessee
Network Vehicle Central, Inc.	Florida
Northern Carriers, Inc.	Illinois
Old Dominion Transit Management Company	Virginia
Paratransit Brokerage Services, Inc.	Massachusetts
Parking Management of Southwest Virginia, Inc.	Virginia
Phaseking Limited	England
Road Master, Limited	Bermuda
RSI Acquisition Corp.	Delaware
RSI Holding B.V.	Netherlands
RSI Purchase Corp.	Delaware
RTA Transit Services, Inc.	Massachusetts
RTR Leasing I, Inc.	Delaware
RTR Leasing II, Inc.	Delaware
Rycom 1, LLC	Delaware
Rycom 2, LLC	Delaware
Ryder Airport Operations Corp.	Florida
Ryder Argentina S.A.	Argentina
Ryder/ATE, Inc. (2)	Delaware
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.	Delaware
Ryder Dedicated Logistics Limited	England

Ryder Deutschland GmbH	West Germany
Ryder Distribution Services Limited	England
Ryder do Brasil Ltda.	Brazil
Ryder Driver Leasing, Inc.	Florida
Ryder Energy Distribution Corporation	Florida
Ryder (Europe) Limited	England
Ryder Funding LP	Delaware
Ryder Holding, LLC	Delaware
Ryder Integrated Logistics Limited	England
Ryder Integrated Logistics, Inc. (3) (4)	Delaware
Ryder International Acquisition Corp.	Florida
Ryder International, Inc.	Florida
Ryder Lease Co. 1, Inc.	Florida
Ryder Lease Co. 2, Inc.	Florida
Ryder Mexicana, S.A. de C.V.	Mexico
Ryder Netherlands B.V.	Netherlands
Ryder Pension Fund Limited	England
Ryder Plc	England
Ryder Polska Sp. z o.o.	Poland
Ryder Public Transportation Services, Inc.	Florida
Ryder Puerto Rico, Inc.	Delaware
Ryder Realty, Inc.	Delaware
Ryder Services Corporation (5)	Florida
Ryder Servicios do Brasil Ltda.	Brazil
Ryder Servicios S.A. de C.V.	Mexico
Ryder St. Louis Redevelopment Corporation	Missouri
Ryder Student Transportation Services, Inc. (6)	Florida
Ryder System B.V.	Netherlands
Ryder System Holdings (UK) Limited	England
Ryder System Limited	England
Ryder Transport Services Limited	England
Ryder Transportation Limited	England
Ryder Truck Rental, Inc. (7)	Florida
Ryder Truck Rental I LLC	Delaware
Ryder Truck Rental II LLC	Delaware
Ryder Truck Rental III LLC	Delaware
Ryder Truck Rental I LP	Delaware
Ryder Truck Rental II LP	Delaware
Ryder Truck Rental Canada Ltd. (8)	Canada
Ryder Truck Rental Limited	England
Ryder Truck Rental LT	Delaware
Ryder Truckstops, Inc.	Florida
Ryder Vehicle Lease Trust 1998-A	Delaware
Ryder Vehicle Leasing & Sales Corp.	Barbados
Ryhert Holding, Inc.	Delaware
Rymar Holding, Inc.	Delaware
Rynew 1, Inc.	Delaware
Rynew 2, Inc.	Delaware
Ryvof Holding, Inc.	Delaware
Saunders Leasing System of Canada Limited - BEING DISSOLVED	Canada
Seacoast Management Company, Inc.	New Hampshire

Southwestern Virginia Transit Management Company, Inc.	Virginia
Spring Hill Integrated Logistics Management, Inc.	Delaware
Surplus Property Holding Corp.	Florida
Tandem Transport, L.P.	Georgia
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 Nashua, Inc.	New Hampshire
Transit Management of Racine, Inc.	Wisconsin
Transit Management of Richland, Inc.	Ohio
Transit Management of St. Joseph, Inc.	Missouri
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
Truck Transerv, Inc.	Delaware
Unilink Contract Hire Limited	England
UniRyder Limited	England
United Contract Hire Limited	England
Westside Corporate Center, Inc.	Florida

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(1) Ontario, Canada: D/B/A VEHICLE NETWORK SALES

(2) Arizona, California, Colorado, Connecticut, Delaware, Florida, Georgia, Indiana, Iowa, Maryland, Massachusetts, New Jersey, New York, Pennsylvania, Tennessee, Texas, Virginia, Washington: D/B/A RYDER/MLS

(3) California, Delaware, Iowa, North Dakota, North Carolina, Virginia,
Texas, Utah: D/B/A TRIANGLE SERVICES CORPORATION

(4) Arizona, Arkansas, California, Colorado, Connecticut, Delaware, Florida, Georgia, Idaho, Indiana, Iowa, Kentucky, Louisiana, Maine, Maryland, 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

(5) Ohio and Texas: D/B/A RYDER CLAIMS SERVICES CORPORATION

(6) 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

(7) Alabama, Alaska, Arizona, Arkansas, California, Colorado, Connecticut, Delaware, District of Columbia, Florida, Georgia, Hawaii, Idaho, Illinois, Indiana, Iowa, Kansas, Kentucky, Louisiana, Maine, Maryland, Massachusetts, Michigan, Minnesota, Mississippi, Missouri, Montana, Nebraska, Nevada, New Hampshire, New Jersey, New Mexico, New York, North Carolina, North Dakota, Ohio, Oklahoma, Oregon, Pennsylvania, Rhode Island, South Carolina, South Dakota, Tennessee, Texas, Utah, Vermont, Virginia, Washington, West Virginia, Wisconsin and Wyoming: D/B/A RYDER
TRANSPORTATION SERVICES

Maryland and Virginia: D/B/A RYDER/JACOBS

Michigan: D/B/A ATLAS TRUCKING, INC.

Michigan: D/B/A RYDER ATLAS OF WESTERN MICHIGAN

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

Canadian Provinces: Ryder Integrated Logistics

EXHIBIT 23.1

The Board of Directors and Shareholders of 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 report dated February 4, 1999, relating to the consolidated balance sheets of Ryder System, Inc. and subsidiaries as of December 31, 1998 and 1997, and the related consolidated statements of operations, shareholders' equity and cash flows for each of the years in the three-year period ended December 31, 1998, which report is incorporated by reference in the December 31, 1998 annual report on Form 10-K of Ryder System, Inc.:

Form S-3:

/bullet/ Registration Statement No. 33-20359 covering $1,000,000,000 aggregate principal amount of debt securities.

/bullet/ Registration Statement No. 33-50232 covering $800,000,000 aggregate principal amount of debt securities.

/bullet/ Registration Statement No. 33-58667 covering $800,000,000 aggregate principal amount of debt securities.

/bullet/ Registration Statement No. 333-63049 covering $800,000,000 aggregate principal amount of debt securities.

Form S-8:

/bullet/ Registration Statement No. 33-20608 covering the Ryder System Employee Stock Purchase Plan.

/bullet/ Registration Statement No. 33-4333 covering the Ryder Employee Savings Plan.

/bullet/ Registration Statement No. 1-4364 covering the Ryder System Profit Incentive Stock Plan.

/bullet/ Registration Statement No. 33-69660 covering the Ryder System, Inc. 1980 Stock Incentive Plan.

/bullet/ Registration Statement No. 33-37677 covering the Ryder System UK Stock Purchase Scheme.

/bullet/ Registration Statement No. 33-442507 covering the Ryder Student Transportation Services, Inc. Retirement/Savings Plan.

/bullet/ Registration Statement No. 33-63990 covering the Ryder System, Inc. Directors' Stock Plan.

/bullet/ Registration Statement No. 33-58001 covering the Ryder System, Inc. Employee Savings Plan A.

/bullet/ Registration Statement No. 33-58003 covering the Ryder System, Inc. Employee Savings Plan B.

/bullet/ Registration Statement No. 33-61509 covering the Ryder System, Inc. Stock for Merit Increase Replacement Plan.

/bullet/ Registration Statement No. 33-62013 covering the Ryder System, Inc. 1995 Stock Incentive Plan.

/bullet/ Registration Statement No. 333-19515 covering the Ryder System, Inc. 1997 Deferred Compensation Plan.

/bullet/ Registration Statement No. 333-26653 covering the Ryder System, Inc. Board of Directors Stock Award Plan.

/bullet/ Registration Statement No. 333-57599 covering the Ryder Student Transportation Services, Inc. Retirement/Savings Plan.

/bullet/ Registration Statement No. 333-57593 covering the Ryder System, Inc. Stock Purchase Plan for Employees.

/bullet/ Registration Statement No. 333-57595 covering the Ryder System, Inc. 1995 Stock Incentive Plan.

Miami, Florida
March 26, 1999

EXHIBIT 24.1

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that the person whose signature appears below constitutes and appoints Vicki A. O'Meara, Frederick V. Perry and Diana H. Hull, 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, 1998 (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/ CHRISTINE A. VARNEY

Christine A. Varney

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STATE OF FLORIDA   )
                   )    ss:
COUNTY OF DADE     )
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Before me appeared Christine A. Varney, 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 18th day of February, 1999 that he or she executed said instrument for the purposes therein expressed.

Witness my hand and official seal:

/s/ Lourdes Palomares

Notary Public

[Stamped]
Official Notary Seal
Lourdes Palomares
Notary Public State of Florida
Commission No. CC771726
My commission expires Sept. 22, 2002

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that the person whose signature appears below constitutes and appoints Vicki A. O'Meara, Frederick V. Perry and Diana H. Hull, 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, 1998 (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 18th day of February, 1999 that he or she executed said instrument for the purposes therein expressed.

Witness my hand and official seal:

/s/ Lourdes Palomares

Notary Public

[Stamped]
Official Notary Seal
Lourdes Palomares
Notary Public State of Florida
Commission No. CC771726
My commission expires Sept. 22, 2002

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that the person whose signature appears below constitutes and appoints Vicki A. O'Meara, Frederick V. Perry and Diana H. Hull, 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, 1998 (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 18th day of February, 1999 that he or she executed said instrument for the purposes therein expressed.

Witness my hand and official seal:

/s/ Lourdes Palomares

Notary Public

[Stamped]
Official Notary Seal
Lourdes Palomares
Notary Public State of Florida
Commission No. CC771726
My commission expires Sept. 22, 2002

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that the person whose signature appears below constitutes and appoints Vicki A. O'Meara, Frederick V. Perry and Diana H. Hull, 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, 1998 (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/ LYNN M. MARTIN

Lynn M. Martin

STATE OF FLORIDA)
) ss:
COUNTY OF DADE)

Before me appeared Lynn M. Martin, 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 18th day of February, 1999 that he or she executed said instrument for the purposes therein expressed.

Witness my hand and official seal:

/s/ Lourdes Palomares

Notary Public

[Stamped]
Official Notary Seal
Lourdes Palomares
Notary Public State of Florida
Commission No. CC771726
My commission expires Sept. 22, 2002

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that the person whose signature appears below constitutes and appoints Vicki A. O'Meara, Frederick V. Perry and Diana H. Hull, 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, 1998 (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

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STATE OF FLORIDA   )
                   )    ss:
COUNTY OF DADE     )
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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 18th day of February, 1999 that he or she executed said instrument for the purposes therein expressed.

Witness my hand and official seal:

/s/ Lourdes Palomares

Notary Public

[Stamped]
Official Notary Seal
Lourdes Palomares
Notary Public State of Florida
Commission No. CC771726
My commission expires Sept. 22, 2002

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that the person whose signature appears below constitutes and appoints Vicki A. O'Meara, Frederick V. Perry and Diana H. Hull, 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, 1998 (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/ VERNON E. JORDAN, JR.

Vernon E. Jordan, Jr.

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STATE OF FLORIDA   )
                   )    ss:
COUNTY OF DADE     )
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Before me appeared Vernon E. Jordan, Jr., 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 18th day of February, 1999 that he or she executed said instrument for the purposes therein expressed.

Witness my hand and official seal:

/s/ Lourdes Palomares

Notary Public

[Stamped]
Official Notary Seal
Lourdes Palomares
Notary Public State of Florida
Commission No. CC771726
My commission expires Sept. 22, 2002

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that the person whose signature appears below constitutes and appoints Vicki A. O'Meara, Frederick V. Perry and Diana H. Hull, 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, 1998 (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 18th day of February, 1999 that he or she executed said instrument for the purposes therein expressed.

Witness my hand and official seal:

/s/ Lourdes Palomares

Notary Public

[Stamped]
Official Notary Seal
Lourdes Palomares
Notary Public State of Florida
Commission No. CC771726
My commission expires Sept. 22, 2002

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that the person whose signature appears below constitutes and appoints Vicki A. O'Meara, Frederick V. Perry and Diana H. Hull, 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, 1998 (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/ EDWARD T. FOOTE II

Edward T. Foote II

STATE OF FLORIDA)
) ss:
COUNTY OF DADE)

Before me appeared Edward T. Foote II, 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 18th day of February, 1999 that he or she executed said instrument for the purposes therein expressed.

Witness my hand and official seal:

/s/ Lourdes Palomares

Notary Public

[Stamped]
Official Notary Seal
Lourdes Palomares
Notary Public State of Florida
Commission No. CC771726
My commission expires Sept. 22, 2002

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that the person whose signature appears below constitutes and appoints Vicki A. O'Meara, Frederick V. Perry and Diana H. Hull, 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, 1998 (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 18th day of February, 1999 that he or she executed said instrument for the purposes therein expressed.

Witness my hand and official seal:

/s/ Lourdes Palomares

Notary Public

[Stamped]
Official Notary Seal
Lourdes Palomares
Notary Public State of Florida
Commission No. CC771726
My commission expires Sept. 22, 2002

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that the person whose signature appears below constitutes and appoints Vicki A. O'Meara, Frederick V. Perry and Diana H. Hull, 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, 1998 (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 I. FUENTE

David I. Fuente

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STATE OF FLORIDA   )
                   )    ss:
COUNTY OF DADE     )
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Before me appeared David I. Fuente, 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 18th day of February, 1999 that he or she executed said instrument for the purposes therein expressed.

Witness my hand and official seal:

/s/ Lourdes Palomares

Notary Public

[Stamped]
Official Notary Seal
Lourdes Palomares
Notary Public State of Florida
Commission No. CC771726

My commission expires Sept. 22, 2002

ARTICLE 5

THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM THE RYDER SYSTEM, INC. AND SUBSIDIARIES CONSOLIDATED BALANCE SHEET AND STATEMENT OF OPERATIONS FOR THE YEAR ENDED DECEMBER 31, 1998 AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS.

MULTIPLIER: 1,000

PERIOD TYPE	12 MOS
FISCAL YEAR END	DEC 31 1998
PERIOD START	JAN 01 1998
PERIOD END	DEC 31 1998
CASH	138,353
SECURITIES	0
RECEIVABLES	559,141
ALLOWANCES	0
INVENTORY	67,605
CURRENT ASSETS	1,109,699
PP&E	6,315,763
DEPRECIATION	2,505,843
TOTAL ASSETS	5,708,601
CURRENT LIABILITIES	1,362,664
BONDS	2,099,697
PREFERRED MANDATORY	0
PREFERRED	0
COMMON	610,543 [1]
OTHER SE	485,071 [1]
TOTAL LIABILITY AND EQUITY	5,708,601
SALES	0
TOTAL REVENUES	5,188,724
CGS	0
TOTAL COSTS	4,732,911
OTHER EXPENSES	0
LOSS PROVISION	0
INTEREST EXPENSE	198,857
INCOME PRETAX	256,956
INCOME TAX	97,885
INCOME CONTINUING	159,071
DISCONTINUED	0
EXTRAORDINARY	0
CHANGES	0
NET INCOME	159,071
EPS PRIMARY	2.18 [2]
EPS DILUTED	2.16

[1] The cost of stock repurchases has been allocated between common stock and retained earnings based on the amount of capital surplus at the time of the stock repurchase. Prior year amounts were reclassified in the consolidated financial statements to conform with current year presentation.

[2] (EPS PRIMARY DENOTES BASIC EPS)

End of Filing