

RYDER SYSTEM INC

FORM 10-K405

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

Filed 03/30/98 for the Period Ending 12/31/97

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

RYDER SYSTEM INC

FORM 10-K405

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

Filed 3/30/1998 For Period Ending 12/31/1997

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

FORM 10-K

SECURITIES AND EXCHANGE COMMISSION WASHINGTON, D.C. 20549

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

FOR THE FISCAL YEAR ENDED DECEMBER 31, 1997

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 (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days: YES 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 30, 1998, was \$2,492,423,078. The number of shares of Ryder System, Inc. Common Stock (\$.50 par value) outstanding as of January 30, 1998, was 73,735,927.

DOCUMENTS INCORPORATED BY REFERENCE INTO THIS REPORT -----	PART OF FORM 10-K INTO WHICH DOCUMENT IS INCORPORATED -----
Ryder System, Inc. 1997 Annual Report to Shareholders*	Parts I, II and IV
Ryder System, Inc. 1998 Proxy Statement	Part III

*The Ryder System, Inc. 1997 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. 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

[Cover page 2 of 3 pages]

TITLE OF EACH CLASS OF SECURITIES -----	EXCHANGE ON WHICH REGISTERED -----
Ryder System, Inc. Medium-Term Notes, Series 10, due 9 months or more from date of issue at rate based on market rates at time of issuance	None
Ryder System, Inc. Medium-Term Notes, Series 11, due 9 months or more from date of issue at rate based on market rates at time of issuance	None
Ryder System, Inc. Medium-Term Notes, Series 12, due 9 months or more from date of issue at rate based on market rates at time of issuance	None
Ryder System, Inc. Medium-Term Notes, Series 13, due 9 months or more from date of issue at rate based on market rates at time of issuance	None
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
SECURITIES REGISTERED PURSUANT TO SECTION 12(g) OF THE ACT:	None

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RYDER SYSTEM, INC.

Form 10-K Annual Report

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PART I

ITEM 1. BUSINESS

GENERAL

Ryder System, Inc. (the "Company") was incorporated in Florida in 1955. Through its subsidiaries, the Company engages primarily in the logistics and transportation business with focus on: 1) integrated logistics, including dedicated contract carriage, the management of carriers, and inventory deployment; 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. At December 31, 1997, the Company and its subsidiaries had a fleet of 162,665 vehicles and 42,342 employees.(1)

On September 30, 1997, the Company sold Ryder Automotive Carrier Services, Inc. which constituted its automotive carrier division. The sale of the automotive carrier division 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 Company's consolidated financial statements.

Financial information about foreign and domestic operations is incorporated by reference from the "Notes to Consolidated Financial Statements - Geographic Information" on page 42 of the Ryder System, Inc. 1997 Annual Report to Shareholders.

LOGISTICS AND TRANSPORTATION BUSINESS UNITS

INTEGRATED LOGISTICS

Ryder Integrated Logistics, Inc. ("Ryder Integrated Logistics") provides global integrated logistics support of customers' entire supply chains, from in-bound raw materials supply through finished goods distribution, including dedicated contract carriage, the management of carriers, and inventory deployment through 822 locations in the U.S., Canada, United Kingdom, Germany, The Netherlands, Poland, Mexico, Argentina and Brazil. 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 in-bound and out-bound just-in-time 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 1997, Ryder Integrated Logistics continued to expand its presence in the logistics market through internal growth, increased emphasis on global account management, and initiation of strategic alliances/joint ventures.

Besides integrated logistics, Ryder Integrated Logistics provides a wide variety of highway transportation services in international markets outside the United States and Canada, including full service leasing of trucks, tractors and trailers, commercial truck rental, and contract truck maintenance. Ryder Integrated Logistics is implementing a strategy for further growth in international markets, providing global logistics solutions to multinational customers.

(1) This number 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 Ryder Integrated Logistics to take full 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. In that regard, in 1997, Ryder Integrated Logistics continued to expand in the U.S. and Canada and to enhance its presence in Mexico, Argentina, Brazil and Poland through internal growth, and also commenced assessing opportunities in markets in other parts of the world. In so doing, Ryder Integrated Logistics is always mindful of its need to mitigate risks, including the minimization of asset and currency exposures.

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 truck leasing to nearly 13,000 customers (ranging from large national enterprises to small companies), with a fleet of 102,914 vehicles (including 14,742 vehicles leased to affiliates), through 852 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 1,250 customers, servicing 42,354 vehicles (including approximately 8,920 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 34,371 vehicles, ranging from heavy-duty tractors and trailers to light-duty trucks, is available for commercial short-term rental. In 1997, 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 1997, Ryder Transportation Services implemented new services for customers. Such new services include fleet management, freight management and the Ryder Citicorp Finance Lease. 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 organized its public sector services in 1994 under a single management structure to increase operating efficiencies and focus its marketing efforts on serving the unique needs of the government market. 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 9,567 school buses under long-term contract for 474 school districts in 25 states; and Ryder/ATE, Inc., which operates or manages more than 4,981 buses under long-term contracts to 93 public transit agencies in 27 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 Ryder's ability to provide the same services, typically at a 10 to 20 percent cost savings, an ongoing number of governmental organizations are willing to outsource their transportation and fleet maintenance services to Ryder Public Transportation Services. In 1997, Ryder Public Transportation Services expanded through various methods, including acquisitions, adding more than several hundred buses to its student transportation operations.

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 11%, 27% and 20% of earnings from business units before interest and taxes in 1997, 1996 and 1995, 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 U.S. 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, shipping, railroads and motor carriers. On a country-by-country basis and on a global basis, Ryder Integrated Logistics 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. Recent developments in Mexico following the approval of the North American Free Trade Agreement (NAFTA), Germany's continued integration into the European Community and the resulting deregulation, and Poland's transformation to a market economy all create a growing opportunity for Ryder Integrated Logistics to provide services in these new markets. Additionally, recent developments in Argentina and Brazil, such as the expanded investment in automotive manufacturing, create growing opportunities for Ryder International to provide services in the southern cone of South America. Ryder Integrated Logistics expects that competition with its services in these 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 2,000 small and regional companies compete with Ryder Public Transportation Services on a limited, local market basis. In the public transit market, one national competitor is approximately Ryder/ATE's size, and less than 100 small and regional companies compete with Ryder Public Transportation Services 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 their 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 effect on the Company's financial condition or liquidity.

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

EXECUTIVE OFFICERS OF THE REGISTRANT

All of the executive officers of the Company were elected or re-elected to their present offices either at or subsequent to the meeting of the Board of Directors held on May 2, 1997 in conjunction with the Company's 1997 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	55	Chairman, President and Chief Executive Officer
Dwight D. Denny	54	Executive Vice President - Development
John H. Dorr	51	President - Ryder Public Transportation Services, Inc.
James B. Griffin	43	President - Ryder Transportation Services
Edwin A. Huston	59	Senior Executive Vice President - Finance and Chief Financial Officer
Thomas E. McKinnon	53	Executive Vice President - Human Resources and Corporate Services
Vicki A. O'Meara	40	Executive Vice President and General Counsel
Lisa A. Rickard	42	Senior Vice President - Government Relations
George P. Scanlon	40	Vice President - Planning and Controller
Edward M. Straw	59	President - Ryder Integrated Logistics, Inc.

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

Dwight D. Denny has been Executive Vice President - Development since January 1996, and was President - Ryder Commercial Leasing & Services from December 1992 to December 1995. Mr. Denny served Ryder Truck Rental,

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

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.

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. 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 Vice President - Planning and Controller since 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.

Edward M. Straw has been President - Ryder Integrated Logistics, Inc. since June 1997. Previously, Mr. Straw served in the U.S. Navy for 35 years, where he rose to the rank of Vice Admiral and spent four years as Director of the Defense Logistics Agency, the lead Department of Defense agency for much of the U.S. military's worldwide logistics support.

ITEM 2. PROPERTIES

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

The Company has 1,912 locations in the United States, Canada and Puerto Rico; 398 of these facilities are owned and the remainder are leased. Such locations generally include a maintenance facility, warehouse and/or administrative offices. Through Ryder Integrated Logistics, the Company has 105 locations in the United Kingdom, Germany, The Netherlands,

Poland, Mexico, Argentina and Brazil; 21 of these facilities are owned and the remainder are leased. Such locations generally include a maintenance facility, warehouse and/or administrative offices.

ITEM 3. LEGAL PROCEEDINGS

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

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

There were no matters submitted to a vote of security holders during the quarter ended December 31, 1997.

PART II

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

The information required by Item 5 is incorporated by reference from page 43 ("Common Stock Data") of the Ryder System, Inc. 1997 Annual Report to Shareholders.

ITEM 6. SELECTED FINANCIAL DATA

The information required by Item 6 is incorporated by reference on page 44 of the Ryder System, Inc. 1997 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 28 of the Ryder System, Inc. 1997 Annual Report to Shareholders.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

The information required by Item 8 is incorporated by reference from pages 30 through 42 and page 43 ("Quarterly Data") of the Ryder System, Inc. 1997 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. 1998 Proxy Statement.

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

Additional information required by Item 10 is incorporated by reference from page 15 ("Section 16(a) Beneficial Ownership Reporting Compliance") of the Ryder System, Inc. 1998 Proxy Statement.

ITEM 11. EXECUTIVE COMPENSATION

The information required by Item 11 is incorporated by reference from pages 9, 10 ("Compensation of Directors") and 19 through 22 of the Ryder System, Inc. 1998 Proxy Statement.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The information required by Item 12 is incorporated by reference from pages 14 and 15 of the Ryder System, Inc. 1998 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. 1998 Proxy Statement.

PART IV

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

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

Items A through E are incorporated by reference from pages 29 through 42 of the Ryder System, Inc. 1997 Annual Report to Shareholders.

A) Consolidated Statements of Operations for years ended December 31, 1997, 1996 and 1995.

B) Consolidated Balance Sheets as of December 31, 1997 and 1996.

C) Consolidated Statements of Cash Flows for years ended December 31, 1997, 1996 and 1995.

D) Notes to Consolidated Financial Statements.

E) Independent Auditors' Report.

2. Not applicable.

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

Supplementary Financial Information consisting of selected quarterly financial data is incorporated by reference from page 43 of the Ryder System, Inc. 1997 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. 1997 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, 1996, is incorporated by reference to this report.
- 10.3(b) The Ryder System, Inc. 1998 Incentive Compensation Plan for Headquarters Executive Management Levels MS 11 and Higher.
- 10.4(a) The Ryder System, Inc. 1980 Stock Incentive Plan, as amended and restated as of August 15, 1996.
- 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 Ryder System, Inc. 1995 Stock Incentive Plan, as amended and restated as of August 15, 1996.
- 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 Ryder System, Inc. Directors Stock Award Plan dated as of May 2, 1997.
- 10.6(a) The Ryder System Benefit Restoration Plan, effective January 1, 1985, previously filed with the Commission as an exhibit to the Company's Annual Report on Form 10-K for the year ended December 31, 1992, is incorporated by reference into this report.
- 10.6(b) The First Amendment to the Ryder System Benefit Restoration Plan, effective as of December 16, 1988, previously filed with the Commission as an exhibit to the Company's Annual Report on Form 10-K for the year ended December 31, 1994, is incorporated by reference into this report.

- 10.7 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 Ryder System, Inc. Stock for Merit Increase Replacement Plan, as amended and restated as of August 15, 1996.
- 10.9(b) The form of Ryder System, Inc. Non-Qualified Stock Option Agreement, dated as of February 21, 1997.
- 10.9(c) The form of Combined Non-Qualified Stock Option and Limited Stock Appreciation Right Agreement, dated October 1, 1997.
- 10.10 The Ryder System, Inc. Deferred Compensation Plan effective January 1, 1997, as amended and restated as of November 3, 1997.
- 10.11 Severance Agreement, dated as of June 30, 1997, between Ryder Integrated Logistics, Inc. and Larry S. Mulkey.
- 10.12 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.
- 10.13 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 15, 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. 1997 Annual Report to Shareholders. Those portions of the Ryder System, Inc. 1997 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
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:

A report on Form 8-K, dated October 15, 1997, was filed by the registrant announcing the completion of the sale of its Automotive Carrier Services business unit. The report also included pro forma consolidated condensed financial information for the registrant, after giving effect to the sale of its Automotive Carrier Services business unit.

(c) Executive Compensation Plans and Arrangements:

Please refer to the description of Exhibits 10.1 through 10.13 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.

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 30, 1998

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 30, 1998

By: /s/ M. ANTHONY BURNS

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

Date: March 30, 1998

By: /s/ EDWIN A. HUSTON

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

Date: March 30, 1998

By: /s/ GEORGE P. SCANLON

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

Date: March 30, 1998

By: /s/ JOSEPH L. DIONNE *

Joseph L. Dionne
Director

Date: March 30, 1998

By: /s/ EDWARD T. FOOTE II *

Edward T. Foote II
Director

Date: March 30, 1998

By: /s/ JOHN A. GEORGES *

John A. Georges
Director

Date: March 30, 1998

By: /s/ VERNON E. JORDAN, JR. *

Vernon E. Jordan, Jr.
Director

Date: March 30, 1998

By: /s/ DAVID T. KEARNS *

David T. Kearns
Director

Date: March 30, 1998

By: /s/ LYNN M. MARTIN *

Lynn M. Martin
Director

Date: March 30, 1998

By: /s/ PAUL J. RIZZO *

Paul J. Rizzo
Director

Date: March 30, 1998

By: /s/ CHRISTINE A. VARNEY *

Christine A. Varney
Director

Date: March 30, 1998

By: /s/ ALVA O. WAY *

Alva O. Way
Director

*By: /s/ MARIA C. MATIAS

Maria C. Matias
Attorney-in-Fact

EXHIBIT INDEX

EXHIBIT NUMBER	DESCRIPTION
10.3(b)	The Ryder System, Inc. 1998 Incentive Compensation Plan for Headquarters Executive Management Levels MS 11 and Higher.
10.4(a)	The Ryder System, Inc. 1980 Stock Incentive Plan, as amended and restated as of August 15, 1996.
10.4(d)	The Ryder System, Inc. 1995 Stock Incentive Plan, as amended and restated as of August 15, 1996.
10.5(b)	The Ryder System, Inc. Board of Directors Stock Award Plan dated as of May 2, 1997.
10.9(a)	The Ryder System, Inc. Stock for Merit Increase Replacement Plan, as amended and restated as of August 15, 1996.
10.9(b)	The form of Ryder System, Inc. Non-Qualified Stock Option Agreement, dated as of February 21, 1997.
10.9(c)	The form of Ryder System, Inc. Combined Non-Qualified Stock Option and Limited Stock Appreciation Right Agreement, dated October 1, 1997.
10.10	The Ryder System, Inc. Deferred Compensation Plan effective January 1, 1997, as amended and restated as of November 3, 1997.
10.11	Severance Agreement, dated as of June 30, 1997, between Ryder Integrated Logistics, Inc. and Larry S. Mulkey.
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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 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.

RYDER RSI HEADQUARTERS

EXECUTIVE MANAGEMENT

1998 INCENTIVE COMPENSATION PLAN LEVELS MS 11 AND HIGHER

PAGE 1

Supersedes 1997 Executive Management Incentive Compensation Plans

INTRODUCTION

The following material explains the operation and administration of the 1998 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: $EVA = NAT - AN \text{ EQUITY CHARGE}$

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 1998 is \$20 million higher than year-end 1997 EVA, or \$45.6 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 1998, 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 1998 will be 10% based on Ryder Transportation Services ("RTS") Net Sales and 10% based on Ryder Integrated Logistics ("RIL") 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 1998 Value Enhancement Measure, each based on Net Sales. 10% of the overall 1998 bonus payout will be based on RTS Net Sales (Full Service Lease plus RPM) and 10% will be based on RIL Net Sales.

The goals for 1998 Net Sales levels are shown below:

	PERCENTAGE OF VEM AWARD				
	0%	2.5%	5%	7.5%	10%
RTS NET SALES (\$ millions)	\$77	\$82	\$87	\$92	\$96

	PERCENTAGE OF VEM AWARD				
	0%	2.5%	5%	7.5%	10%
RIL NET SALES (\$ millions)	\$150	\$175	\$200	\$225	\$250

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.

1998 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:

- 1. Calculate Variance between Actual and Target EVA
2. Calculate Bonus Multiple Contribution
3. Calculate Bonus Contribution
4. Calculate Financial Bonus Contribution
5. Calculate VEM Bonus Contribution
6. Calculate Total Bonus Declared
7. 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 1998 will be year-end 1997 EVA plus \$20 million or \$45.6 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 1998 Target EVA of \$45.6 MM, a 2x bonus multiple contribution will result if EVA of \$79.6 MM is achieved. If actual EVA is \$11.6 MM or less, then a zero bonus will occur.
VEMS: VEMs are important measures which impact how bonuses will be paid out. For 1998, 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 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 1998 RSI Target EVA of \$45.6 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 1998 is \$20 MM higher than 1997 Year-End EVA, or \$45.6 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 1998 is \$34 MM. Therefore:

```

-----
Zero Bonus Contribution at: 1998 Target EVA - Interval = $45.6 MM - $34 MM= $11.6 MM
-----

or,

-----
Twice Target Bonus Contribution at: = 1998 Target EVA + Interval = $45.6 MM + $34 MM
                                     = $79.6 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 1997 was \$25.6 MM. As stated previously, 1998 Target EVA is \$45.6 MM. First, determine the difference between 1998 Actual EVA and 1998 Target EVA. This is your Variance from Target EVA. If year-end 1998 EVA is \$50.6 MM, the calculation is shown below.

1998 Actual EVA	\$50.6 MM
- 1998 Target EVA	-\$45.6 MM
-----	-----
= Variance from Target EVA	\$ 5 MM

STEP TWO: CALCULATE BONUS MULTIPLE CONTRIBUTION:

In 1998, RSI's 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	0.15x

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	1.15x

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 1998, your Beginning Reserve Balance is \$2,000,

Bonus Declared (1998)	\$33,810
+ Beginning Reserve Balance	+ \$2,000
-----	-----
= Available Balance	\$35,800

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 1998 then becomes the Beginning Reserve Balance for 1999.

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 June 1 receives an increase to a base salary of \$104,000:

JANUARY 1 THROUGH MAY 31 OF BONUS YEAR:

$$\frac{5 \text{ MONTHS} \times 30 \text{ DAYS PER MONTH}}{360 \text{ days}} = \frac{150}{360} = .417 \times \$100,000/\text{yr.} = \$ 41,700$$

JUNE 1 THROUGH DECEMBER 31 OF BONUS YEAR:

$$\frac{360 - 150}{360 \text{ days}} = \frac{210}{360} = .583 \times \$104,000/\text{yr.} = \$ 60,667$$

AVERAGE ANNUAL RATE OF PAY FOR BONUS YEAR = \$ 102,367

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.

- /bullet/ 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.
/bullet/ 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.
/bullet/ 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.
/bullet/ 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.
/bullet/ 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)

- /bullet/ 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.
/bullet/ 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.
/bullet/ 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.
/bullet/ 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.
/bullet/ SALE OF BUSINESS: If a business is sold, the reserve will be paid out to participants of the sold business.
/bullet/ 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.
/bullet/ 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.
/bullet/ 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 6" 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 1998, 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 10.4(a)

RYDER SYSTEM, INC. 1980 STOCK INCENTIVE PLAN
(As amended on August 15, 1996)

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RYDER SYSTEM, INC. 1980 STOCK INCENTIVE PLAN

1. PURPOSE. The purpose of this Plan is to enable the Company to recruit and retain those key executives most responsible for the Company's continued success and progress, and by offering comparable incentives, to compete with other organizations in attracting, motivating and retaining such executives, thereby furthering the interests of the Company and its shareholders by giving such executives a greater personal stake in and commitment to the Company and its future growth and prosperity.

2. DEFINITIONS. For the purpose of the Plan:

(a) The term "Award" shall mean and include any Stock Option, SAR, Limited SAR, Performance Unit or Restricted Stock Right granted under this Plan.

(b) During the three (3) year period following a Change of Control, the term "cause" as used in Section 7 and Section 14(a) of this Plan with respect to any Stock Option shall mean (i) an act or acts of fraud, misappropriation, or embezzlement on the Grantee's part which result in or are intended to result in his personal enrichment at the expense of the Company, (ii) conviction of a felony, (iii) conviction of a misdemeanor involving moral turpitude, or (iv) willful failure to report to work for more than thirty (30) continuous days not supported by a licensed physician's statement, all as determined only by a majority of the Incumbent Board.

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

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

(ii) the individuals who, as of August 18, 1995, constituted the Board of Directors of RSI (the "Board" generally and as of August 18, 1995 the "Incumbent Board") cease for any reason to constitute at least two-thirds (2/3) of the Board, provided that any person becoming a director subsequent to August 18, 1995 whose election, or nomination for election, was approved by a vote of the persons comprising at least two-thirds (2/3) of the Incumbent Board (other than an election or nomination of an individual whose initial assumption of office is in connection with an actual or threatened election contest, as such terms are used in Rule 14a-11 of Regulation 14A promulgated under the 1934 Act) shall be, for purposes of this Plan, considered as though such person were a member of the Incumbent Board; or

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

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

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

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

(d) The term "Code" shall mean the Internal Revenue Code of 1986 as it may be amended from time to time.

(e) The term "Committee" shall mean the Compensation Committee of the Board of Directors of RSI constituted as provided in Section 5 of the Plan.

(f) The term "Common Stock" shall mean the common stock of RSI as from time to time constituted.

(g) The term "Company" shall mean RSI and its Subsidiaries.

- (h) The term "Disability" shall mean total physical or mental disability of a Grantee as determined by the Committee upon the basis of such evidence as the Committee in its discretion deems necessary and appropriate.
- (i) The term "Employee" shall mean a full-time salaried employee of RSI or any Subsidiary (which term shall include salaried officers).
- (j) The term "Fair Market Value" shall mean, with respect to the Common Stock, the mean between the highest and lowest sale price for shares as reported by the composite transaction reporting system for securities listed on the New York Stock Exchange on the date as of which such determination is being made or on the most recently preceding date on which there was such a sale.
- (k) The term "Grantee" shall mean an Employee who is selected by the Committee to receive an Award under the Plan and in the case of a deceased Employee shall mean the beneficiary of the Employee.
- (l) The term "Incentive Stock Option" shall mean a Stock Option granted under this Plan or a previously granted Stock Option that is redesignated by the Committee as an Incentive Stock Option which is intended to constitute an incentive stock option within the meaning of Section 422(b) of the Code.
- (m) The term "Limited SAR" shall mean a Limited Stock Appreciation Right granted by the Committee pursuant to Section 9 of the Plan.
- (n) The terms "1966 Stock Option Plan" and "1966 Option" shall mean, respectively, the Ryder System Stock Option Plan adopted in 1966, as amended, and any stock option granted thereunder.
- (o) The term "Non-employee Director" shall mean any person who qualifies as a disinterested person as defined in Rule 16b-3, as promulgated under the 1934 Act, or any successor definition.
- (p) The term "Non-qualified Stock Option" shall mean a Stock Option granted under this Plan which is not intended to qualify under Section 422(b) of the Code.
- (q) The term "Offer" shall mean any tender offer or exchange offer for Shares, other than one made by the Company, including all amendments and extensions of any such Offer.
- (r) The term "Offer Price per Share" shall have the meaning set forth in Section 9(c) of the Plan.
- (s) The term "Option" shall mean any stock option granted under this Plan or the 1966 Stock Option Plan.

(t) The term "Performance Goals" shall have the meaning set forth in Section 10(c) of the Plan.

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

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

(w) The term "Plan" shall mean the Ryder System, Inc. 1980 Stock Incentive Plan as the same shall be amended.

(x) The term "Price" shall mean, upon the occurrence of a Change of Control, the excess of the highest of:

(i) the highest closing price of the Common Stock reported by the composite transaction reporting system for securities listed on the New York Stock Exchange within the sixty (60) days preceding the date of exercise;

(ii) the highest price per share of Common Stock included in a filing made by any Person on any Schedule 13D pursuant to Section 13(d) of the 1934 Act as paid within the sixty (60) days prior to the date of such report; and

(iii) the value of the consideration to be received by the holders of Common Stock, expressed on a per share basis, in any transaction referred to in subparagraph (iii), (iv) or (v) of Section 2(c), with all noncash consideration being valued in good faith by the Incumbent Board;

over the purchase price per Share at which the related Option is exercisable as applicable, except that Incentive Stock Options and, if and to the extent required in order for the related Option to be treated as an Incentive Stock Option, SARs and Limited SARs granted with respect to Incentive Stock Options, are limited to the spread between the Fair Market Value of Common Stock on the date of exercise and the purchase price per Share at which the related Option is exercisable.

(y) The term "Restricted Period" shall have the meaning set forth in Section 11(a) of the Plan.

(z) The term "RSI" shall mean Ryder System, Inc.

(aa) The term "Restricted Stock Rights" shall mean a Restricted Stock Right granted by the Committee pursuant to Section 11 of the Plan.

(bb) The term "Retirement" shall mean retirement under the provisions of the various retirement plans of the Company (whichever is appropriate to a particular Grantee) as then in effect, or in the absence of any such retirement plan being applicable, as determined by the Committee.

(cc) The term "SAR" shall mean a Stock Appreciation Right granted by the Committee pursuant to the provisions of Section 8 of the Plan.

(dd) The term "Shares" shall mean shares of the Common Stock and any shares of stock or other securities received as a result of the adjustment provided for in Section 12 of the Plan.

(ee) The term "Spread" with respect to a SAR shall have the meaning set forth in Section 8(b) of the Plan, and with respect to a Limited SAR, the meanings set forth in Sections 9(c) and 9(d) of the Plan.

(ff) The term "Stock Option" shall mean any stock option granted under this Plan.

(gg) The term "Subsidiary" shall mean any corporation, other than RSI, or other form of business entity more than fifty percent (50%) of the voting interest of which is owned or controlled, directly or indirectly, by RSI and which the Committee designates for participation in the Plan.

(hh) The term "Termination Date" shall mean the date that a Grantee ceases to be employed by RSI or any Subsidiary for any reason.

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

3. SHARES OF STOCK SUBJECT TO THE PLAN.

(a) Shares issued pursuant to this Plan may be either authorized but unissued or reacquired Shares held in the treasury.

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

(c) Effective October 22, 1993, no Grantee was eligible to receive any Stock Option or series of Stock Options covering, in the aggregate, more than 300,000 Shares from the Shares which were available for issuance pursuant to future grants on that date.

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

5. ADMINISTRATION. The Plan shall be administered by the Committee which shall consist of two or more members of the Board of Directors, each of whom shall be a Non-employee Director. All members of the Committee shall be "outside directors" as defined or interpreted for purposes of Section 162(m) of the Code. The Committee shall have plenary authority, subject to the express provisions of the Plan, to (i) select Grantees; (ii) establish and adjust Performance Goals and Performance Periods for Performance Units; (iii) determine the nature, amount, time and manner of payment of Awards made under the Plan, and the terms and conditions applicable thereto; (iv) interpret the Plan; (v) prescribe, amend and rescind rules and regulations relating to the Plan; (vi) determine whether and to what extent Stock Options previously granted under the Plan shall be redesignated as Incentive Stock Options pursuant to the provisions of Section 251(c) of the Economic Recovery Tax Act of 1981 and the regulations issued thereunder, and in this connection, amend any Stock Option Agreement or make or authorize any reports or elections or take any other action to the extent necessary to implement the redesignation of any Stock Option as an Incentive Stock Option, provided that any redesignation of a previously granted Stock Option as an Incentive Stock Option shall not be effective unless and until consented to by the Grantee; and (vii) make all other determinations deemed necessary or advisable for the administration of the Plan. The Committee's determination on the foregoing matters shall be conclusive. A majority of the Committee shall constitute a quorum, and the acts of a majority of the members present at any meeting at which a quorum is present, or acts approved in writing by all members of the Committee without a meeting, shall be the acts of the Committee.

6. AWARDS. Subject to the provisions of Section 3 of the Plan, the Committee shall determine Awards taking into consideration, as it deems appropriate, the responsibility level and performance of each Grantee. The Committee may grant the following types of Awards: Stock Options pursuant to Section 7 hereof, SARs pursuant to Section 8 hereof, Limited SARs pursuant to Section 9 hereof, Performance Units pursuant to Section 10 hereof and Restricted Stock Rights pursuant to Section 11 hereof. Unless otherwise determined by the Committee, a Grantee may not be granted in any Year both (i) a Restricted Stock Right and (ii) a Stock Option, SAR, Limited SAR or Performance Unit.

7. STOCK OPTIONS.

(a) The Committee from time to time may grant Stock Options either alone or in conjunction with and related to SARs, Limited SARs and/or Performance Units to key executive Employees selected by the Committee as being eligible therefor. The Stock Options may be of two types, Incentive Stock Options and Non-qualified Stock Options. Each Stock Option shall cover such number of Shares and shall be on such other terms and conditions not inconsistent with this Plan as the Committee may determine and shall be evidenced by a Stock Option Agreement setting forth such terms and conditions executed by the Company and the Grantee. The Committee shall determine the number of Shares subject to each Stock Option. The number of Shares subject to an outstanding Stock Option shall be reduced on a one for one basis to the extent that any related SAR, Limited SAR

or Performance Unit is exercised and such Shares shall not again become available for issuance pursuant to the Plan.

In the case of Stock Options, the aggregate Fair Market Value (determined as of the date of grant) of Common Stock with respect to which Incentive Stock Options are exercisable for the first time by an Employee during any Year under the Plan or any other plan of the Company shall not exceed \$100,000. To the extent, if any, that the Fair Market Value of such Common Stock with respect to which Incentive Stock Options are exercisable exceeds \$100,000, such Incentive Stock Options shall be treated as separate Non-qualified Stock Options. For purposes of the two immediately preceding sentences of this subparagraph (a), Stock Options shall be taken into account in the order in which they were granted.

(b) Unless the Committee shall determine otherwise, each Stock Option may be exercised only if the Grantee has been continuously employed by RSI or any Subsidiary for a period of at least one (1) year commencing on the date the Stock Option is granted; provided, however, that this provision shall not apply in the event of a Change of Control.

(c) Each Stock Option shall be for such term (but, in no event, for greater than ten years) and shall be exercisable in such installments as shall be determined by the Committee at the time of grant of the Stock Option.

The Committee may, at any time, provide for the acceleration of installments or any part thereof.

(d) The price per Share at which Shares may be purchased upon the exercise of a Stock Option shall be determined by the Committee on the grant of the Stock Option but such price shall not be less than one hundred percent (100%) of the Fair Market Value on the date of grant of the Stock Option. If a Grantee owns (or is deemed to own under applicable provisions of the Code and rules and regulations promulgated thereunder) more than ten percent (10%) of the combined voting power of all classes of the stock of the Company and a Stock Option granted to such Grantee is intended to qualify as an Incentive Stock Option, the Incentive Stock Option price shall be no less than one hundred and ten percent (110%) of the Fair Market Value of the Common Stock on the date the Incentive Stock Option is granted and the term of such Incentive Stock Option shall be no more than five years.

(e) Except as provided in Paragraphs (h) and (l) of this Section 7, no Stock Option may be exercised unless the Grantee, at the time of exercise, is an Employee and has continuously been an Employee of RSI or any Subsidiary since the grant of such Stock Option. A Grantee shall not be deemed to have terminated his period of continuous employ with RSI or any Subsidiary if he leaves the employ of RSI or any Subsidiary for immediate reemployment with RSI or any Subsidiary.

(f) To exercise a Stock Option, the Grantee shall (i) give written notice to the Company in form satisfactory to the Committee indicating the number of Shares which he elects to purchase, (ii)

deliver to the Company payment of the full purchase price of the Shares being purchased (A) in cash or a certified or bank cashier's check payable to the order of the Company, or (B) if the Grantee elects with the approval of the Committee, in Shares of the Common Stock having a Fair Market Value on the date of exercise equal to the purchase price, or a combination of the foregoing having an aggregate Fair Market Value equal to such purchase price, and (iii) deliver to the Secretary of the Company such written representations, warranties and covenants as the Company may require under Section 16(a) of this Plan.

(g) Upon proper exercise of a Stock Option, the Grantee shall be treated for all purposes as the registered owner of the Shares as to which the Stock Option has been exercised as of the close of business on the date of exercise.

(h) Notwithstanding any other provision of the Plan, unless otherwise determined by the Committee prior to a Change of Control, in the event of a Change of Control, each Stock Option not previously exercised or expired under the terms of the Plan shall become immediately exercisable in full and shall remain exercisable to the full extent of the Shares available thereunder, regardless of any installment provisions applicable thereto, for the remainder of its term, unless Section 14(a) of the Plan applies or the Grantee has been terminated for cause, in which case the Stock Options shall automatically terminate as of the Incumbent Board's determination pursuant to Section 14(a) or the Grantee's Termination Date, as appropriate.

(i) If the Committee so determines prior to or during the thirty (30) day period following the occurrence of a Change of Control, Grantees of Stock Options not otherwise exercised or expired under the terms of the Plan as to which no SARs or Limited SARs are then exercisable may, in lieu of exercising, require RSI to purchase for cash all such Stock Options or portions thereof for a period of sixty (60) days following the occurrence of a Change of Control at the Price specified in Section 2(x).

(j) Any determination made by the Committee pursuant to Section 7(h) or 7(i) may be made as to all eligible Stock Options or only as to certain of such Stock Options specified by the Committee. Once made, any determination by the Committee pursuant to Section 7(h) or 7(i) shall be irrevocable.

(k) The Company intends that Section 7(i) shall comply with the requirements of Rule 16b-3 under the 1934 Act (the "Rule") during the term of this Plan. Should any provision of Section 7(i) not be necessary to comply with the requirements of the Rule, or should any additional provisions be necessary for Section 7(i) to comply with the requirements of the Rule, the Committee may amend this Plan or any Stock Option agreement to add to or modify the provisions thereof accordingly.

(l) Notwithstanding any of the provisions of this Section 7, a Stock Option shall in all cases terminate and not be exercisable after the expiration of the term of the Stock Option established by the Committee. Except as provided in Section 7(h), Stock Options shall be exercisable after the

Grantee ceases to be employed by RSI or any Subsidiary as follows, unless otherwise determined by the Committee:

(i) In the event that a Grantee ceases to be employed by RSI or any Subsidiary by reason of Disability or Retirement, (A) any Non-qualified Stock Option not previously exercised or expired shall continue to vest and be exercisable during the three (3) year period following the Grantee's Termination Date, and to the extent it is exercisable at the expiration of such three (3) year period, it shall continue to be exercisable by such Grantee or such Grantee's legal representatives, heirs or legatees for the term of such Non-qualified Stock Option, and (B) any Incentive Stock Option shall, to the extent it was exercisable on the Termination Date, continue to be exercisable by such Grantee or such Grantee's legal representatives, heirs or legatees for the term of such Incentive Stock Option; provided, however, that in order to qualify for the special tax treatment afforded by Section 421 of the Code, Incentive Stock Options must be exercised within the three (3) month period commencing on the Termination Date (the exercise period shall be one (1) year in the case of termination by reason of disability, within the meaning of Section 422(e)(3) of the Code). Incentive Stock Options not exercised within such three (3) month period shall be treated as Non-qualified Stock Options.

(ii) In the event that a Grantee ceases to be employed by RSI or any Subsidiary by reason of death, any Stock Option shall, to the extent it was exercisable on the Termination Date, continue to be exercisable by such Grantee's legal representatives, heirs or legatees for the term of such Stock Option.

(iii) Except as otherwise provided in subparagraph (i) or (ii) above, in the event that a Grantee ceases to be employed by RSI or any Subsidiary for any reason other than termination for cause, any Stock Option shall, to the extent it was exercisable on the Termination Date, continue to be exercisable for a period of three (3) months commencing on the Termination Date and shall terminate at the expiration of such period; provided, however, that in the event of the death of the Grantee during such three (3) month period, such Stock Option shall, to the extent it was exercisable on the Termination Date, be exercisable by the Grantee's personal representatives, heirs or legatees for a period of one (1) year commencing on the date of the Grantee's death and shall terminate at the expiration of such period.

(iv) Except as otherwise provided in subparagraphs (i), (ii) and (iii) above, a Stock Option shall automatically terminate as of the Termination Date, provided that if a Grantee's employment is interrupted by reason of Disability or a leave of absence (as determined by the Committee) the Committee may permit the exercise of some or all of the Stock Options granted on such terms and for such period of time as it shall determine.

8. STOCK APPRECIATION RIGHTS.

(a) The Committee shall have authority in its discretion to grant a SAR to any Grantee of a Stock Option with respect to all or some of the Shares covered by such Stock Option. Each SAR shall be on such terms and conditions not inconsistent with this Plan as the Committee may determine and shall be evidenced by a SAR Agreement setting forth such terms and conditions executed by the Company and the holder of the SAR. A SAR may be granted either at the time of grant of a Stock Option or at any time thereafter during its term. A SAR may be granted to a Grantee irrespective of whether such Grantee has a Limited SAR. Each SAR shall be exercisable only if and to the extent that the related Stock Option is exercisable. Upon the exercise of a SAR, the related Stock Option shall cease to be exercisable to the extent of the Shares with respect to which such SAR is exercised and shall be considered to have been exercised to that extent for purposes of determining the number of Shares available for the grant of further Awards pursuant to this Plan. Upon the exercise or termination of a Stock Option, the SAR related to such Stock Option shall terminate to the extent of the Shares with respect to which such Stock Option was exercised or terminated.

(b) The term "Spread" as used in this Section 8 shall mean, with respect to the exercise of any SAR, an amount equal to the product computed by multiplying

(i) the excess of (A) the Fair Market Value per Share on the date such SAR is exercised over (B) the purchase price per Share at which the related Stock Option is exercisable by (ii) the number of Shares with respect to which such SAR is being exercised, provided, however, that the Committee may at the grant of any SAR limit the maximum amount of the Spread to be paid upon the exercise thereof.

(c) Only if and to the extent required in order for the related Stock Option to be treated as an Incentive Stock Option, a SAR may be exercised only when there is a positive Spread, that is, when the Fair Market Value per Share exceeds the purchase price per Share at which the related Stock Option is exercisable. Upon the exercise of a SAR, the Committee shall pay to the Grantee exercising the SAR an amount equivalent to the Spread. The Committee shall have the sole and absolute discretion to determine whether payment for such SAR will be made in cash, Shares or a combination of cash and Shares, provided, that any Shares used for payment shall be valued at their Fair Market Value on the date of the exercise of the SAR.

(d) The Company intends that this Section 8 shall comply with the requirements of the Rule during the term of this Plan. Should any provision of this Section 8 not be necessary to comply with the requirements of the Rule or should any additional provisions be necessary for this Section 8 to comply with the requirements of the Rule, the Committee may amend this Plan or any Award agreement to add to or modify the provisions thereof accordingly.

(e) To exercise a SAR, the Grantee shall (i) give written notice to the Company in form satisfactory to the Committee specifying the number of Shares with respect to which such holder is exercising the SAR and (ii) deliver to the Company such written representations, warranties and covenants as the Company may require under Section 16(a) of this Plan.

(f) A person exercising a SAR shall not be treated as having become the registered owner of any Shares issued on such exercise until such Shares are issued.

(g) The exercise of a SAR shall reduce the number of Shares subject to the related Stock Option on a one for one basis.

9. LIMITED SARs.

(a) The Committee shall have authority in its discretion to grant a Limited SAR to the holder of any Stock Option or any 1966 Option, with respect to all or some of the Shares covered by such Option; provided, however, that in the case of Incentive Stock Options, the Committee may grant Limited SARs only if and to the extent that the grant of such Limited SARs is consistent with the treatment of the Stock Option as an Incentive Stock Option. Each Limited SAR shall be on such terms and conditions not inconsistent with this Plan as the Committee may determine and shall be evidenced by a Limited SAR Agreement setting forth such terms and conditions executed by the Company and the holder of the Limited SAR. A Limited SAR may be granted to the holder of a 1966 Option at any time during its term and may be granted either at the time of grant of a Stock Option or at any time thereafter during its term. A Limited SAR may be granted to a Grantee irrespective of whether such Grantee has a SAR.

(b) Limited SARs may be exercised only during the sixty (60) day period commencing after the occurrence of a Change of Control.

Each Limited SAR shall be exercisable only if and to the extent that the related Option is exercisable. Upon the exercise of a Limited SAR, the related Stock Option or 1966 Option shall cease to be exercisable to the extent of the Shares with respect to which such Limited SAR is exercised, and the Stock Option and 1966 Option shall be considered to have been exercised to that extent for purposes of determining the number of Shares available for the grant of further Awards pursuant to this Plan and the 1966 Stock Option Plan, respectively. Upon the exercise or termination of an Option, the Limited SAR with respect to such Option shall terminate to the extent of the Shares with respect to which the Option was exercised or terminated.

(c) For any Limited SAR, the term "Spread" as used in this Section 9 shall mean an amount equal to the product computed by multiplying (A) the Price specified in Section 2(x) by (B) the number of Shares with respect to which such Limited SAR is being exercised.

(d) Only if and to the extent required in order for the related Stock Option to be treated as an Incentive Stock Option, a Limited SAR may be exercised only when there is a positive Spread, that is, when the Fair Market value per Share exceeds the purchase price per Share at which the related Stock Option is exercisable. Upon the exercise of a Limited SAR, the holder thereof shall receive an amount in cash equal to the Spread.

(e) Notwithstanding any other provision of this Plan, no SAR or Performance Unit may be exercised with respect to any Stock Option at a time when any Limited SAR with respect to such Stock Option held by the Grantee of such SAR or Performance Unit may be exercised.

(f) The Company intends that this Section 9 shall comply with the requirements of the Rule during the term of this Plan. Should any provision of this Section 9 not be necessary to comply with the requirements of the Rule, or should any additional provisions be necessary for this Section 9 to comply with the requirements of the Rule, the Committee may amend this Plan or any Award agreement to add to or modify the provisions thereof accordingly.

(g) To exercise a Limited SAR, the holder shall give written notice to the Company in form satisfactory to the Committee specifying the number of Shares with respect to which he is exercising the Limited SAR.

(h) The exercise of a Limited SAR shall reduce on a one for one basis the number of Shares subject to the related Stock Option or 1966 Option.

10. PERFORMANCE UNITS.

(a) In conjunction with the granting of Stock Options under this Plan, the Committee may grant Performance Units relating to such Stock Options; provided, however, that in the case of Incentive Stock Options, the Committee may grant Performance Units only if and to the extent that the grant of such Performance Units is consistent with the treatment of the Stock Option as an Incentive Stock Option. Each grant of Performance Units shall cover such number of Shares and shall be on such other terms and conditions not inconsistent with this Plan as the Committee may determine and shall be evidenced by a Performance Unit Agreement setting forth such terms and conditions executed by the Company and the Grantee of the Performance Units. The number of Performance Units granted shall be equal to a specified number of Shares subject to the related Stock Options. The Committee shall value such Units to the extent that Performance Goals are achieved, provided, however, that in no event shall the value per Performance Unit exceed one hundred and fifty percent (150%) of the purchase price per Share at which the related Stock Option is exercisable.

(b) The Committee shall have full and final authority to establish Performance Goals for each Performance Period on the basis of such criteria, and the attainment of such objectives, as the Committee may from time to time determine. In setting Performance Goals, the Committee may take into consideration such matters which it deems relevant and such financial and other criteria including but not limited to projected cumulative compounded rate of growth in earnings per share and average return on equity. During any Performance Period, the Committee shall have the authority to adjust Performance Goals for the Performance Period as it deems equitable in recognition of extraordinary or nonrecurring events experienced by the Company during the Performance Period including, but not limited to, changes in applicable accounting rules or principles or changes in the Company's

methods of accounting during the Performance Period or significant changes in tax laws or regulations which affect the financial results of the Company.

(c) The term "Performance Goals" as used in this Section 10 shall mean the performance objectives established by the Committee for the Company for a Performance Period for the purpose of determining if, as well as the extent to which, a Performance Unit shall be earned.

(d) The term "Performance Period" as used in this Section 10 shall mean the period of time selected by the Committee (which period shall be not more than five nor less than three years) commencing on January 1 of the Year in which the grant of Performance Units is made, during which the performance of the Company is measured for the purpose of determining the extent to which Performance Units have been earned.

(e) Performance Units shall be earned to the extent that Performance Goals and other conditions established in accordance with Paragraph (b) of this Section 10 are met. The Company shall promptly notify each Grantee of the extent to which Performance Units have been earned by such Grantee. A Performance Unit may be exercised only during the period following such notice and prior to expiration of the related option. Performance Units which have been earned shall be paid after exercise by the Grantee pursuant to Paragraph (h) of this Section 10. The Committee shall have the sole and absolute discretion to determine whether payment for such Performance Unit will be made in cash, Shares or a combination of cash and Shares, provided that any Shares used for payment shall be valued at their Fair Market Value on the date of the exercise of the Performance Unit.

(f) Unless otherwise determined by the Committee, in the event that a Grantee of Performance Units ceases to be employed by RSI or any Subsidiary during the term of the related Stock Option, the Performance Units held by him shall be exercisable only to the extent the related Stock Option is exercisable and shall be forfeited to the extent that the related Stock Option was not exercisable on the Termination Date.

(g) The Company intends that this Section 10 shall comply with the requirements of Section 16(b) of the 1934 Act and the rules thereunder, as from time to time in effect, including the Rule. Should any provision of this Section 10 not be necessary to comply with the requirements of said Section 16(b) and the rules thereunder or should any additional provision be necessary for this Section 10 to comply with the requirements of Section 16(b) and the rules thereunder, the Committee may amend this Plan or any Award agreement to add to or modify the provisions thereof accordingly.

(h) To exercise Performance Units, the Grantee shall give written notice to the Company in form satisfactory to the Committee addressed to the Secretary of the Company specifying the number of Shares with respect to which he is exercising Performance Units.

(i) The exercise of Performance Units shall reduce on a one for one basis the number of Shares subject to the related Stock Option.

11. RESTRICTED STOCK RIGHTS.

- (a) The Committee from time to time may grant Restricted Stock Rights to key executive Employees selected by the Committee as being eligible therefor, which would entitle a Grantee to receive a stated number of Shares subject to forfeiture of such Rights if such Grantee failed to remain continuously in the employ of RSI or any Subsidiary for the period stipulated by the Committee (the "Restricted Period").
- (b) Restricted Stock Rights shall be subject to the following restrictions and limitations:
- (i) The Restricted Stock Rights may not be sold, assigned, transferred, pledged, hypothecated, or otherwise disposed of;
- (ii) Except as otherwise provided in Paragraph (d) of this Section 11, the Restricted Stock Rights and the Shares subject to such Restricted Stock Rights shall be forfeited and all rights of a Grantee to such Restricted Stock Rights and Shares shall terminate without any payment of consideration by the Company if the Grantee fails to remain continuously as an Employee of RSI or any Subsidiary for the Restricted Period. A Grantee shall not be deemed to have terminated his period of continuous employment with RSI or any Subsidiary if he leaves the employ of RSI or any Subsidiary for immediate reemployment with RSI or any Subsidiary.
- (c) The Grantee of Restricted Stock Rights shall not be entitled to any of the rights of a holder of the Common Stock with respect to the Shares subject to such Restricted Stock Rights prior to the issuance of such Shares pursuant to the Plan. During the Restricted Period, for each Share subject to a Restricted Stock Right, the Company will pay the holder an amount in cash equal to the cash dividend declared on a Share during the Restricted Period on or about the date the Company pays such dividend to the stockholders of record.
- (d) In the event that the employment of a Grantee terminates by reason of death, Disability or Retirement, such Grantee shall be entitled to receive the number of Shares subject to the Restricted Stock Right multiplied by a fraction
- (x) the numerator of which shall be the number of days between the date of grant of such Restricted Stock Right and the date of such termination of employment, and (y) the denominator of which shall be the number of days in the Restricted Period, provided, however, that any fractional Share shall be cancelled. If a Grantee's employment is interrupted by reason of Disability or a leave of absence (as determined by the Committee), then the Committee may permit the delivery of the Shares subject to the Restricted Stock Right in such amounts as the Committee may determine.
- (e) Notwithstanding Paragraphs (a) and (b) of this Section 11, unless otherwise determined by the Committee prior to the occurrence of a Change of Control, in the event of a Change of Control all restrictions on Restricted Stock shall expire and all Shares subject to Restricted Stock Rights shall be issued to the Grantees. Additionally, the Committee may, at any time, provide for the acceleration of the Restricted Period and of the issuance of all or part of the Shares subject to Restricted Stock

Rights. Any determination made by the Committee pursuant to this Section 11(e) may be made as to all Restricted Stock Rights or only as to certain Restricted Stock Rights specified by the Committee. Once made, any determination by the Committee pursuant to this Section 11(e) shall be irrevocable.

(f) When a Grantee shall be entitled to receive Shares pursuant to a Restricted Stock Right, the Company shall issue the appropriate number of Shares registered in the name of the Grantee.

12. DILUTION AND OTHER ADJUSTMENTS. If there shall be any change in the Shares subject to the Plan or any Award granted under the Plan, as a result of merger, consolidation, reorganization, recapitalization, stock dividend, stock split or other change in the corporate structure, adjustments may be made by the Committee, as it may deem appropriate, in the aggregate number and kind of Shares subject to the Plan or to any outstanding Award, and in the terms and provisions of this Plan and any Awards granted hereunder, in order to reflect, on an equitable basis, any such change in the Shares contemplated by this

Section 12. Any adjustment made by the Committee pursuant to this Section 12 shall be conclusive and binding upon the Grantee, the Company and any other related person.

13. SUBSTITUTE OPTIONS. Incentive and/or Non-qualified Stock Options may be granted under this Plan from time to time in substitution for either incentive or non-qualified stock options or both held by employees of other corporations who are about to become employees of the Company as the result of a merger, consolidation or reorganization of the employing corporation with the Company, or the acquisition by the Company of the assets of the employing corporation, or the acquisition by the Company of stock of the employing corporation as the result of which it becomes a Subsidiary of the Company. The terms and conditions of the Stock Options so granted may vary from the terms and conditions set forth in this Plan to such extent as the Committee at the time of grant may deem appropriate to conform, in whole or in part, to the provisions of the stock options in substitution for which they are granted, but, in the event that the option for which a substitute Stock Option is being granted is an incentive stock option, no variation shall adversely affect the status of any substitute Stock Option as an incentive stock option under the Code.

14. MISCELLANEOUS PROVISIONS.

(a) Notwithstanding any other provision of the Plan, no Stock Option, SAR, Limited SAR or Restricted Stock Right granted hereunder may be exercised nor shall any payment in respect of any Performance Unit granted hereunder be made and all rights of the Grantee thereof, or of the Grantee's legal representatives, heirs or legatees, shall be forfeited if, prior to the time of such exercise or payment, the Committee (or in the event of a Change of Control, the Incumbent Board) determines that the Grantee has (i) used for profit or disclosed confidential information or trade secrets of the Company to unauthorized persons, or (ii) breached any contract with, or violated any legal obligation

to, the Company, or (iii) engaged in any other activity which would constitute grounds for termination for cause of the Grantee by the Company. The Committee (or the Incumbent Board) shall give a Grantee written notice of such determination prior to making any such forfeiture. The Committee (or the Incumbent Board) may waive the conditions of this Paragraph in full or in part if, in its sole judgment, such waiver will have no substantial adverse effect upon the Company. The determination of the Committee (or the Incumbent Board) as to the occurrence of any of the events specified above and to the forfeiture, if any, shall be conclusive and binding upon the Grantee, the Company and any other related person.

(b) The Grantee of an Award shall have no rights as a stockholder with respect thereto, except as otherwise expressly provided in the Plan, unless and until certificates for Shares are issued.

(c) No Award or any rights or interests therein shall be assignable or transferable by the Grantee except by will or the laws of descent and distribution. During the lifetime of the Grantee, an Award shall be exercisable only by the Grantee or the Grantee's guardian or legal representative.

(d) The Company shall have the right to deduct from all Awards granted hereunder to be distributed in cash any Federal, state, local or foreign taxes required by law to be withheld with respect to such cash payments. In the case of Awards to be distributed in Shares, the holder or other person receiving such Common Stock shall be required, as a condition of such distribution, either to pay to the Company at the time of distribution thereof the amount of any such taxes which the Company is required to withhold with respect to such Shares or to have the number of the Shares, valued at their Fair Market Value on the date of distribution, to be distributed reduced by an amount equal to the value of such taxes required to be withheld.

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

(f) The costs and expense of administering the Plan shall be borne by the Company and not charged to any Award nor to any Grantee.

(g) The Plan shall be unfunded. The Company shall not be required to establish any special or separate fund or to make any other segregation of assets to assure the payment of any Award under the Plan, and payment of Awards shall be subordinate to the claims of the Company's general creditors.

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

15. INDEMNIFICATION OF THE COMMITTEE. Service on the Committee shall constitute service as a director of the Company and members of the Committee shall be entitled to indemnification, advancement of expenses and reimbursement as directors of the Company pursuant to its Articles of Incorporation, bylaws, resolutions of the Board of Directors of RSI or otherwise.

16. COMPLIANCE WITH LAW.

(a) Each Grantee, to permit the Company to comply with the Securities Act of 1933, as amended (the "1933 Act"), and any applicable blue sky or state securities laws, shall represent in writing to the Company at the time of the grant of an Award and at the time of the issuance of any Shares thereunder that such Grantee does not contemplate and shall not make any transfer of any Shares to be acquired under an Award except in compliance with the 1933 Act and such Grantee shall enter into such agreements and make such other representations as, in the opinion of counsel to the Company, shall be sufficient to enable the Company legally to issue the Shares without registration thereof under the 1933 Act. Certificates representing Shares to be acquired under Awards shall bear legends as counsel for the Company may indicate are necessary or appropriate to accomplish the purposes of this Section 16.

(b) If at any time the Committee shall determine that the listing, registration or qualification of the Shares subject to any Award upon any securities exchange or under any state or federal law, or the consent or approval of any government regulatory body is necessary or desirable as a condition of, or in connection with, the granting of or issuance of Shares under such Award, such Shares shall not be issued unless such listing, registration, qualification, consent or approval shall have been effected or obtained free of any conditions not acceptable to the Committee.

17. AMENDMENT OF THE PLAN. The Committee may at any time (i) terminate this Plan or (ii) modify or amend this Plan in any respect, except that without shareholder approval the Committee may not (A) materially increase the benefits accruing to Grantees under the Plan if and to the extent required to maintain the qualification of the Plan under the Rule, (B) materially increase the number of securities which may be issued under the Plan, or (C) materially modify the requirements as to eligibility for participation in the Plan. The termination or any modification or amendment of this Plan shall not, without the consent of any Grantee involved, adversely affect his rights under an Award previously granted to him.

18. EFFECTIVE DATE AND TERM OF THE PLAN.

(a) This Plan originally became effective for the fiscal year commenced January 1, 1980. The Plan was approved on May 2, 1980, by the holders of a majority of the then outstanding Shares of the Company. The Plan as then amended was most recently approved by the holders of a majority of the outstanding Shares of the Company on May 7, 1993.

(b) Unless previously terminated in accordance with Section 17 of this Plan, this Plan shall terminate on the close of business on May 1, 2000, after which no Awards shall be granted under this Plan. Such termination shall not affect any Awards granted prior to such termination.

EXHIBIT 10.4(d)

RYDER SYSTEM, INC. 1995 STOCK INCENTIVE PLAN
(As amended on August 15, 1996)

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RYDER SYSTEM, INC. 1995 STOCK INCENTIVE PLAN

1. PURPOSE. The purpose of this Plan is to enable the Company to recruit and retain those key executives most responsible for the Company's continued success and progress, and by offering comparable incentives, to compete with other organizations in attracting, motivating and retaining such executives, thereby furthering the interests of the Company and its shareholders by giving such executives a greater personal stake in and commitment to the Company and its future growth and prosperity.

2. DEFINITIONS. For the purpose of this Plan:

(a) The term "Award" shall mean and include any Stock Option, SAR, Limited SAR, Performance Unit or Restricted Stock Right granted under this Plan.

(b) During the three (3) year period following a Change of Control, the term "cause" as used in Section 7 and Section 14(a) of this Plan with respect to any Stock Option shall mean (i) an act or acts of fraud, misappropriation or embezzlement on the Grantee's part which result in or are intended to result in his personal enrichment at the expense of the Company, (ii) conviction of a felony, (iii) conviction of a misdemeanor involving moral turpitude, or (iv) willful failure to report to work for more than thirty (30) continuous days not supported by a licensed physician's statement, all as determined only by a majority of the Incumbent Board or the Committee, as the case may be.

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

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

(ii) the individuals who, as of August 18, 1995, constituted the Board of Directors of RSI (the "Board" generally and as of August 18, 1995 the "Incumbent Board") cease for any reason to constitute at least two-thirds (2/3) of the Board, provided that any person becoming a director subsequent to August 18, 1995 whose election, or nomination for election, was approved by a vote of the persons comprising at least two-thirds (2/3) of the Incumbent Board (other than an election or

nomination of an individual whose initial assumption of office is in connection with an actual or threatened election contest, as such terms are used in Rule 14a-11 of Regulation 14A promulgated under the 1934 Act) shall be, for purposes of this Plan, considered as though such person were a member of the Incumbent Board; or

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

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

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

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

(d) The term "Code" shall mean the Internal Revenue Code of 1986 as it may be amended from time to time.

(e) The term "Committee" shall mean the Compensation Committee of the Board of Directors of RSI constituted as provided in Section 5 of this Plan.

- (f) The term "Common Stock" shall mean the common stock of RSI as from time to time constituted.
- (g) The term "Company" shall mean RSI and its Subsidiaries.
- (h) The term "Disability" shall mean total physical or mental disability of a Grantee as determined by the Committee upon the basis of such evidence as the Committee in its discretion deems necessary and appropriate.
- (i) The term "Employee" shall mean a full-time salaried employee of RSI or any Subsidiary (which term shall include salaried officers).
- (j) The term "Fair Market Value" shall mean, with respect to the Common Stock, the mean between the highest and lowest sale price for shares as reported by the composite transaction reporting system for securities listed on the New York Stock Exchange on the date as of which such determination is being made or on the most recently preceding date on which there was such a sale.
- (k) The term "Grantee" shall mean an Employee who is selected by the Committee to receive an Award under this Plan and in the case of a deceased Employee shall mean the beneficiary of the Employee.
- (l) The term "Incentive Stock Option" shall mean a Stock Option granted under this Plan or a previously granted Stock Option that is redesignated by the Committee as an Incentive Stock Option which is intended to constitute an incentive stock option within the meaning of Section 422(b) of the Code.
- (m) The term "Limited SAR" shall mean a Limited Stock Appreciation Right granted by the Committee pursuant to Section 9 of this Plan.
- (n) The term "Non-employee Director" shall mean any person who qualifies as a non-employee director as defined in Rule 16b-3, as promulgated under the 1934 Act, or any successor definition.
- (o) The term "Non-qualified Stock Option" shall mean a Stock Option granted under this Plan which is not intended to qualify under Section 422(b) of the Code.
- (p) The term "Offer" shall mean any tender offer or exchange offer for Shares, other than one made by the Company, including all amendments and extensions of any such Offer.
- (q) The term "Option" shall mean any stock option granted under this Plan.
- (r) The term "Performance Goals" shall have the meaning set forth in Section 10(c) of this Plan.

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

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

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

(v) The term "Price" shall mean, upon the occurrence of a Change of Control, the excess of the highest of:

(i) the highest closing price of the Common Stock reported by the composite transaction reporting system for securities listed on the New York Stock Exchange within the sixty (60) days preceding the date of exercise;

(ii) the highest price per share of Common Stock included in a filing made by any Person on any Schedule 13D pursuant to Section 13(d) of the 1934 Act as paid within the sixty (60) days prior to the date of such report; and

(iii) the value of the consideration to be received by the holders of Common Stock, expressed on a per share basis, in any transaction referred to in subparagraph (iii), (iv) or (v) of Section 2(c), with all noncash consideration being valued in good faith by the Incumbent Board;

over the purchase price per Share at which the related Option is exercisable as applicable, except that Incentive Stock Options and, if and to the extent required in order for the related Option to be treated as an Incentive Stock Option, SARs and Limited SARs granted with respect to Incentive Stock Options, are limited to the spread between the Fair Market Value of Common Stock on the date of exercise and the purchase price per Share at which the related Option is exercisable.

(y) The term "Restricted Period" shall have the meaning set forth in Section 11(a) of this Plan.

(z) The term "RSI" shall mean Ryder System, Inc.

(aa) The term "Restricted Stock Rights" shall mean a Restricted Stock Right granted by the Committee pursuant to Section 11 of this Plan.

(bb) The term "Retirement" shall mean retirement under the provisions of the various retirement plans of the Company (whichever is appropriate to a particular Grantee) as then in effect, or in the absence of any such retirement plan being applicable, as determined by the Committee.

(cc) The term "SAR" shall mean a Stock Appreciation Right granted by the Committee pursuant to the provisions of Section 8 of this Plan.

(dd) The term "Shares" shall mean shares of the Common Stock and any shares of stock or other securities received as a result of the adjustment provided for in Section 12 of this Plan.

(ee) The term "Spread" with respect to a SAR shall have the meaning set forth in Section 8(b) of this Plan, and with respect to a Limited SAR, the meanings set forth in Sections 9(c) and 9(d) of this Plan.

(ff) The term "Stock Option" shall mean any stock option granted under this Plan.

(gg) The term "Subsidiary" shall mean any corporation, other than RSI, or other form of business entity more than fifty percent (50%) of the voting interest of which is owned or controlled, directly or indirectly, by RSI and which the Committee designates for participation in this Plan.

(hh) The term "Termination Date" shall mean the date that a Grantee ceases to be employed by RSI or any Subsidiary for any reason; provided, however, it shall mean the end of any severance period applicable to a Grantee with respect to any Non-qualified Stock Options held by such Grantee.

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

3. SHARES OF STOCK SUBJECT TO THIS PLAN.

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

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

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

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

5. ADMINISTRATION. This Plan shall be administered by the Compensation Committee of the Board of Directors of RSI which shall consist of two or more members of the Board of Directors, each of whom shall be a Non-employee Director. All members of the Committee shall be "outside directors" as defined or interpreted for purposes of Section 162(m) of the Code. The Committee shall have

plenary authority, subject to the express provisions of this Plan, to (i) select Grantees; (ii) establish and adjust Performance Goals and Performance Periods for Performance Units; (iii) determine the nature, amount, time and manner of payment of Awards made under this Plan, and the terms and conditions applicable thereto; (iv) interpret this Plan; (v) prescribe, amend and rescind rules and regulations relating to this Plan; (vi) determine whether and to what extent Stock Options previously granted under this Plan shall be redesignated as Incentive Stock Options and, in this connection, amend any Stock Option Agreement or make or authorize any reports or elections or take any other action to the extent necessary to implement the redesignation of any Stock Option as an Incentive Stock Option, provided that any redesignation of a previously granted Stock Option as an Incentive Stock Option shall not be effective unless and until consented to by the Grantee; and (vii) make all other determinations deemed necessary or advisable for the administration of this Plan. The Committee's determination on the foregoing matters shall be conclusive. A majority of the Committee shall constitute a quorum, and the acts of a majority of the members present at any meeting at which a quorum is present, or acts approved in writing by all members of the Committee without a meeting, shall be the acts of the Committee.

6. AWARDS. Subject to the provisions of Section 3 of this Plan, the Committee shall determine Awards taking into consideration, as it deems appropriate, the responsibility level and performance of each Grantee. The Committee may grant the following types of Awards: Stock Options pursuant to Section 7 hereof, SARs pursuant to Section 8 hereof, Limited SARs pursuant to Section 9 hereof, Performance Units pursuant to Section 10 hereof and Restricted Stock Rights pursuant to Section 11 hereof. Unless otherwise determined by the Committee, a Grantee may not be granted in any Year both (i) a Restricted Stock Right and (ii) a Stock Option, SAR, Limited SAR or Performance Unit.

7. STOCK OPTIONS.

(a) The Committee from time to time may grant Stock Options either alone or in conjunction with and related to SARs, Limited SARs and/or Performance Units to key executive Employees selected by the Committee as being eligible therefor. The Stock Options may be of two types, Incentive Stock Options and Non-qualified Stock Options. Each Stock Option shall cover such number of Shares and shall be on such other terms and conditions not inconsistent with this Plan as the Committee may determine and shall be evidenced by a Stock Option Agreement setting forth such terms and conditions executed by the Company and the Grantee. The Committee shall determine the number of Shares subject to each Stock Option. The number of Shares subject to an outstanding Stock Option shall be reduced on a one for one basis to the extent that any related SAR, Limited SAR or Performance Unit is exercised and such Shares shall not again become available for issuance pursuant to this Plan.

In the case of Stock Options, the aggregate Fair Market Value (determined as of the date of grant) of Common Stock with respect to which Incentive Stock Options are exercisable for the first time by an Employee during any Year under this Plan or any other plan of the Company shall not

exceed \$100,000. To the extent, if any, that the Fair Market Value of such Common Stock with respect to which Incentive Stock Options are exercisable exceeds \$100,000, such Incentive Stock Options shall be treated as separate Non-qualified Stock Options. For purposes of the two immediately preceding sentences of this subparagraph (a), Stock Options shall be taken into account in the order in which they were granted.

(b) Unless the Committee shall determine otherwise, each Stock Option may be exercised only if the Grantee has been continuously employed by RSI or any Subsidiary for a period of at least one (1) year commencing on the date the Stock Option is granted; provided, however, that this provision shall not apply in the event of a Change of Control.

(c) Each Stock Option shall be for such term (but, in no event for greater than ten years) and shall be exercisable in such installments as shall be determined by the Committee at the time of grant of the Stock Option.

The Committee may, at any time, provide for the acceleration of installments or any part thereof.

(d) The price per Share at which Shares may be purchased upon the exercise of a Stock Option shall be determined by the Committee on the grant of the Stock Option but such price shall not be less than one hundred percent (100%) of the Fair Market Value on the date of grant of the Stock Option. If a Grantee owns (or is deemed to own under applicable provisions of the Code and rules and regulations promulgated thereunder) more than ten percent (10%) of the combined voting power of all classes of the stock of the Company and a Stock Option granted to such Grantee is intended to qualify as an Incentive Stock Option, the Incentive Stock Option price shall be no less than one hundred and ten percent (110%) of the Fair Market Value of the Common Stock on the date the Incentive Stock Option is granted and the term of such Incentive Stock Option shall be no more than five years.

(e) Except as provided in Paragraphs (h) and (l) of this Section 7, no Stock Option may be exercised unless the Grantee, at the time of exercise, is an Employee and has continuously been an Employee of RSI or any Subsidiary since the grant of such Stock Option. A Grantee shall not be deemed to have terminated his period of continuous employ with RSI or any Subsidiary if he leaves the employ of RSI or any Subsidiary for immediate reemployment with RSI or any Subsidiary.

(f) To exercise a Stock Option, the Grantee shall (i) give written notice to the Company in form satisfactory to the Committee indicating the number of Shares which he elects to purchase, (ii) deliver to the Company payment of the full purchase price of the Shares being purchased (A) in cash or a certified or bank cashier's check payable to the order of the Company, or (B) with the approval of the Committee, in Shares of the Common Stock having a Fair Market Value on the date of exercise equal to the purchase price, or a combination of the foregoing having an aggregate Fair Market Value equal to such purchase price, and (iii) deliver to the Secretary of the Company such written representations, warranties and covenants as the Company may require under Section 16(a) of this Plan.

- (g) A Grantee of any Stock Option shall not have any rights as a shareholder until the close of business on the date on which the Stock Option has been exercised.
- (h) Notwithstanding any other provision of this Plan, unless otherwise determined by the Committee prior to a Change of Control, in the event of a Change of Control, each Stock Option not previously exercised or expired under the terms of this Plan shall become immediately exercisable in full and shall remain exercisable to the full extent of the Shares available thereunder, regardless of any installment provisions applicable thereto, for the remainder of its term, unless Section 14(a) of this Plan applies or the Grantee has been terminated for cause, in which case the Stock Options shall automatically terminate as of the Incumbent Board's determination pursuant to Section 14(a) or the Grantee's Termination Date, as appropriate.
- (i) If the Committee so determines prior to or during the thirty (30) day period following the occurrence of a Change of Control, Grantees of Stock Options not otherwise exercised or expired under the terms of this Plan as to which no SARs or Limited SARs are then exercisable may, in lieu of exercising, require RSI to purchase for cash all such Stock Options or portions thereof for a period of sixty (60) days following the occurrence of a Change of Control at the Price specified in Section 2(v).
- (j) Any determination made by the Committee pursuant to Section 7(h) or 7(i) may be made as to all eligible Stock Options or only as to certain of such Stock Options specified by the Committee. Once made, any determination by the Committee pursuant to Section 7(h) or 7(i) shall be irrevocable.
- (k) The Company intends that Section 7(i) shall comply with the requirements of Rule 16b-3 under the 1934 Act (the "Rule") during the term of this Plan. Should any provision of Section 7(i) not be necessary to comply with the requirements of the Rule, or should any additional provisions be necessary for Section 7(i) to comply with the requirements of the Rule, the Committee may amend this Plan or any Stock Option agreement to add to or modify the provisions thereof accordingly.
- (l) Notwithstanding any of the provisions of this Section 7, a Stock Option shall in all cases terminate and not be exercisable after the expiration of the term of the Stock Option established by the Committee. Except as provided in Section 7(h), Stock Options shall be exercisable after the Grantee ceases to be employed by RSI or any Subsidiary as follows, unless otherwise determined by the Committee:
- (i) In the event that a Grantee ceases to be employed by RSI or any Subsidiary by reason of Disability or Retirement, (A) any Non-qualified Stock Option not previously exercised or expired shall continue to vest and be exercisable during the three (3) year period following the Grantee's Termination Date, and to the extent it is exercisable at the expiration of such three (3) year period, it shall continue to be exercisable by such Grantee or such Grantee's legal representatives, heirs or legatees for the term of such Non-qualified Stock Option, and (B) any Incentive Stock Option shall, to the extent it was exercisable on the Termination Date, continue to be exercisable by such Grantee

or such Grantee's legal representatives, heirs or legatees for the term of such Incentive Stock Option; provided, however, that in order to qualify for the special tax treatment afforded by Section 421 of the Code, Incentive Stock Options must be exercised within the three (3) month period commencing on the Termination Date (the exercise period shall be one (1) year in the case of termination by reason of disability, within the meaning of Section 22(e)(3) of the Code). Incentive Stock Options not exercised within such three (3) month period shall be treated as Non-qualified Stock Options.

(ii) In the event that a Grantee ceases to be employed by RSI or any Subsidiary by reason of death, any Stock Option shall, to the extent it was exercisable on the Termination Date, continue to be exercisable by such Grantee's legal representatives, heirs or legatees for the term of such Stock Option.

(iii) Except as otherwise provided in subparagraph (i) or (ii) above, in the event that a Grantee ceases to be employed by RSI or any Subsidiary for any reason other than termination for cause, any Stock Option shall, to the extent it was exercisable on the Termination Date, continue to be exercisable for a period of three (3) months commencing on the Termination Date and shall terminate at the expiration of such period; provided, however, that in the event of the death of the Grantee during such three (3) month period, such Stock Option shall, to the extent it was exercisable on the Termination Date, be exercisable by the Grantee's personal representatives, heirs or legatees for a period of one (1) year commencing on the date of the Grantee's death and shall terminate at the expiration of such period.

(m) Except as otherwise provided in Section 7(1), a Stock Option shall automatically terminate as of the Termination Date, provided that if a Grantee's employment is interrupted by reason of Disability or a leave of absence (as determined by the Committee) the Committee may permit the exercise of some or all of the Stock Options granted on such terms and for such period of time as it shall determine.

8. STOCK APPRECIATION RIGHTS.

(a) The Committee shall have authority in its discretion to grant a SAR to any Grantee of a Stock Option with respect to all or some of the Shares covered by such Stock Option. Each SAR shall be on such terms and conditions not inconsistent with this Plan as the Committee may determine and shall be evidenced by a SAR Agreement setting forth such terms and conditions executed by the Company and the holder of the SAR. A SAR may be granted either at the time of grant of a Stock Option or at any time thereafter during its term. A SAR may be granted to a Grantee irrespective of whether such Grantee has a Limited SAR. Each SAR shall be exercisable only if and to the extent that the related Stock Option is exercisable. Upon the exercise of a SAR, the related Stock Option shall cease to be exercisable to the extent of the Shares with respect to which such SAR is exercised and shall be considered to have been exercised to that extent for purposes of determining the number of Shares available for the grant of further Awards pursuant to this Plan. Upon the exercise or

termination of a Stock Option, the SAR related to such Stock Option shall terminate to the extent of the Shares with respect to which such Stock Option was exercised or terminated.

(b) The term "Spread" as used in this Section 8 shall mean, with respect to the exercise of any SAR, an amount equal to the product computed by multiplying

(i) the excess of (A) the Fair Market Value per Share on the date such SAR is exercised over (B) the purchase price per Share at which the related Stock Option is exercisable by (ii) the number of Shares with respect to which such SAR is being exercised, provided; however, that the Committee may at the grant of any SAR limit the maximum amount of the Spread to be paid upon the exercise thereof.

(c) Only if and to the extent required in order for the related Stock Option to be treated as an Incentive Stock Option, a SAR may be exercised only when there is a positive Spread, that is, when the Fair Market Value per Share exceeds the purchase price per Share at which the related Stock Option is exercisable. Upon the exercise of a SAR, the Committee shall pay to the Grantee exercising the SAR an amount equivalent to the Spread. The Committee shall have the sole and absolute discretion to determine whether payment for such SAR will be made in cash, Shares or a combination of cash and Shares, provided, that any Shares used for payment shall be valued at their Fair Market Value on the date of the exercise of the SAR.

(d) The Company intends that this Section 8 shall comply with the requirements of the Rule during the term of this Plan. Should any provision of this Section 8 not be necessary to comply with the requirements of the Rule or should any additional provisions be necessary for this Section 8 to comply with the requirements of the Rule, the Committee may amend this Plan or any Award agreement to add to or modify the provisions thereof accordingly.

(e) To exercise a SAR, the Grantee shall (i) give written notice to the Company in form satisfactory to the Committee specifying the number of Shares with respect to which such holder is exercising the SAR and (ii) deliver to the Company such written representations, warranties and covenants as the Company may require under Section 16(a) of this Plan.

(f) A person exercising a SAR shall not be treated as having become the registered owner of any Shares issued on such exercise until such Shares are issued.

(g) The exercise of a SAR shall reduce the number of Shares subject to the related Stock Option on a one for one basis.

9. LIMITED SARs.

(a) The Committee shall have authority in its discretion to grant a Limited SAR to the holder of any Stock Option with respect to all or some of the Shares covered by such Stock Option; provided, however, that in the case of Incentive Stock Options, the Committee may grant Limited SARs only if and to the extent that the grant of such Limited SARs is consistent with the treatment

of the Stock Option as an Incentive Stock Option. Each Limited SAR shall be on such terms and conditions not inconsistent with this Plan as the Committee may determine and shall be evidenced by a Limited SAR Agreement setting forth such terms and conditions executed by the Company and the holder of the Limited SAR. A Limited SAR may be granted to a Grantee irrespective of whether such Grantee has a SAR.

(b) Limited SARs may be exercised only during the sixty (60) day period commencing after the occurrence of a Change of Control.

Each Limited SAR shall be exercisable only if and to the extent that the related Option is exercisable. Upon the exercise of a Limited SAR, the related Stock Option shall cease to be exercisable to the extent of the Shares with respect to which such Limited SAR is exercised, and the Stock Option shall be considered to have been exercised to that extent for purposes of determining the number of Shares available for the grant of further Awards pursuant to this Plan. Upon the exercise or termination of an Option, the Limited SAR with respect to such Option shall terminate to the extent of the Shares with respect to which the Option was exercised or terminated.

(c) For any Limited SAR, the term "Spread" as used in this Section 9 shall mean an amount equal to the product computed by multiplying (A) the Price specified in Section 2(v) by (B) the number of Shares with respect to which such Limited SAR is being exercised.

(d) Only if and to the extent required in order for the related Stock Option to be treated as an Incentive Stock Option, a Limited SAR may be exercised only when there is a positive Spread, that is, when the Fair Market value per Share exceeds the purchase price per Share at which the related Stock Option is exercisable. Upon the exercise of a Limited SAR, the holder thereof shall receive an amount in cash equal to the Spread.

(e) Notwithstanding any other provision of this Plan, no SAR or Performance Unit may be exercised with respect to any Stock Option at a time when any Limited SAR with respect to such Stock Option held by the Grantee of such SAR or Performance Unit may be exercised.

(f) The Company intends that this Section 9 shall comply with the requirements of the Rule during the term of this Plan. Should any provision of this Section 9 not be necessary to comply with the requirements of the Rule, or should any additional provisions be necessary for this Section 9 to comply with the requirements of the Rule, the Committee may amend this Plan or any Award agreement to add to or modify the provisions thereof accordingly.

(g) To exercise a Limited SAR, the holder shall give written notice to the Company in form satisfactory to the Committee specifying the number of Shares with respect to which he is exercising the Limited SAR.

(h) The exercise of a Limited SAR shall reduce on a one for one basis the number of Shares subject to the related Stock Option.

10. PERFORMANCE UNITS.

(a) In conjunction with the granting of Stock Options under this Plan, the Committee may grant Performance Units relating to such Stock Options; provided, however, that in the case of Incentive Stock Options, the Committee may grant Performance Units only if and to the extent that the grant of such Performance Units is consistent with the treatment of the Stock Option as an Incentive Stock Option. Each grant of Performance Units shall cover such number of Shares and shall be on such other terms and conditions not inconsistent with this Plan as the Committee may determine and shall be evidenced by a Performance Unit Agreement setting forth such terms and conditions executed by the Company and the Grantee of the Performance Units. The number of Performance Units granted shall be equal to a specified number of Shares subject to the related Stock Options. The Committee shall value such Units to the extent that Performance Goals are achieved; provided, however, that in no event shall the value per Performance Unit exceed one hundred and fifty percent (150%) of the purchase price per Share at which the related Stock Option is exercisable.

(b) The Committee shall have full and final authority to establish Performance Goals for each Performance Period on the basis of such criteria, and the attainment of such objectives, as the Committee may from time to time determine. In setting Performance Goals, the Committee may take into consideration such matters which it deems relevant and such financial and other criteria including but not limited to projected cumulative compounded rate of growth in earnings per Share and average return on equity. During any Performance Period, the Committee shall have the authority to adjust Performance Goals for the Performance Period as it deems equitable in recognition of extraordinary or nonrecurring events experienced by the Company during the Performance Period including, but not limited to, changes in applicable accounting rules or principles or changes in the Company's methods of accounting during the Performance Period or significant changes in tax laws or regulations which affect the financial results of the Company.

(c) The term "Performance Goals" as used in this Section 10 shall mean the performance objectives established by the Committee for the Company for a Performance Period for the purpose of determining if, as well as the extent to which, a Performance Unit shall be earned.

(d) The term "Performance Period" as used in this Section 10 shall mean the period of time selected by the Committee (which period shall be not more than five nor less than three years) commencing on January 1 of the Year in which the grant of Performance Units is made, during which the performance of the Company is measured for the purpose of determining the extent to which Performance Units have been earned.

(e) Performance Units shall be earned to the extent that Performance Goals and other conditions established in accordance with Paragraph (b) of this

Section 10 are met. The Company shall promptly notify each Grantee of the extent to which Performance Units have been earned by such Grantee. A Performance Unit may be exercised only during the period following such notice and prior to expiration of the related option. Performance Units which have been earned shall be paid after exercise by the Grantee pursuant to Paragraph (h) of this Section

10. The Committee shall have

the sole and absolute discretion to determine whether payment for such Performance Unit will be made in cash, Shares or a combination of cash and Shares, provided that any Shares used for payment shall be valued at their Fair Market Value on the date of the exercise of the Performance Unit.

(f) Unless otherwise determined by the Committee, in the event that a Grantee of Performance Units ceases to be employed by RSI or any Subsidiary during the term of the related Stock Option, the Performance Units held by him shall be exercisable only to the extent the related Stock Option is exercisable and shall be forfeited to the extent that the related Stock Option was not exercisable on the Termination Date.

(g) The Company intends that this Section 10 shall comply with the requirements of Section 16(b) of the 1934 Act and the rules thereunder, as from time to time in effect, including the Rule. Should any provision of this Section 10 not be necessary to comply with the requirements of said Section 16(b) and the rules thereunder or should any additional provision be necessary for this Section 10 to comply with the requirements of Section 16(b) and the rules thereunder, the Committee may amend this Plan or any Award agreement to add to or modify the provisions thereof accordingly.

(h) To exercise Performance Units, the Grantee shall give written notice to the Company in form satisfactory to the Committee addressed to the Secretary of the Company specifying the number of Shares with respect to which he is exercising Performance Units.

(i) The exercise of Performance Units shall reduce on a one for one basis the number of Shares subject to the related Stock Option.

11. RESTRICTED STOCK RIGHTS.

(a) The Committee from time to time may grant Restricted Stock Rights to key executive Employees selected by the Committee as being eligible therefor, which would entitle a Grantee to receive a stated number of Shares subject to forfeiture of such Rights if such Grantee failed to remain continuously in the employ of RSI or any Subsidiary for the period stipulated by the Committee (the "Restricted Period").

(b) Restricted Stock Rights shall be subject to the following restrictions and limitations:

(i) The Restricted Stock Rights may not be sold, assigned, transferred, pledged, hypothecated, or otherwise disposed of;

(ii) Except as otherwise provided in Paragraph (d) of this Section 11, the Restricted Stock Rights and the Shares subject to such Restricted Stock Rights shall be forfeited and all rights of a Grantee to such Restricted Stock Rights and Shares shall terminate without any payment of consideration by the Company if the Grantee fails to remain continuously as an Employee of RSI or any Subsidiary for the Restricted Period. A Grantee shall not be deemed to have terminated his

period of continuous employment with RSI or any Subsidiary if he leaves the employ of RSI or any Subsidiary for immediate reemployment with RSI or any Subsidiary.

(c) The Grantee of Restricted Stock Rights shall not be entitled to any of the rights of a holder of the Common Stock with respect to the Shares subject to such Restricted Stock Rights prior to the issuance of such Shares pursuant to this Plan. During the Restricted Period, for each Share subject to a Restricted Stock Right, the Company will pay the holder an amount in cash equal to the cash dividend declared on a Share during the Restricted Period on or about the date the Company pays such dividend to the stockholders of record.

(d) In the event that the employment of a Grantee terminates by reason of death, Disability or Retirement, such Grantee shall be entitled to receive the number of Shares subject to the Restricted Stock Right multiplied by a fraction

(x) the numerator of which shall be the number of days between the date of grant of such Restricted Stock Right and the date of such termination of employment, and (y) the denominator of which shall be the number of days in the Restricted Period, provided, however, that any fractional Share shall be cancelled. If a Grantee's employment is interrupted by reason of Disability or a leave of absence (as determined by the Committee), then the Committee may permit the delivery of the Shares subject to the Restricted Stock Right in such amounts as the Committee may determine.

(e) Notwithstanding Paragraphs (a) and (b) of this Section 11, unless otherwise determined by the Committee prior to the occurrence of a Change of Control, in the event of a Change of Control all restrictions on Restricted Stock shall expire and all Shares subject to Restricted Stock Rights shall be issued to the Grantees. Additionally, the Committee may, at any time, provide for the acceleration of the Restricted Period and of the issuance of all or part of the Shares subject to Restricted Stock Rights. Any determination made by the Committee pursuant to this Section 11(e) may be made as to all Restricted Stock Rights or only as to certain Restricted Stock Rights specified by the Committee. Once made, any determination by the Committee pursuant to this Section 11(e) shall be irrevocable.

(f) When a Grantee shall be entitled to receive Shares pursuant to a Restricted Stock Right, the Company shall issue the appropriate number of Shares registered in the name of the Grantee.

12. DILUTION AND OTHER ADJUSTMENTS. If there shall be any change in the Shares subject to this Plan or any Award granted under this Plan as a result of merger, consolidation, reorganization, recapitalization, stock dividend, stock split or other change in the corporate structure, adjustments may be made by the Committee, as it may deem appropriate, in the aggregate number and kind of Shares subject to this Plan or to any outstanding Award, and in the terms and provisions of this Plan and any Awards granted hereunder, in order to reflect, on an equitable basis, any such change in the Shares contemplated by this Section 12. Any adjustment made by the Committee pursuant to this Section 12 shall be conclusive and binding upon the Grantee, the Company and any other related person.

13. **SUBSTITUTE OPTIONS.** Incentive and/or Non-qualified Stock Options may be granted under this Plan from time to time in substitution for either incentive or non-qualified stock options or both held by employees of other corporations who are about to become employees of the Company as the result of a merger, consolidation or reorganization of the employing corporation with the Company, or the acquisition by the Company of the assets of the employing corporation, or the acquisition by the Company of stock of the employing corporation as the result of which it becomes a Subsidiary of the Company. The terms and conditions of the Stock Options so granted may vary from the terms and conditions set forth in this Plan to such extent as the Committee at the time of grant may deem appropriate to conform, in whole or in part, to the provisions of the stock options in substitution for which they are granted, but, in the event that the option for which a substitute Stock Option is being granted is an incentive stock option, no variation shall adversely affect the status of any substitute Stock Option as an incentive stock option under the Code.

14. **MISCELLANEOUS PROVISIONS.**

(a) Notwithstanding any other provision of this Plan, no Stock Option, SAR, Limited SAR or Restricted Stock Right granted hereunder may be exercised nor shall any payment in respect of any Performance Unit granted hereunder be made and all rights of the Grantee thereof, or of the Grantee's legal representatives, heirs or legatees, shall be forfeited if, prior to the time of such exercise or payment, the Committee (or in the event of a Change of Control, the Incumbent Board) determines that the Grantee has (i) used for profit or disclosed confidential information or trade secrets of the Company to unauthorized persons, or (ii) breached any contract with, or violated any legal obligation to, the Company, or (iii) engaged in any other activity which would constitute grounds for termination for cause of the Grantee by the Company. The Committee (or the Incumbent Board) shall give a Grantee written notice of such determination prior to making any such forfeiture. The Committee (or the Incumbent Board) may waive the conditions of this Paragraph in full or in part if, in its sole judgment, such waiver will have no substantial adverse effect upon the Company. The determination of the Committee (or the Incumbent Board) as to the occurrence of any of the events specified above and to the forfeiture, if any, shall be conclusive and binding upon the Grantee, the Company and any other related person.

(b) The Grantee of an Award shall have no rights as a stockholder with respect thereto, except as otherwise expressly provided in this Plan, unless and until certificates for Shares are issued.

(c) No Award or any rights or interests therein shall be assignable or transferable by the Grantee except by will or the laws of descent and distribution. During the lifetime of the Grantee, an Award shall be exercisable only by the Grantee or the Grantee's guardian or legal representative.

(d) The Company shall have the right to deduct from all Awards granted hereunder to be distributed in cash any Federal, state, local or foreign taxes required by law to be withheld with respect to such cash payments. In the case of Awards to be distributed in Shares, the holder or other person receiving such Common Stock shall be required, as a condition of such distribution, either to

pay to the Company at the time of distribution thereof the amount of any such taxes which the Company is required to withhold with respect to such Shares or to have the number of the Shares, valued at their Fair Market Value on the date of distribution, to be distributed reduced by an amount equal to the value of such taxes required to be withheld.

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

(f) The costs and expense of administering this Plan shall be borne by the Company and not charged to any Award nor to any Grantee.

(g) This Plan shall be unfunded. The Company shall not be required to establish any special or separate fund or to make any other segregation of assets to assure the payment of any Award under this Plan, and payment of Awards shall be subordinate to the claims of the Company's general creditors.

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

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

15. INDEMNIFICATION OF THE COMMITTEE. Service on the Committee shall constitute service as a director of the Company and members of the Committee shall be entitled to indemnification, advancement of expenses and reimbursement as directors of the Company pursuant to its Restated Articles of Incorporation, By-Laws, resolutions of the Board of Directors of RSI or otherwise.

16. COMPLIANCE WITH LAW.

(a) Each Grantee, to permit the Company to comply with the Securities Act of 1933, as amended (the "1933 Act"), and any applicable blue sky or state securities laws, shall represent in

writing to the Company at the time of the grant of an Award and at the time of the issuance of any Shares thereunder that such Grantee does not contemplate and shall not make any transfer of any Shares to be acquired under an Award except in compliance with the 1933 Act and such Grantee shall enter into such agreements and make such other representations as, in the opinion of counsel to the Company, shall be sufficient to enable the Company legally to issue the Shares without registration thereof under the 1933 Act. Certificates representing Shares to be acquired under Awards shall bear legends as counsel for the Company may indicate are necessary or appropriate to accomplish the purposes of this Section 16.

(b) If at any time the Committee shall determine that the listing, registration or qualification of the Shares subject to any Award upon any securities exchange or under any state or federal law, or the consent or approval of any government regulatory body, is necessary or desirable as a condition of, or in connection with, the granting of or issuance of Shares under such Award, such Shares shall not be issued unless such listing, registration, qualification, consent or approval shall have been effected or obtained free of any conditions not acceptable to the Committee.

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

18. EFFECTIVE DATE AND TERM OF THE PLAN.

(a) This Plan shall become effective on May 5, 1995, subject to the approval of the shareholders of RSI.

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

EXHIBIT 10.5(b)

RYDER SYSTEM, INC.

BOARD OF DIRECTORS STOCK AWARD PLAN

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RYDER SYSTEM, INC.
BOARD OF DIRECTORS STOCK AWARD PLAN

1. Purpose of this Plan

The purpose of the Ryder System, Inc. Board of Directors Stock Award Plan (this "Plan") is to attract and retain persons of outstanding competence to serve as directors of Ryder System, Inc. (the "Company") and to provide a more direct link between directors' compensation and shareholder value by increasing the proportion of directors' compensation which is stock based.

2. Effective Date and Term of this Plan

This Plan shall become effective on May 2, 1997, subject to the approval of the shareholders of the Company. Unless previously terminated in accordance with

Section 13 of this Plan, this Plan shall terminate on the close of business on May 1, 2007, after which no awards shall be granted under this Plan. Such termination shall not affect any awards granted prior to such termination.

3. Administration of this Plan

This Plan shall be administered by the Compensation Committee (the "Committee") of the Board of Directors (the "Board") of the Company. A majority of the Committee shall constitute a quorum, and the acts of a majority of the members present at any meeting at which a quorum is present, or acts approved in writing by all members of the Committee without a meeting, shall be the acts of the Committee. The Committee shall have plenary authority, subject to the express provisions of this Plan, to (i) interpret this Plan; (ii) prescribe, amend and rescind rules and regulations relating to this Plan; and (iii) make all other determinations deemed necessary or advisable for the administration of this Plan.

4. Common Stock Subject to this Plan

The shares of common stock of the Company, par value \$.50 per share ("Common Stock"), to be issued in connection with an award under this Plan may be made available from authorized but unissued Common Stock, or Common Stock purchased on the open market or otherwise. Subject to the provisions of the next succeeding paragraph, the maximum aggregate number of shares of Common Stock for which awards may be granted under this Plan shall be 200,000 shares. If a Unit (as defined in Section 7) awarded under this Plan fails to become vested, any share allocable to that Unit shall become available for grant to other Participants (as defined in Section 5). If an Option (as defined in Section 9) granted under this Plan expires or is terminated

without having been exercised in full, the unpurchased or forfeited shares or rights to receive shares shall become available for grant to other Participants.

If there shall be any change in the shares of Common Stock subject to this Plan or any Unit or Option awarded under this Plan as a result of a merger, consolidation, reorganization, recapitalization, stock dividend, stock split or other change in the corporate structure, adjustments may be made by the Committee, as it may deem appropriate, in the aggregate number and kind of shares subject to this Plan or to any outstanding Unit or Option, and in the terms and provisions of this Plan and any Unit or Option granted hereunder, in order to reflect, on an equitable basis, any such change in the shares contemplated by this paragraph. Any adjustment made by the Committee pursuant to this paragraph shall be conclusive and binding upon the Participant, the Company and any other related person.

5. Eligible Persons

Participation in this Plan shall be limited to those members of the Board who, at the time an award is made hereunder, are not employees of the Company or any of its subsidiaries or affiliates within the meaning of the Employee Retirement Income Security Act of 1974, as amended (a "Participant"). A member of the Board who is an employee and who retires or resigns from employment with the Company or any of its subsidiaries or affiliates, but remains a member of the Board, shall become a Participant at the time of such termination of employment.

6. Awards

The Committee may grant the following types of awards under this Plan: Units pursuant to Section 7 hereof and Options pursuant to Section 9 hereof.

7. Units

If this Plan is approved by the shareholders of the Company, effective as of May 2, 1997, the Company will discontinue its current retirement plan for the Board. The retirement compensation which would have otherwise been payable at retirement to those individuals who are Participants on May 2, 1997, shall be converted to a present value dollar amount, based on actuarial assumptions satisfactory to the Committee. Such dollar amount shall be converted into a number of restricted stock units ("Units") by dividing such dollar amount by the average of the Fair Market Values of the Common Stock on the last business day of each of the three (3) months preceding May 2, 1997. "Fair Market Value" as used in this Plan shall mean the average of the high and low price of a share of Common Stock as reported by the composite transaction reporting system for securities listed on the New York Stock Exchange on the applicable date.

The Company shall maintain an individual book account under this Plan for each Participant awarded Units pursuant to this Section 7. Such account shall initially be credited with the number of Units awarded to each Participant and shall continue to be expressed in Units until such Participant has retired from the Board. Any dividends or other distributions paid on the Common Stock shall be credited to each Participant's account in respect of each Unit and shall be deemed to be reinvested in additional Units based on the Fair Market Value of a share of Common Stock on the dividend payment or distribution date. In addition, the number of Units allocated to each Participant's account shall be adjusted to reflect stock dividends, stock splits and similar transactions affecting the value of Common Stock as described more fully in Section 4 hereof. The Units in each Participant's account shall vest on the date of such Participant's retirement from the Board and shall be paid to such Participant, in an equivalent number of shares of Common Stock, in accordance with such Participant's payment election described below in Section 8. Prior to vesting, no Units in a Participant's account shall be assignable or transferable by such Participant and no right or interest of any Participant shall be subject to any lien, obligation or liability.

8. Payment Elections for Units

In connection with the commencement of participation in this Plan, each Participant eligible to receive an award of Units hereunder shall make an election (the "Payment Election") concerning the timing of distribution of the amounts credited to such Participant's account. Any payment from such account shall commence following such Participant's retirement from the Board, but in no event prior to one year after receipt by the Committee of such Participant's initial Payment Election, except for Participants retiring from the Board in calendar year 1997 who shall receive payment in a lump sum as soon as practicable following their retirement. The forms of payment available to all other Participants shall be a lump sum payment or annual installments over a period not to exceed ten (10) years from the earliest date the Participant may commence receiving payments hereunder. Subsequent Payment Elections which shall supersede the Initial Payment Election may be made by a Participant, but any subsequent Payment Election shall not be valid unless it is made at least one year prior to the date that the commencement of payments to the Participant hereunder is otherwise due to commence.

In the event of a Participant's death before the balance from such Participant's account is fully paid, payment of the balance of such Participant's account shall be made to such Participant's estate in accordance with the manner selected by the Participant prior to death; provided, however, the Committee may, upon consideration of the application of the duly appointed administrator or executor of such Participant's estate, direct that the balance of such Participant's account be paid to the estate in a single payment.

9. Stock Options

On the date of each annual meeting of the Company during the term of this Plan, each Participant shall be granted a non-qualified stock option (an "Option") to purchase 1,000 shares of Common Stock, provided the Participant will continue to serve as a member of the Board following the meeting. Individuals who are elected to the Board during the period of time between annual meetings, and who would otherwise qualify as a Participant, shall receive an Option to purchase a pro rata amount of Common Stock. The purchase price for each share of Common Stock issuable under an Option shall not be less than 100 percent (100%) of the Fair Market Value of a share of Common Stock on the date of grant. Each Option shall be for such term (but, in no event for greater than ten years) and shall be exercisable in such installments as shall be determined by the Committee at the time of grant of the Option. The Committee may, at any time, provide for the acceleration of installments or any part thereof. No Option granted under this Plan shall be assignable or transferable by a Participant except by will or the laws of descent and distribution. A Participant shall forfeit any Option assigned or transferred, voluntarily or involuntarily, other than as permitted under this Section 9. Each Option shall be exercised during the Participant's lifetime only by the Participant or the Participant's guardian or legal representative.

10. Exercise of Options

Subject to the provisions of this Section 10, each Option may be exercised in whole or, from time to time, in part with respect to the number of then exercisable shares in any sequence desired by the Participant. To exercise an Option, the Participant shall (i) give written notice to the Company in form satisfactory to the Committee indicating the number of shares of Common Stock which the Participant elects to purchase, (ii) deliver to the Company payment of the full purchase price of the shares being purchased (A) in cash or a certified or bank cashier's check payable to the order of the Company, or (B) with the approval of the Committee, in shares of Common Stock having a Fair Market Value on the date of exercise equal to the purchase price, or (C) a combination of the foregoing having an aggregate Fair Market Value equal to such purchase price, and (iii) deliver to the Secretary of the Company such written representations, warranties and covenants as the Company may require to permit this Plan and any Options or shares of Common Stock granted or issued hereunder to comply with any applicable blue sky or other federal or state securities laws. A Participant shall not have any rights as a shareholder with respect to shares subject to an Option until the close of business on the date on which the Option has been exercised.

11. Cessation of Service on the Board

If a Participant's service on the Board ceases for any reason, other than as specified in the subsequent paragraphs of this Section 11, any Option held by such Participant shall terminate three (3) months after the date of such cessation of service; provided, however, that in the event

of the death of the Participant during such three-month period, such Option shall, to the extent it was exercisable on the date of cessation of service, be exercisable by the Participant's legal representatives, heirs or legatees for a period of one (1) year commencing on the date of the Participant's death and shall terminate at the expiration of such period.

If the cessation of service on the Board is due to the Participant's death, any Option shall, to the extent it was exercisable on the date of death, continue to be exercisable by such Participant's legal representatives, heirs or legatees for the term of such Option.

If the cessation of service is due to the Participant's retirement or disability, any Option not previously exercised or expired shall continue to vest and be exercisable during the three (3) year period following the date of cessation of service, and to the extent it is exercisable at the expiration of such three (3) year period, it shall continue to be exercisable by such Participant or such Participant's legal representatives, heirs or legatees for the term of such Option.

12. Change of Control

Notwithstanding any other provision of this Plan, in the event of a Change of Control (as defined below), the Units in each Participant's account shall become immediately vested and shall be paid in full in a lump sum of equivalent shares of Common Stock to each Participant as soon as practicable following the Change of Control. In addition, in the event of a Change of Control, each Option not previously exercised or expired under the terms of this Plan shall become immediately exercisable in full and shall remain exercisable to the full extent of the shares of Common Stock available thereunder, regardless of any installment provisions applicable thereto, for the remainder of its term.

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

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

(ii) the individuals who, as of August 18, 1995, constituted the Board (and as of August 18, 1995, the "Incumbent Board") cease for any reason to constitute at least two-thirds (2/3) of the Board, provided, that any person becoming a director subsequent to August 18, 1995 whose election, or nomination for election, was approved by a vote of the persons comprising at least two-thirds (2/3) of the Incumbent Board (other than an election or nomination of an individual

whose initial assumption of office is in connection with an actual or threatened election contest, as such terms are used in Rule 14a-11 of Regulation 14A promulgated under the 1934 Act) shall be, for purposes of this Plan, considered as though such person were a member of the Incumbent Board; or

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

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

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

13. Amendments to this Plan

The Committee may at any time (i) terminate this Plan or (ii) modify or amend this Plan in any respect, except that, to the extent required to maintain the qualification of this Plan under Section 16 of the 1934 Act, or as otherwise required to comply with applicable law or the regulations of any stock exchange on which the Common Stock is listed, the Committee may not, without the shareholders' approval, (A) materially increase the benefits accruing to Participants under this Plan; (B) materially increase the number of securities which may be issued under this Plan; or (C) materially modify the requirements as to eligibility for participation in this Plan. Should this Plan require amendment to maintain full legal compliance because of rules, regulations, opinions or

statutes issued by the Securities and Exchange Commission, the U.S. Department of the Treasury or any other governmental or governing body, then the Committee or the Board may take whatever action, including but not limited to amending or modifying this Plan, is necessary to maintain such compliance. The termination or any modification or amendment of this Plan shall not, without the consent of any Participant involved, adversely affect rights under a Unit or an Option previously awarded to such Participant.

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

EXHIBIT 10.9(a)

RYDER SYSTEM, INC.

STOCK FOR MERIT INCREASE REPLACEMENT PLAN

(As amended on August 15, 1996)

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RYDER SYSTEM, INC.
STOCK FOR MERIT INCREASE REPLACEMENT PLAN

1. Purpose of this Plan

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

2. Effective Date and Term of this Plan

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

3. Administration of this Plan

This Plan shall be administered by the Compensation Committee (the "Committee") of the Board of Directors of the Company which shall consist of not less than three members of the Board of Directors, each of whom shall be a "disinterested person" as defined in Rule 16b-3 under the Securities Exchange Act of 1934, as amended (the "1934 Act"). Additionally, all members of the Committee shall be "outside directors" as defined or interpreted for purposes of Section 162(m) of the Internal Revenue Code of 1986, as amended (the "Code"). A majority of the Committee shall constitute a quorum, and the acts of a majority of the members present at any meeting at which a quorum is present, or acts approved in writing by all members of the Committee without a meeting, shall be the acts of the Committee. The Committee shall have plenary authority, subject to the express provisions of this Plan, to (i) select participants; (ii) determine the nature, amount, time and manner of stock option grants made under this Plan; (iii) interpret this Plan; (iv) prescribe, amend and rescind rules and regulations relating to this Plan; and (v) make all other determinations deemed necessary or advisable for the administration of this Plan.

4. Common Stock Subject to this Plan

The shares of Common Stock of the Company, par value \$.50 per share ("Common Stock"), to be issued upon the exercise of an option to purchase Common Stock granted in lieu of a merit salary increase (an "Option") may be made available from the authorized but unissued Common Stock, or Common Stock purchased on the open market or otherwise. Subject to the provisions of the next succeeding paragraph, the maximum aggregate number of shares of Common Stock for which Options may be granted under this Plan shall be 500,000 shares. If an Option granted under this Plan expires or is terminated without having been exercised in full, the unpurchased or forfeited shares or rights to receive shares shall become available for grant to other executives. No executive shall be eligible to receive any Options or series of Options covering, in the aggregate, more than 300,000 shares during the term of this Plan.

If there shall be any change in the shares of Common Stock subject to this Plan or any Option granted under this Plan as a result of merger, consolidation, reorganization, recapitalization, stock dividend, stock split or other change in the corporate structure, adjustments may be made by the Committee, as it may deem appropriate, in the aggregate number and kind of shares subject to this Plan or to any outstanding Option, and in the terms and provisions of this Plan and any Options granted hereunder, in order to reflect, on an equitable basis, any such change in the shares contemplated by this paragraph. Any adjustment made by the Committee pursuant to this paragraph shall be conclusive and binding upon the grantee of an Option, the Company and any other related person.

5. Eligible Persons

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

No executive selected to participate in this Plan may receive a grant of Options unless the executive has made an election to receive Options in lieu of a merit salary increase. No such election shall obligate the Company to grant a merit salary increase or Options.

6. Purchase Price of Options

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

7. Option Term

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

8. Option Type

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

9. Non-Transferability of Options

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

10. Exercise of Options

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

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

To exercise an Option, the grantee shall (i) give written notice to the Company in form satisfactory to the Committee indicating the number of shares of Common Stock which the grantee elects to purchase, (ii) deliver to the Company payment of the full purchase price of the shares being purchased (A) in cash or a certified or bank cashier's check payable to the order of the Company, or (B) with the approval of the Committee, in shares of Common Stock having a

Fair Market Value on the date of exercise equal to the purchase price, or (C) a combination of the foregoing having an aggregate Fair Market Value equal to such purchase price, and (iii) deliver to the Secretary of the Company such written representations, warranties and covenants as the Company may require to permit this Plan and any Options or shares of Common Stock granted or issued hereunder to comply with any applicable blue sky or other federal or state securities laws.

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

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

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

11. Withholding Taxes on Option Exercise

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

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

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

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

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

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

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

(ii) the individuals who, as of August 18, 1995, constituted the Board of Directors of the Company (the "Board" generally and as of August 18, 1995 the "Incumbent Board") cease for any reason to constitute at least two-thirds (2/3) of the Board, provided that any person becoming a director subsequent to August 18, 1995 whose election, or nomination for election, was approved by a vote of the persons comprising at least two-thirds (2/3) of the Incumbent Board (other than an election or nomination of an individual whose initial assumption of office is in connection with an actual or threatened election contest, as such terms are used in Rule 14a-11 of Regulation 14A promulgated under the 1934 Act) shall be, for purposes of this Plan, considered as though such person were a member of the Incumbent Board; or

(iii) there is a reorganization, merger or consolidation of the Company (a "Business Combination"), in each case, unless, following such Business Combination, (A) all or substantially all of the individuals and entities who were the beneficial owners, respectively, of the Company's outstanding Common Stock and outstanding voting securities ordinarily having the right to vote for the election of directors of the Company immediately prior to such Business Combination beneficially own, directly or indirectly, more than fifty percent (50%) of, respectively, the then outstanding shares of common stock and the combined voting power of the then outstanding voting securities ordinarily having the right to vote for the election of directors, as the case may be, of the corporation resulting from such Business Combination (including, without limitation, a corporation which as a result of such transaction owns RSI or all or substantially all of the Company's assets either directly or through one or more subsidiaries) in substantially the same proportions as their ownership, immediately prior to such Business Combination, of the Company's outstanding Common Stock and outstanding voting securities ordinarily having the right to vote for the election of directors of the Company, as the case may be, (B) no Person (excluding any corporation resulting from such Business Combination or any employee benefit plan or plans (or related trust) of the Company or such corporation resulting from such Business Combination and their subsidiaries and affiliates) beneficially owns, directly or indirectly, 20% or more of the combined voting power of the then outstanding voting securities of the corporation

resulting from such Business Combination and (C) at least two-thirds (2/3) of the members of the board of directors of the corporation resulting from such Business Combination were members of the Incumbent Board at the time of the execution of the initial agreement, or of the action of the Board, providing for such Business Combination; or

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

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

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

During the three (3) year period following a Change of Control, the term "cause" as used in Section 13 [and Section 15] of this Plan [with respect to any Option] shall mean (i) an act or acts of fraud, misappropriation or embezzlement on the grantee's part which result in or are intended to result in the grantee's personal enrichment at the expense of the Company, (ii) conviction of a felony, (iii) conviction of a misdemeanor involving moral turpitude, or (iv) willful failure to report to work for more than thirty (30) continuous days not supported by a licensed physician's statement, all as determined only by a majority of the Incumbent Board or the Committee, as the case may be.

"Price" shall mean, upon the occurrence of a Change of Control, the excess of the highest of:

(i) the highest closing price of the Common Stock reported by the composite transaction reporting system for securities listed on the New York Stock Exchange within the sixty (60) days preceding the date of exercise;

(ii) the highest price per share of Common Stock included in a filing made by any person or group referred to in subparagraph (i) of the definition of Change of Control on any Schedule 13D pursuant to Section 13(d) of the 1934 Act as paid within the sixty (60) days prior to the date of such report; and

(iii) the value of the consideration to be received by the holders of Common Stock, expressed on a per share basis, in any transaction referred to in subparagraph (iii), (iv) or (v) of the definition of Change of Control, with all noncash consideration being valued in good faith by the Incumbent Board;

over the purchase price per share at which the related Option is exercisable as applicable, except that incentive stock options are limited to the spread between the Fair Market Value of Common Stock on the date of exercise and the purchase price per share at which the related Option is exercisable.

13. Termination of Employment

If the grantee's employment with the Company or any subsidiary terminates for any reason other than as specified in the subsequent paragraphs of this Section 13, any Option shall terminate three (3) months after the later of (i) the date of such termination or (ii) with respect to a non-qualified stock option, the end of any severance period applicable to such grantee; provided, however, that in the event of the death of the grantee during such period, such Option shall, to the extent it was exercisable on the termination date or at the end of any applicable severance period, be exercisable by the grantee's personal representatives, heirs or legatees for a period of one (1) year commencing on the date of the grantee's death and shall terminate at the expiration of such period.

If the termination of employment is due to the grantee's death, any Option shall, to the extent it was exercisable on the termination date, continue to be exercisable by such grantee's legal representatives, heirs or legatees for the term of such Option.

If the termination of employment is due to the grantee's retirement or disability, any non-qualified stock option not previously exercised or expired shall continue to vest and be exercisable during the three (3) year period following the grantee's termination date, and to the extent it is exercisable at the expiration of such three (3) year period, it shall continue to be exercisable by such grantee or such grantee's legal representatives, heirs or legatees for the term of such non-qualified stock option. Any incentive stock option shall, to the extent it was exercisable on the termination date, continue to be exercisable by such grantee or such grantee's legal representatives, heirs or legatees for the term of such incentive stock option; provided, however, that in order to qualify for the special tax treatment afforded by Section 421 of the Code, incentive stock options must be exercised within the three (3) month period commencing on the termination date (the exercise period shall be one (1) year in the case of termination by reason of disability, within the meaning of Section 22(e)(3) of the Code). Incentive stock options not exercised within such three (3) month period shall be treated as non-qualified stock options.

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

14. Amendments to this Plan

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

15. Miscellaneous Provisions

(a) Service on the Committee shall constitute service as a director of the Company and members of the Committee shall be entitled to indemnification, advancement of expenses and reimbursement as directors of the Company pursuant to its Restated Articles of Incorporation, By-Laws, resolutions of the Board of Directors or otherwise.

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

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

EXHIBIT 10.9(b)

RYDER SYSTEM, INC

NON-QUALIFIED STOCK OPTION AGREEMENT

THIS AGREEMENT, made as of this 21st day of February, 1997, between Ryder System, Inc., a Florida corporation ("RSI"), and [Name] (the "Grantee");

WITNESSETH:

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 of the Company; and

WHEREAS, the Grantee is a key executive employee and has been selected by the Compensation Committee of the Board of Directors of RSI (the "Committee") to receive Non-qualified Stock Options 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 21, 1997, a Non-qualified Stock Option to purchase an aggregate of [NUMBER] shares of RSI's common stock, par value \$.50 per share (the "Common Stock"), at a price of \$31.50 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 20, 2007, 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 21, 1998;
- (iii) 20% of the shares of Common Stock subject to the Non-qualified Stock Option on or after FEBRUARY 21, 1999;
- (iv) 20% of the shares of Common Stock subject to the Non-qualified Stock Option on or after FEBRUARY 21, 2000;

(v) and the final 20% of the shares of Common Stock subject to the Non-qualified Stock Option on or after FEBRUARY 21, 2001.

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: _____

Yasmine B. Zyne
Assistant Secretary

By: _____

Stephen N. Karp
Vice President

GRANTEE

Social Security Number

EXHIBIT 10.9(c)

RYDER SYSTEM, INC.

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

THIS AGREEMENT, made as of this 1st day of October, 1997, between Ryder System, Inc., a Florida corporation ("RSI"), and [name] (the "Grantee");

WITNESSETH:

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

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

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

I. NON-QUALIFIED STOCK OPTION

GRANT OF OPTION Subject to the limitations and other terms and conditions set forth in this Agreement and the Plan, the Committee grants to the Grantee as of October 1, 1997 a Non-qualified Stock Option to purchase an aggregate of _____ shares of RSI's Common Stock, par value \$.50 per share (the "Shares"), at a price of \$36.0625 per Share, the Fair Market Value on the date of grant.

LIMITATIONS ON EXERCISE OF OPTION Subject to the limitations and other terms and conditions set forth in this Agreement and the Plan, the Non-qualified Stock Option shall be exercisable in installments on or before September 30, 2007 as follows:

- (i) None of the Shares subject to the Non-qualified Stock Option for a period of one year from the date of grant;
- (ii) 33 1/3% of the Shares subject to the Non-qualified Stock Option on or after October 1, 1998;

(iii) 33 1/3% of the Shares subject to the Non-qualified Stock Option on or after October 1,1999;

(iv) the final 33 1/3% of the Shares subject to the Non-qualified Stock Option on or after October 1,2000.

Subject to the foregoing and the provisions of the Plan, any installment portion of the Non-qualified Stock Option that becomes exercisable shall thereafter accumulate and be exercisable at any time on or before the expiration of the term of the Non-qualified Stock Option on September 30, 2007.

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

EXERCISE AND PAYMENT UPON A CHANGE OF CONTROL Subject to the limitations and other terms and conditions set forth in this Agreement and the Plan:

(i) Notwithstanding any other provision of this Agreement, pursuant to Section 7(h) of the Plan, unless otherwise determined by the Committee prior to a Change of Control, in the event of a Change of Control, the Non-qualified Stock Option granted under Section I of this Agreement, to the extent not previously exercised or expired under the terms of this Agreement and the Plan, shall become immediately exercisable in full and shall remain exercisable to the full extent of the Shares available thereunder, regardless of any installment provisions applicable thereto, for the remainder of its term, unless Section 14(a) of the Plan applies or the Grantee has been terminated for cause, in which case the Non-qualified Stock Option shall automatically terminate as of the Incumbent Board's determination pursuant to Section 14(a) of the Plan or the Grantee's Termination Date, as appropriate.

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

PRICE UPON A CHANGE OF CONTROL Subject to the limitations and other terms and conditions set forth in this Agreement and the Plan, upon the occurrence of a Change of Control, the Price of the Limited SAR and the Non-qualified Stock Option or portions thereof as to which no Limited SAR is then exercisable, shall be the excess of the highest of:

(i) the highest closing price of the Common Stock reported by the composite transaction reporting system for securities listed on the New York Stock Exchange within the sixty days preceding the date of exercise;

(ii) the highest price per share of Common Stock included in a filing made by any Person, but excluding any employee benefit plan or plans (or related trust) of RSI and its Subsidiaries and affiliates, who becomes the beneficial owner, directly or indirectly, of twenty percent or more of the combined voting power of RSI's outstanding voting securities ordinarily having the right to vote for the election of directors of RSI, on any Schedule 13D pursuant to Section 13(d) of the 1934 Act as paid within the sixty days prior to the date of such report; and

(iii) the value of the consideration to be received by the holders of Common Stock, expressed on a per Share basis, in any Business Combination affecting RSI, any liquidation or dissolution of RSI or any sale of all or substantially all of the assets of RSI, with all noncash consideration being valued in good faith by the Incumbent Board;

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

II. LIMITED STOCK APPRECIATION RIGHT

GRANT OF LIMITED SAR Subject to the limitations and other terms and conditions set forth in this Agreement and the Plan, the Committee grants to the Grantee as of October 1, 1997 a Limited SAR with respect to all Shares subject to the related Non-qualified Stock Option granted under Section I of this Agreement. Such Limited SAR shall be exercisable only in the event of a Change of Control and only if the Grantee is subject, in the opinion of counsel to RSI, to Section 16(b) of the 1934 Act with respect to RSI at the time of the Change of Control. The Limited SAR is the right to receive an amount (the "Limited SAR Spread") equal to the product computed by multiplying (i) the Price upon a Change of Control specified in Section I above by (ii) the number of Shares with respect to which such Limited SAR is being exercised.

LIMITATIONS ON EXERCISE OF LIMITED SAR Subject to the limitations and other terms and conditions set forth in this Agreement and the Plan, the Limited SAR shall be exercisable only if and to the extent that the related Non-qualified Stock Option is exercisable, but no later than September 30, 2007, the expiration date of the related Non-qualified Stock Option. The Limited SAR may be exercised only during the sixty day period commencing after the occurrence of a Change of Control.

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

III. GENERAL

TRANSFERABILITY OF AWARDS No Awards or any rights or interests therein shall be assignable or transferable by the Grantee except by will or the laws of descent and distribution. During the lifetime of the Grantee, an Award shall be exercisable only by the Grantee or the Grantee's guardian or legal representative.

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

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

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

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

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

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

Attest:

RSI

By: _____
Edward R. Henderson
Assistant Secretary

By: _____
Stephen N. Karp
Vice President
Compensation & Benefits

GRANTEE

Social Security Number

EXHIBIT 10.10

RYDER SYSTEM, INC. DEFERRED COMPENSATION PLAN

This Ryder System, Inc. Deferred Compensation Plan (the "Plan") is amended and restated as of November 3, 1997. The Plan is established and maintained by Ryder System, Inc. ("RSI") solely for the purpose of providing specified benefits to the members of the Board of Directors of RSI and a select group of management and highly compensated Employees who contribute materially to the continued growth, development and future business success of RSI, and its subsidiaries, that elect to sponsor this Plan. This Plan shall be unfunded for tax purposes and for purposes of Title I of the Employee Retirement Income Security Act of 1974, as amended ("ERISA").

ARTICLE I

DEFINITIONS

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

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

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

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

1.4. "BENEFICIARY" means the person or persons designated by a Participant, upon such forms as shall be provided by the Committee, to receive payments of the vested portion of the Participant's Account after the Participant's death. If the Participant shall fail to designate a Beneficiary, or if for any reason such designation shall be ineffective, or if such Beneficiary shall predecease the Participant or die simultaneously with him, then the Beneficiary shall be, in the following order of preference:

(i) the Participant's surviving spouse, or

(ii) the Participant's estate.

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

1.6. "CHANGE OF CONTROL" shall be deemed to have occurred if:

(i) any individual, entity or group (within the meaning of Section 13(d)(3) or 14(d)(2) of the Securities Exchange Act of 1934, as amended (the "1934 Act")) (a "Person") becomes the beneficial owner, directly or indirectly, of twenty percent (20%) or more of the combined voting power of RSI's outstanding voting securities ordinarily having the right to vote for the election of directors of RSI; provided, however, that for purposes of this subparagraph (i), the following acquisitions shall not constitute a Change of Control: (A) any acquisition by any employee benefit plan or plans (or related trust) of RSI and its subsidiaries and affiliates or (B) any acquisition by any corporation pursuant to a transaction which complies with clauses (A), (B) and (C) of subparagraph (iii) of this Section 1.6; or

(ii) the individuals who, as of August 18, 1995, constituted the Board of Directors of RSI (the "Board" generally and as of August 18, 1995 the "Incumbent Board") cease for any reason to constitute at least two-thirds (2/3) of the Board, provided that any person becoming a director subsequent to August 18, 1995 whose election, or nomination for election, was approved by a vote of the persons comprising at least two-thirds (2/3) of the Incumbent Board (other than an election or nomination of an individual whose initial assumption of office is in connection with an actual or threatened election contest, as such terms are used in Rule 14a-11 of Regulation 14A promulgated under the 1934 Act) shall be, for purposes of this Plan, considered as though such person were a member of the Incumbent Board; or

(iii) there is a reorganization, merger or consolidation of RSI (a "Business Combination"), in each case, unless, following such Business Combination, (A) all or substantially all of the individuals and entities who were the beneficial owners, respectively, of RSI's outstanding Company Stock and outstanding voting securities ordinarily having the right to vote for the election of directors of RSI immediately prior to such Business Combination beneficially own, directly or indirectly, more than fifty percent (50%) of, respectively, the then outstanding shares of common stock and the combined voting power of the then outstanding voting securities ordinarily having the right to vote for the election of directors, as the case may be, of the corporation resulting from such Business Combination (including, without limitation, a corporation which as a result of such transaction owns RSI or all or substantially all of RSI's assets either directly or through one or more subsidiaries) in substantially the same proportions as their ownership, immediately prior to such Business Combination, of RSI's outstanding Company Stock and outstanding voting securities ordinarily having the right to vote for the election of directors of RSI, as the case may be, (B) no Person (excluding any corporation resulting from such Business Combination or any employee

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

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

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

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

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

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

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

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

1.11. "COMPENSATION" means (i) in the case of an Employee, the sum of the total of all amounts paid to a Participant by an Employer as salary (including commissions) or bonuses for personal services and any Savings Plan Contributions or Tax-Deferred Contributions made by the Employer on behalf of a Participant for the Plan Year and any other amounts earned by the Participant for the Plan Year but that are deferred under any other plan or arrangement maintained by the Employer, or (ii) in the case of a Director, the Director's fees including the Director's annual cash retainer, committee retainer and per diem meeting fees earned by the Director.

1.12. "DIRECTOR" means a member of the Board.

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

1.14. "ELIGIBLE EMPLOYEE" means any Employee who is (i) employed by the Employer, (ii) designated by the Committee to be eligible to participate in the Plan, and (iii) is part of a select group of management or highly compensated employees within the meaning of Sections 201(2), 301(a)(3) and 401(a)(1) of ERISA, and any regulations relating thereto.

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

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

1.17. "INVESTMENT FUNDS" means those investment options that shall from time to time be made available as investment options under the Plan, as determined by the Committee.

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

1.19. "MATCHING CONTRIBUTIONS" means the matching contributions credited to the Participant's Account in accordance with Section 3.2 of the Plan.

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

1.21. "PARTICIPANT" means a Director or an Eligible Employee of the Employer who elects to participate in the Plan.

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

1.23. "PLAN" means the Ryder System, Inc. Deferred Compensation Plan.

1.24. "PLAN YEAR" means the calendar year.

1.25. "RETIREMENT" means either (i) in the case of an Employee, termination of employment from an Employer at or after Retirement Age or (ii) in the case of a Director, retirement as a member of the Board.

1.26. "RETIREMENT AGE" means the earlier of (i) the date on which a Participant attains age 65, and (ii) the date on which a Participant has both (a) attained age 55 and (b) completed at least 10 years of Service. For purposes of this provision, Service shall mean that period of an Employee's continuous uninterrupted employment with an Employer and any Affiliate, and with any predecessor businesses of the Employer or an Affiliate, conducted as corporations, partnerships, or proprietorships, from the Employee's last date of hire to the date of termination of his employment for any reason; provided however, that the employment of an Employee, who immediately before his current employment was employed by a predecessor or acquired business continuously up to the date of its merger with or acquisition by the Employer or an Affiliate, shall include only that part of his employment for said business which has occurred after the date fixed for this purpose by the Company and provided that the same date is uniformly fixed for this purpose as to all of the employees of a given predecessor or acquired business. An Employee may work simultaneously for more than one Employer and Affiliate, but the total period of his employment shall not be increased by reason of such simultaneous employment.

1.27. "SAVINGS PLAN" means the Ryder System, Inc. Employee Savings Plan A, established effective January 1, 1984, and as amended from time to time, and the Ryder System, Inc. Employee Savings Plan B, established effective January 1, 1993, and as amended from time to time, and each successor or replacement salaried employees' cash or deferred arrangement.

1.28. "SAVINGS PLAN LIMITATIONS" means those limitations applicable to the Savings Plan imposed by (i) Section 402(g) of the Code (ii) Section 415 of the Code, (iii) Section 401(a)(17) of the Code, or (iv) any other limitations imposed under the Code on contributions under the Savings Plan.

1.29. "SAVINGS PLAN MATCHING CONTRIBUTIONS" means the total of all Matching Contributions made by the Employer for the benefit of a Participant under and in accordance with the terms of the Savings Plan.

1.30. "SAVINGS PLAN TAX-DEFERRED CONTRIBUTIONS" means the Tax Deferred Contributions made by the Employer for the benefit of a Participant under and in accordance with the terms of the Savings Plan.

1.31. "SEPARATION FROM EMPLOYMENT" means a discontinuance of the Participant's employment relationship with the Company and its Affiliates due to Retirement, Disability, death, or other termination of employment (voluntary or involuntary). For purposes of this provision, the employment relationship with the Company and its Affiliates of a Participant entitled to accrued vacation time and/or severance pay after he ceases to perform services for the Company and its Affiliates shall be deemed to terminate upon the date his accrued vacation time, if any, expires, or if the Participant is entitled to severance pay, then upon the last date on which the Participant is entitled to receive payment of such severance pay from the Company or any Affiliate. The fact that an Employee who is a Participant ceases to elect to have any Tax-Deferred Contributions credited to his Account under the Plan shall not constitute a Separation from Employment, and a Participant's absence from active employment due to military service or Leave of Absence shall not constitute a Separation from Employment.

1.32. "TAX-DEFERRED CONTRIBUTIONS" means the compensation reduction contributions credited to the Participant's Account under Section 3.1 of the Plan.

1.33. "TAX-DEFERRED CONTRIBUTIONS ACCOUNT" means the account maintained by the Company under the Plan for a Participant that is credited with the Participant's Tax-Deferred Contributions, and any gains or losses allocable thereto.

ARTICLE II

ELIGIBILITY

2.1. **ELIGIBILITY.** An Employee that becomes an Eligible Employee as of January 1, 1997 and all Directors as of January 1, 1997 shall be eligible to participate in the Plan on January 1, 1997. Any other Employee or Director shall be eligible to participate on the January 1 coincident with or immediately following the date as of which he becomes an Eligible Employee or a Director.

ARTICLE III

CONTRIBUTIONS AND VESTING

3.1. **TAX-DEFERRED CONTRIBUTIONS.** (i) Each Participant who is an Eligible Employee, so long as he remains a Participant, may elect (on a form furnished by the Committee and in accordance with Committee rules) to reduce and defer receipt pursuant to this Plan of his Compensation by an amount equal to the excess of (i) a minimum of 1% and a maximum of 100% of his Compensation, over (ii) the amount of his Savings Plan Tax-Deferred Contributions for the Plan Year after taking into account the Savings Plan Limitations. The amount of deferral so elected shall be applied against

and reduce the Participant's (x) salary (including commissions), (y) bonuses, or (z) salary (including commissions) and bonuses, earned during the Plan Year as elected by the Participant and as shall be determined by the Committee.

(ii) Each Participant who is a Director, so long as he remains a Participant, may elect (on a form furnished by the Committee and in accordance with Committee rules) to reduce and defer receipt pursuant to this Plan of his Compensation by an amount equal to a minimum of 1% and a maximum of 100% of his Compensation.

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

3.2. MATCHING CONTRIBUTION. For Participant's who are Eligible Employees, and specifically excluding Participants who are Directors, the Employer shall credit to the Participant's Matching Contributions Account of each such Participant who elects to make a Tax-Deferred Contribution for the Plan Year an amount equal to the excess, if any, of:

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

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

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

Participants who are Directors shall not be credited with Matching Contributions under this Section 3.2.

3.3. VESTING.

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

NUMBER OF YEARS OF SERVICE	VESTED PERCENTAGE OF ACCOUNT
-----	-----
Less than 1	0%
1 to 2	25%
2 to 3	50%
3 to 4	75%
4 or more	100%

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

(a) if the Participant's employment with the Employer terminates due to Retirement, or by reason of the Participant's death or Disability, or (b) in the event that a Change of Control shall occur while the Participant is an Employee of the Employer or an Affiliate.

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

ARTICLE IV

INVESTMENT OF PARTICIPANT'S ACCOUNTS

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

ARTICLE V

DISTRIBUTIONS

5.1. FIXED DATE DISTRIBUTION.

(i) On the Participant Election and Enrollment Form, a Participant may make an irrevocable election to receive a lump sum payment of all or a portion of the deferral amount elected on such Participant Election and Enrollment Form. Provided, however, that each such Fixed Date Distribution shall be paid in lump sum and shall be paid no less than 1 day and no more than 60 days after the last day of any Plan Year designated by the Participant that is at least two Plan Years after the Plan Year in which such deferral amount is actually deferred.

(ii) Should an event occur that triggers a benefit under Section 5.2, any deferral amounts that are subject to a Fixed Date Distribution election under this Section 5.1 shall not be paid in accordance with Section 5.1 but shall be paid in accordance with the other applicable Section.

5.2 DISTRIBUTIONS FOR SEPARATION FROM EMPLOYMENT.

(i) On the Participant Election and Enrollment Form, each Participant shall elect a method of receipt for distributions from the Plan upon Retirement, Disability, death or other termination of employment or Board service (voluntary or involuntary), each an event of Separation from Employment. Such election shall indicate that the Participant has chosen to receive either:

(a) a lump sum on the January 1 immediately following the earliest triggering event of the Participant's Separation from Employment, or (b) a minimum of 2, and a maximum of 15, annual installments beginning on the January 1 immediately following the earliest triggering event of the Participant's Separation from Employment, or as soon as administratively practicable thereafter. Each annual installment shall be equal to the value of the vested portion of the Participant's Account multiplied by a fraction, the numerator of which is 1 and the denominator of which is the number of installments remaining to be paid less any applicable tax withholding.

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

(iii) Notwithstanding the foregoing provisions of this Section 5.2 or the provisions of Section 5.1, the remaining vested portion of a Participant's Account, less applicable withholding taxes, shall be distributed to the Participant or his Beneficiary, in a lump sum, as soon as administratively practicable following a Change of Control.

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

5.3. METHOD OF DISTRIBUTION. Distribution of the Participant's Account shall be made in cash.

5.4. HARDSHIP DISTRIBUTIONS. Upon the written request of a Participant and in the event the Committee determines that an "unforeseeable emergency" has occurred with respect to a Participant, the Participant may be allowed to (i) suspend any deferrals required to be made by the Participant and/or (ii) receive a partial or full payment from the Plan. The payout shall not exceed the lesser of (i) the amount the Committee deems to be necessary to meet the emergency or (ii) the Participant's Account. For this purpose, an "unforeseeable emergency" shall mean an unanticipated emergency, such as a sudden and unexpected illness or accident of the Participant or a dependent of the

Participant or loss of the Participant's property due to casualty, that is caused by an event beyond the control of the Participant and that would result in severe financial hardship if the withdrawal were not permitted. The need to pay a Participant's child's tuition to college and the desire to purchase a home shall not be considered unforeseeable emergencies.

5.5 WITHDRAWAL ELECTION. A Participant (or, after a Participant's death, his or her Beneficiary) may elect, at any time, to withdraw all of the vested portion of the Participant's Account, calculated as if there had occurred a Separation from Employment as of the day of the election, less a withdrawal penalty equal to 10% of such amount. This election can be made at any time, before or after Participant's Separation from Employment, and whether or not the Participant (or Beneficiary) is in the process of being paid pursuant to an installment payment schedule. No partial withdrawals shall be allowed. The Participant (or his or her Beneficiary) shall make this election by giving the Committee advance written notice of the election in a form determined from time to time by the Committee, and such payments made hereunder shall be paid within 60 days of such election. Once payment is made under this Section 5.5, the Participant's participation in the Plan shall terminate and the Participant shall not be eligible to participate in the Plan in the future.

ARTICLE VI

ADMINISTRATION OF THE PLANS

6.1. ADMINISTRATION BY THE COMMITTEE. The Committee shall be responsible for the general operation and administration of the Plan and for carrying out the provisions thereof.

6.2. GENERAL POWERS OF ADMINISTRATION. All provisions set forth in the Savings Plan with respect to the administrative powers and duties of the Committee and procedures for filing claims shall also be applicable with respect to the Plan. The Committee shall be entitled to rely conclusively upon all tables, valuations, certificates, opinions and reports furnished by any actuary, accountant, controller, counsel or other person employed or engaged by the Committee with respect to the Plan. All expenses of administration relating to the Plan may be debited against the Participant's Account, in the same manner as expenses are charged to accounts under the Savings Plan.

ARTICLE VII

AMENDMENT OR TERMINATION

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

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

ARTICLE VIII

GENERAL PROVISIONS

8.1. PARTICIPANT'S RIGHTS UNSECURED. The Plan shall be unfunded for tax purposes and for purposes of Title I of ERISA. However, the Company may transfer assets to cover all or a portion of the value of Participant Accounts in a trust for the benefit of the Participants which such trust shall be subject to the rights of creditors of the Company. Although the value of each Participant's Account will be measured as if such Accounts were invested in the Investment Funds selected by the Participant pursuant to the Plan, neither the Company nor any other Employer or the trust shall be required to invest any assets in any Investment Funds, and if the Company or any other Employer does in fact make any investments in any Investment Funds, the Participant or Beneficiary shall have no rights in or claims against any such investments. The right of a Participant or his designated Beneficiary to receive a distribution hereunder shall be an unsecured claim against the trust and against the general assets of his Employer and the Company, and neither the Participant nor a designated beneficiary shall have any rights in or against any specific assets of the Company or any other Employer.

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

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

8.4. APPLICABLE LAW. The Plan shall be construed and administered under the laws of the State of Florida.

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

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

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

8.8. **WAIVER OF NOTICE.** Any notice required hereunder may be waived by the person entitled thereto.

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

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

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

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

8.13. MISCELLANEOUS. Words in the masculine gender shall include the feminine and the singular shall include the plural, and vice versa, unless qualified by the context. Any headings used herein are included for ease of reference only, and are not to be construed so as to alter the terms hereof.

IN WITNESS WHEREOF, the Company has caused this instrument to be signed and its corporate seal to be hereunto affixed by its duly authorized officers on this ____ day of _____, 1996.

RYDER SYSTEM, INC.

By: _____
Stephen N. Karp
Vice President
Compensation and Benefits

ATTEST:

By: _____
H. Judith Chozianin
Secretary

EXHIBIT 10.11

[LOGO]

June 26, 1997

TO: Larry S. Mulkey

FROM: M. Anthony Burns

RE: Agreement and Release

In accordance with the Older Workers Benefit Protection Act, I am required to inform you of the following regarding your execution of the attached Agreement and Release.

1. You should consult with an attorney before signing the Agreement and Release.
2. You will have twenty-one (21) days from the day you receive the Agreement and Release to execute it. If you have not executed the Agreement and Release by the twenty-first day, it will automatically be declared null and void and revoked.
3. After you have executed the Agreement and Release, you have seven (7) calendar days to revoke your acceptance of it. If you revoke the Agreement and Release within the seven (7) calendar days, it is null and void. For the revocation of the Agreement and Release to be effective, written notice must be received by Edward R. Henderson no later than the close of business on the seventh day after you sign the Agreement and Release.
4. If you do not revoke your execution of the Agreement and Release within the seven (7) calendar days, it will become effective and payments will commence in accordance with the terms of the Agreement and Release.

Please acknowledge below your receipt of this document, as well as the attached Agreement and Release, and that you have read and understand this page of conditions.

Acknowledged:

/s/ LARRY S. MULKEY

Larry S. Mulkey

7/30/97

Date

Attachment

AGREEMENT AND RELEASE

THIS AGREEMENT AND RELEASE, dated as of June 30, 1997, is between RYDER INTEGRATED LOGISTICS, INC. ("the Company") and LARRY S. MULKEY ("Employee").

WITNESSETH:

WHEREAS, the Company has employed Employee in a managerial capacity; and

WHEREAS, Employee and the Company now desire to plan for the termination of Employee's employment relationship with the Company;

NOW, THEREFORE, in consideration of the following terms, covenants and conditions, the Company and Employee agree as follows:

1. (a) **TERMINATION OF SEVERANCE AGREEMENTS.** The Company and Employee agree that the Severance Agreement between Employee and Ryder System, Inc. ("RSI"), dated as of May 1, 1996, and the Change of Control Severance Agreement between Employee and RSI, dated as of the same date, which provide severance benefits to Employee in the event of Employee's termination under specified circumstances, as well as any predecessor agreements (collectively the "Prior Agreements"), are hereby terminated as of the date of this Agreement and Release. Neither the Company, RSI nor Employee shall have any further obligations under the Prior Agreements.

(b) **TERM AND SEVERANCE.** Employee agrees that the employment of Employee will be terminated on July 31, 1998 ("Employee's Last Day Worked"). Effective as of today's date, Employee will resign as an officer and/or director of the Company, RSI and/or their subsidiaries or affiliates and, to the extent applicable, from all committees of which Employee is a member. Employee agrees to sign the attached letter of resignation immediately upon receipt. Until Employee's Last Day Worked, Employee shall continue to receive his current salary. Thereafter, the Company shall continue Employee's current salary payments as severance pay on the fifteenth and last day of each month for a twenty-three (23) month period beginning on the day following Employee's Last Day Worked, unless terminated sooner pursuant to Paragraph 26 (the "Period").

Notwithstanding the foregoing, in the event Employee obtains another position, regardless of whether such position is on a temporary, part-time, full-time or consulting basis, with the Company, RSI, Ryder TRS, Inc. (formerly known as RCTR Holdings, Inc.) or Questor Management Company, or any of their subsidiaries or affiliates, after the Employee's Last Day Worked but prior to the last day of the Period, Employee understands and agrees that all severance payments will cease immediately and that all liabilities and obligations hereunder shall terminate, except as provided in Paragraph 28.

(c) **DUTIES.** Until Employee's Last Day Worked, Employee agrees to provide continued expertise and guidance in the business, affairs and management of the Company and its subsidiaries and affiliates; to provide for transition assistance to the Company; and to provide any other services or support requested by the Chairman, President and Chief Executive Officer of RSI, or his designee.

2. VACATION ENTITLEMENT. Employee has twenty-eight (28) days of unused and accrued vacation entitlement and shall be paid in a lump sum for such entitlement no later than five (5) days following Employee's Last Day Worked.

3. MEDICAL AND DENTAL BENEFITS. Until Employee's Last Day Worked, the Company's health care program benefits will be provided in accordance with the terms of the Company's health care program, as it may be amended from time to time.

Following Employee's Last Day Worked, the Company's health care program benefits will be provided in accordance with the Consolidated Omnibus Budget Reconciliation Act of 1985 as amended ("COBRA"), and the terms of the Company's health care program, as it may be amended from time to time.

Following Employee's Last Day Worked and until the first to occur of (i) the last day of the Period, (ii) the date Employee ceases the required employee contributions, or (iii) the date Employee becomes eligible for medical and/or dental benefits as an employee of another employer, Employee shall pay a pre-tax contribution for such coverage at the then current employee contribution rates for officers and the Company shall pay the balance of the COBRA premiums. Thereafter, if Employee is eligible and wishes to continue Employee's COBRA coverage, Employee shall be solely responsible for payment of the entire COBRA premiums.

Commencing August 1, 1998, Employee shall be eligible for the Company's Early Retiree Medical Program in effect at that time and in accordance with the terms of the program as it may be amended from time to time.

4. LIFE INSURANCE AND SPLIT DOLLAR LIFE INSURANCE. Coverage under the Company's group life insurance plan and/or supplemental life insurance policy, if applicable, will continue until the first to occur of (i) the last day of the Period, (ii) the date Employee becomes eligible for such coverage as an employee of another employer, or (iii) for supplemental life insurance only, the date Employee effectively cancels the premium deduction taken from Employee's pay or severance pay. Such coverage will be in accordance with the terms of the plan and/or policy as they may be amended from time to time.

Employee will continue to be covered by the Company's group life insurance plan and any supplemental life insurance, if applicable, during each plan's conversion privilege period, which is the thirty-one (31) days following the last day of coverage as defined above. During such period, Employee may convert the insurance coverage to an individual policy by directly contacting and arranging the conversion through Standard Insurance Company, or such other insurance company as is then providing coverage.

With regard to the Company's split-dollar life insurance as of the date of this Agreement and Release, Employee may retain the split-dollar policy with its attendant cash value less any repayment of premiums paid by the Company.

5. SALARY CONTINUANCE/SALARY PROTECTION; SUPPLEMENTAL LONG TERM DISABILITY INSURANCE. Coverage under the Company's Salary Continuance program and/or Salary Protection insurance policy, if applicable, will continue until the first to occur of (i) the last day of the Period, (ii) the date Employee becomes

employed by another employer, or (iii) for Salary Protection insurance only, the date Employee effectively cancels the premium deduction taken from Employee's severance pay. Employee shall not be eligible to receive both severance payments and Salary Continuance and/or Salary Protection payments at the same time. Such coverage will be in accordance with the terms of the program and/or policy as they may be amended from time to time.

The cost of Employee's Supplemental Long Term Disability insurance will continue to be paid for by the Company through the last day of the Period, provided the Employee remains enrolled in the underlying basic long term disability coverage with the Standard Insurance Company of Oregon or has other coverage with an equivalent benefit. If Employee obtains other disability coverage during the Period and/or no longer participates in the Company's basic long term disability program, Employee must advise the Company of the amount of coverage Employee has with the new carrier for purposes of adjusting the coverage provided under the Supplemental Long Term Disability insurance.

6. BUSINESS TRAVEL ACCIDENT INSURANCE. Coverage under the Company's Business Travel Accident Insurance Plan, as it may be amended from time to time, will cease as of Employee's Last Day Worked.

7. RETIREMENT BENEFITS. Employee will continue to participate in and to accrue benefits under the Ryder System, Inc. Retirement Plan, as it may be amended from time to time, until the first to occur of (i) the last day of the Period, or (ii) the last day of the thirteenth week of the Period. Employee has met the vesting requirements of the Retirement Plan and will receive retirement benefits in accordance with the Retirement Plan provisions.

8. HEALTH OR DEPENDENT DAY CARE REIMBURSEMENT ACCOUNTS. If Employee is a participant in the Health Care Reimbursement Account, Employee's participation will end on Employee's Last Day Worked. Thereafter, Employee may continue to participate in the Health Care Reimbursement Account by electing COBRA coverage.

If Employee is a participant in the Dependent Day Care Reimbursement Account, Employee may continue to participate until the earlier to occur of (a) the end of the Period, or (b) the end of the current Plan year.

Participation shall be in accordance with the terms of the programs as they may be amended from time to time. Claims in connection with the Health or Dependent Day Care Reimbursement Accounts must be filed in accordance with Plan provisions. Any questions regarding continued participation in such Accounts should be directed to the Company's Vice President, Compensation and Benefits Administration.

9. EMPLOYEE SAVINGS PLAN (INCLUDING PAYSOP SHARES); DEFERRED COMPENSATION Plan. If applicable, Employee will continue to participate in the Ryder System, Inc. Employee Savings Plan, as it may be amended from time to time, until the first to occur of (i) the last day of the Period, or (ii) the last day of the thirteenth week of the Period. If the value of Employee's account is \$3,500 or less, a lump sum distribution will be made pursuant to plan provisions. If the value of Employee's account is greater than \$3,500, Employee's account will be maintained in the Ryder System, Inc. Employee Savings Plan unless and until the Employee requests a distribution from the Plan. However, if Employee has not requested a distribution by age 70 1/2, then a distribution will be made in accordance with plan provisions. Employee should direct

any questions regarding the Ryder System, Inc. Employee Savings Plan to the Company's Vice President, Compensation and Benefits Administration.

If applicable, Employee will continue to participate in the Ryder System, Inc. Deferred Compensation Plan until the first to occur of (i) the last day of the Period, or (ii) the last day of the thirteenth week of the Period. Employee's account will be maintained in the Ryder System, Inc. Deferred Compensation Plan. The vested portion of Employee's account shall be distributed on the January 1 following the first to occur of (i) the last day of the Period, or (ii) the last day of the thirteenth week of the Period, or as soon as administratively practicable thereafter. Such distribution shall be made in accordance with Employee's most recent election and enrollment form on file with the plan.

10. STOCK PLANS. From and after the date of this Agreement and Release, Employee will not be eligible for any stock option grants under the Ryder System, Inc. 1980 Stock Incentive Plan or the Ryder System, Inc. 1995 Stock Incentive Plan (the "1980 and 1995 Plans"), nor will Employee be eligible to participate in any other stock option, stock purchase or similar plan or program offered by the Company or any of its subsidiaries or affiliates. Employee must exercise stock options granted pursuant to any of the Company's stock option plans and vested on Employee's "Termination Date" within the period following Employee's "Termination Date" specified by the applicable stock option agreement. For purposes of the 1980 and 1995 Plans, the phrase "Termination Date" shall mean the end of the Period with respect to Non-Qualified Stock Options granted pursuant to such plans, unless, on Employee's Last Day Worked, Employee shall be eligible for early retirement in which event the retirement provisions of such plans shall be applicable.

11. INCENTIVE COMPENSATION AND DEFERRED COMPENSATION. Employee shall receive a combined tenure-related and bonus multiple cash bonus payment in the amount of four hundred forty thousand dollars (\$440,000) no later than five (5) business days after Employee's Last Day Worked. Employee is not entitled to receive any cash bonus payment pursuant to any other incentive compensation plan.

Salary or bonus awards that Employee has previously deferred, if any, will be distributed in accordance with Employee's individual deferred compensation agreement(s) or pursuant to any deferred compensation plan elections made by Employee.

12. CAR ALLOWANCE. Employee shall receive a car allowance of eight hundred dollars (\$800) per month while an employee of the Company and a lump sum car allowance of nineteen thousand two hundred dollars (\$19,200) within five (5) business days following Employee's Last Day Worked.

13. PERQUISITE, FINANCIAL PLANNING/TAX PREPARATION AND EXECUTIVE PHYSICAL ALLOWANCES, OUTPLACEMENT AND RELOCATION ASSISTANCE. For calendar year 1997, if not yet paid, and for calendar years 1998, 1999 and 2000, the Company shall provide Employee with the perquisite allowance, and for calendar years 1998 and 1999 the financial planning/tax preparation and executive physical allowance, under which Employee would have been entitled to receive reimbursement had he been an officer and/or director of the Company, pursuant to the plans and programs of the Company, as they may be amended from time to time.

In lieu of professional outplacement services, the Company shall provide Employee with a cash payment of fifty-one thousand six hundred forty-four dollars (\$51,644) within five (5) business days following Employee's Last Day Worked.

The Company shall provide Employee with relocation assistance, commensurate with Employee's management level, in connection with the sale of Employee's residence in Miami, Florida pursuant to the Company's relocation program, as it may be amended from time to time.

14. UNEMPLOYMENT COMPENSATION AND OTHER BENEFITS. After Employee's Last Day Worked, should Employee apply for Unemployment Benefits and should the Company be requested to complete any documents in connection therewith, the Company shall complete such necessary documents and will not contest Employee's receipt of such benefits.

Attached to this Agreement and Release as Exhibit A is a Benefit Schedule outlining the employee benefits for which Employee is currently eligible as an employee of the Company and for which Employee will be eligible during the Period and, in certain instances, thereafter. Employee acknowledges and agrees that these benefits are derived from certain employee benefit plans and programs of the Company, are governed by their terms and are subject to change. Any benefits not specifically stated in this Agreement and Release, including Exhibit A, to continue beyond Employee's Last Day Worked shall cease on Employee's Last Day Worked, unless provided otherwise in the relevant plan or policy or by law.

15. COVENANT OF CONFIDENTIALITY. All documents, records, techniques, business secrets and other information, including this Agreement and Release, and any and all incidents leading to or resulting from this Agreement and Release, which have or will come into Employee's possession from time to time during Employee's affiliation with the Company, RSI and/or any of their subsidiaries or affiliates shall be deemed to be confidential and proprietary to the Company, RSI and/or any of their subsidiaries or affiliates and shall be their sole and exclusive property. Employee agrees that Employee will keep confidential and not divulge to any other party any of the Company's, RSI's or their subsidiaries' or affiliates' confidential information and business secrets, including, but not limited to, such matters as costs, profits, markets, sales, products, product lines, key personnel, pricing policies, operational methods, customers, customer requirements, suppliers, plans for future developments, and other business affairs and methods and other information not readily available to the public, except as required by law. Additionally, Employee agrees that upon Employee's termination of employment, Employee shall promptly return to the Company any and all confidential and proprietary information that is in Employee's possession.

16. COVENANT OF NON-SOLICITATION. Until June 30, 2000, Employee, either on Employee's own account or for any person, firm or company, shall not solicit, interfere with or induce, or attempt to induce, any employee of the Company, RSI or any of their subsidiaries or affiliates to leave their employment or to breach their employment agreement, if any.

17. COVENANT OF NON-DISPARAGEMENT AND COOPERATION. Employee agrees not to make any remarks disparaging the conduct or character of the Company, RSI or any of their subsidiaries or affiliates, their agents, employees, officers, directors, successors or assigns ("Ryder"). In addition, Employee agrees to cooperate with Ryder in any litigation or administrative proceedings (e.g., EEOC charges) involving any matters with which Employee was involved during Employee's employment with the Company. The

Company shall reimburse Employee for travel expenses approved by the Company incurred in providing such assistance.

18. COVENANT AGAINST COMPETITION. Until June 30, 2000, Employee shall not engage or become a partner, director, officer, principal, employee, consultant, investor, creditor or stockholder, directly or indirectly, in any business, proprietorship, association, firm or corporation not owned or controlled by the Company, RSI and/or any of their subsidiaries or affiliates which is engaged or proposes to engage or hereafter engages in a business competitive directly with the business conducted by the Company, RSI and/or any of their subsidiaries or affiliates in any geographic area where such business of the Company, RSI and/or any of their subsidiaries or affiliates is conducted, without the prior written consent of RSI's Chairman, President and Chief Executive Officer. This prohibition includes, but it is not limited to, the purchaser of RSI's consumer truck rental and move management business. However, Employee is not prohibited from owning one percent (1%) or less of the outstanding capital stock of any corporation whose stock is listed on a national securities exchange.

19. SPECIFIC REMEDY. Employee acknowledges and agrees that if Employee commits a material breach of the Covenant of Confidentiality (Paragraph 15), Covenant of Non-solicitation (Paragraph 16), Covenant of Non-Disparagement and Cooperation (Paragraph 17) or Covenant Against Competition (Paragraph 18), the Company shall have the right to have the obligations of Employee specifically enforced by any court having appropriate jurisdiction on the grounds that any such breach will cause irreparable injury to the Company, and that money damages will not provide an adequate remedy to the Company. Employee further acknowledges and agrees that the obligations contained in Paragraphs 15, 16, 17 and 18 of this Agreement and Release are fair, do not unreasonably restrict Employee's future employment and business opportunities, and are commensurate with the compensation arrangements set out in this Agreement and Release.

20. APPLICABLE LAW. This Agreement and Release shall be governed by and construed according to the laws of the state of Florida.

21. WITHHOLDING AND TAXATION. All payments under this Agreement and Release shall be less applicable withholding taxes and other proper deductions consented to in writing by Employee or required by applicable law or regulation. Additionally, the payments and benefits under this Agreement and Release may result in imputed income to Employee and may be included in either Employee's W-2 earnings statements or 1099 statements.

22. ASSIGNMENT. This Agreement and Release is personal to Employee and Employee does not have the right to assign this Agreement and Release or any interest herein. This Agreement and Release shall be binding on and inure to the benefit of the successors of the Company.

23. SEVERABILITY. In the event that one or more terms or provisions of this Agreement and Release are found to be invalid or unenforceable for any reason or to any extent, each remaining term and provision shall continue to be valid and effective and shall be enforceable to the fullest extent permitted by law.

24. UNSECURED, UNFUNDED OBLIGATIONS. The payments and benefits provided to Employee pursuant to this Agreement and Release may be unsecured, unfunded obligations of the Company.
25. DEATH OF EMPLOYEE. If Employee dies at any time during the term of this Agreement and Release, any remaining payments owed by the Company to Employee will be paid to the estate of Employee.
26. BREACH OF THE AGREEMENT. Except as provided in Paragraph 28, the Period, this Agreement and Release, and all liabilities and obligations hereunder shall terminate on the date Employee commits a material breach of the provisions of this Agreement and Release or the Company determines that Employee committed an act(s) of misconduct, including, but not limited to, theft, sexual harassment, or fraud, during his employment with the Company.
27. ARBITRATION. Should any dispute arise relating to the meaning or application of this Agreement and Release, such dispute shall be settled in Miami, Florida, in accordance with the commercial arbitration rules of the American Arbitration Association and such settlement shall be final and binding.
28. SURVIVAL. Paragraphs 16 and 18 of this Agreement and Release shall survive termination for a material breach by Employee of the provisions of this Agreement and Release for the full period set forth in Paragraphs 16 and 18. Paragraphs 15, 17, 19 and 30 shall survive termination of this Agreement and Release for any reason.
29. COUNTERPARTS. This Agreement and Release may be executed in any number of counterparts and/or duplicate originals, any of which shall be deemed to be an original, and all of which together shall be deemed one and the same document.
30. RELEASE. FOR AND IN CONSIDERATION OF THE SEVERANCE BENEFITS PROVIDED TO EMPLOYEE BY THE COMPANY, EMPLOYEE, ON BEHALF OF EMPLOYEE, EMPLOYEE'S HEIRS, EXECUTORS, SUCCESSORS AND ASSIGNS, HEREBY RELEASES AND FOREVER DISCHARGES RYDER FROM ANY AND ALL CLAIMS, DEMANDS, OBLIGATIONS, LOSSES, CAUSES OF ACTION, COSTS, EXPENSES, ATTORNEYS' FEES AND ALL LIABILITIES WHATSOEVER, WHETHER KNOWN OR UNKNOWN, SUSPECTED OR UNSUSPECTED, FIXED OR CONTINGENT, WHICH EMPLOYEE HAS OR MAY HAVE AGAINST RYDER AS A RESULT OF EMPLOYEE'S EMPLOYMENT BY AND SUBSEQUENT TERMINATION AS AN EMPLOYEE OF THE COMPANY, UP TO THE DATE OF THE EXECUTION OF THIS AGREEMENT AND RELEASE. THIS INCLUDES BUT IS NOT LIMITED TO CLAIMS AT LAW OR EQUITY OR SOUNDING IN CONTRACT (EXPRESS OR IMPLIED) OR TORT ARISING UNDER FEDERAL, STATE, OR LOCAL LAWS PROHIBITING AGE, SEX, RACE, DISABILITY, VETERAN OR ANY OTHER FORMS OF DISCRIMINATION. THIS FURTHER INCLUDES ANY AND ALL CLAIMS ARISING UNDER THE AGE DISCRIMINATION IN EMPLOYMENT ACT, THE AMERICANS WITH DISABILITIES ACT OF 1990, TITLE VII OF THE CIVIL RIGHTS ACT OF 1964, OR THE EMPLOYEE RETIREMENT INCOME SECURITY ACT (ERISA), AS AMENDED, OR CLAIMS GROWING OUT OF ANY LEGAL RESTRICTIONS ON THE COMPANY'S RIGHT TO TERMINATE ITS EMPLOYEES. EMPLOYEE COVENANTS AND AGREES THAT EMPLOYEE WILL NOT SUE

OR FILE ANY LAWSUIT OR ACTION AGAINST RYDER IN THE FUTURE WITH RESPECT TO ANY CLAIM OR CAUSE OF ACTION RELEASED AS PART OF THIS AGREEMENT AND RELEASE. EMPLOYEE FURTHER AGREES THAT IF EMPLOYEE VIOLATES THIS COVENANT OR ANY OTHER PROVISION OF THIS AGREEMENT AND RELEASE, EMPLOYEE SHALL INDEMNIFY RYDER FOR ALL COSTS AND ATTORNEYS FEES INCURRED BY RYDER IN ENFORCING THIS AGREEMENT AND RELEASE.

31. NON-ADMISSION. This Agreement and Release shall not in any way be construed as an admission by the Company of any unlawful or wrongful acts whatsoever against Employee or any other person, and the Company specifically disclaims any liability to or wrongful acts against Employee or any other person, on the part of Ryder.

32. ENTIRE AGREEMENT. Employee understands that this document constitutes the entire agreement concerning severance pay and related benefits between Employee and the Company, that this document may not be modified except by a written document signed by Employee and the Company, and that no other promises have been made concerning the subject matter covered herein. Employee understands and agrees that the Company has no obligations to Employee beyond the terms of this Agreement and Release and Employee acknowledges that Employee has not relied upon any representations or statements, written or oral, not set forth in this document.

33. REVOCATION PERIOD. EMPLOYEE UNDERSTANDS AND ACKNOWLEDGES THAT EMPLOYEE HAS SEVEN (7) CALENDAR DAYS FOLLOWING EMPLOYEE'S EXECUTION OF THIS AGREEMENT AND RELEASE TO REVOKE EMPLOYEE'S ACCEPTANCE OF THIS AGREEMENT AND RELEASE (THE "REVOCATION PERIOD") AND THAT THIS AGREEMENT AND RELEASE SHALL NOT BECOME EFFECTIVE OR ENFORCEABLE UNTIL THE REVOCATION PERIOD HAS EXPIRED. REVOCATION OF THIS AGREEMENT AND RELEASE MUST BE MADE BY DELIVERING A WRITTEN NOTICE OF REVOCATION TO EDWARD R. HENDERSON, ASSISTANT GENERAL COUNSEL. FOR THIS REVOCATION TO BE EFFECTIVE, WRITTEN NOTICE MUST BE RECEIVED BY EDWARD R. HENDERSON NO LATER THAN THE CLOSE OF BUSINESS ON THE SEVENTH DAY AFTER EMPLOYEE SIGNS THIS AGREEMENT AND RELEASE. IN ADDITION, EMPLOYEE UNDERSTANDS AND ACKNOWLEDGES THAT NO MONIES WILL BE PAID UNDER THE TERMS OF THIS AGREEMENT AND RELEASE UNTIL THE END OF THE REVOCATION PERIOD.

EMPLOYEE CERTIFIES THAT EMPLOYEE HAS FULLY READ, HAS RECEIVED AN EXPLANATION OF, HAS NEGOTIATED AND COMPLETELY UNDERSTANDS THE PROVISIONS OF THIS AGREEMENT AND RELEASE, THAT EMPLOYEE HAS BEEN ADVISED BY THE COMPANY TO CONSULT WITH AN ATTORNEY BEFORE SIGNING THIS AGREEMENT AND RELEASE, THAT EMPLOYEE HAS BEEN GIVEN AT LEAST TWENTY-ONE (21) CALENDAR DAYS TO REVIEW AND CONSIDER THE PROVISIONS OF THIS AGREEMENT AND RELEASE, AND THAT EMPLOYEE IS SIGNING FREELY AND VOLUNTARILY, WITHOUT DURESS, COERCION OR UNDUE INFLUENCE.

**PLEASE READ CAREFULLY AS THIS DOCUMENT INCLUDES
A GENERAL RELEASE OF ALL KNOWN AND UNKNOWN CLAIMS**

Witness:

LARRY S. MULKEY
("Employee")

/s/ SALLY NEWCOMB 7/30/97

Signature Date

/s/ BETTY MULKEY 7/30/97

Signature Date

/s/ LARRY S. MULKEY 7/30/97

Signature Date

Social Security Number

Attest: RYDER INTEGRATED LOGISTICS, INC.

(the "Company")

/s/ EDWARD R. HENDERSON 8/21/97

Signature Date

Title: Assistant Secretary

By /s/ M.A. BURNS 8/21/97

Signature Date

Title: Director

JUNE 30, 1997

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

Gentlemen:

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

Sincerely,

/s/ LARRY S. MULKEY

Larry S. Mulkey

EXHIBIT A
LARRY S. MULKEY
BENEFIT SCHEDULE

PROGRAM	1ST YEAR	2ND YEAR	3RD YEAR
Medical Plan	<p>Coverage for you and Enrolled eligible dependents Will be the same as when Enrolled as officer.</p> <p>Contributions will be the Same as for officers.</p> <p>(7/1/97 to 7/31/98)</p>	<p>Coverage for you and eligible dependents will be provided either (i) in accordance with the terms of the Company's Early Retiree Medical Program or (ii) in accordance with COBRA.</p> <p>(8/1/98 to 7/31/99)</p>	<p>Coverage for you and eligible enrolled dependents will be provided either (i) in accordance with the terms of the Company's Early Retiree Medical Program or (ii) in accordance with COBRA.</p> <p>(8/1/99 to 6/30/2000)</p>
Dental Plan	<p>Coverage for you and Enrolled eligible dependents Will be the same as when Enrolled as officer.</p> <p>Contributions will be the Same as for officers.</p> <p>(7/1/97 to 7/31/98)</p>	<p>Coverage for you and eligible enrolled dependents will be provided in accordance with COBRA.</p> <p>(8/1/98 to 7/31/99)</p>	<p>Coverage for you and eligible enrolled dependents will be provided in accordance with COBRA.</p> <p>(8/1/99 to 6/30/2000)</p>
Life Insurance	<p>BASIC - Coverage continues Until the last day of the Month in which the Severance period ends. (6/30/2000)</p> <p>Additional - Does not Participate.</p>	<p>Same as 1st year.</p>	<p>Same as 1st year.</p>

PROGRAM	AFTER SEVERANCE
Medical Plan	<p>Eligible for retiree medical coverage at rates for those /more than/ 30 years of service.</p> <p>(On and after 7/1/2000)</p>
Dental Plan	<p>No dental coverage available.</p> <p>(On and after 7/1/2000)</p>
Life Insurance	<p>Can convert to an individual whole life policy within 31 days of termination of coverage upon end of severance period (6/30/2000)</p>

PROGRAM	1ST YEAR	2ND YEAR	3RD YEAR
Split-Dollar Life Insurance	Coverage continues until the last Day of month in which severance period ends (6/30/2000) Coverage is 3 times base salary.	Same as 1st. year	Same as 1st. year
Retiree Life Insurance	N/A	N/A	N/A
Dependent Life Insurance	Does not participate.	N/A	N/A
Accidental Death and Dismemberment	Does not participate.	N/A	N/A
Dependent Accidental Death and Dismemberment	Does not participate.	N/A	N/A
Short-Term Disability (Salary Continuance)	Coverage continues until the last Day of month in which severance period ends (6/30/2000).	Same as 1st. year. N/A	Same as 1st. year.

PROGRAM	AFTER SEVERANCE
Split-Dollar Life Insurance	Company will provide a "paid-up" policy. You may maintain the policy for death benefit coverage or surrender for its cash value. Coverage is 1.5 times base salary.
Retiree Life Insurance	Coverage equal to 25% of highest year's earnings to maximum of \$50,000.
Dependent Life Insurance	N/A
Accidental Death and Dismemberment	N/A
Dependent Accidental Death and Dismemberment	N/A
Short-Term Disability (Salary Continuance)	N/A

PROGRAM	1ST YEAR	2ND YEAR	3RD YEAR
Long-Term Disability (Standard Insurance)	Coverage continues until last day of month in which Severance period ends. (6/30/2000).	Same as 1st year.	Same as 1st year.
Supplemental Long-Term Disability (UNUM)	Coverage continues until last day of month in which Severance period ends. (6/30/2000).	Same as 1st year.	Same as 1st year.
Health Care Reimbursement	Participation continues Until end of calendar year (12/31/97).	To participate, you must make an election during annual enrollment (1/1/98 to 12/31/98; after 7/31/98), participation is based upon COBRA continuation of coverage.	To participate, you must make an election during annual enrollment (1/1/99 to 12/31/99; 1/1/2000 to 6/30/2000). Coverage ends on last day of month in which severance period ends. (6/30/2000)
Retirement Plan	Participation continues (7/1/97) to 7/31/98)	Participation continues until the end of the 1st 13 weeks (8/1/98 to 10/31/98).	No additional accruals.

PROGRAM	AFTER SEVERANCE
Long-Term Disability (Standard Insurance)	Can convert to an individual policy within 31 days of termination of coverage upon end of severance period (6/30/2000)
Supplemental Long-Term Disability (UNUM)	Can convert to an individual whole life policy within 31 days of termination of coverage upon end of severance period (6/30/2000)
Health Care Reimbursement	N/A
Retirement Plan	Eligible to commence payment

PROGRAM	1ST. YEAR	2ND. YEAR	3RD. YEAR
Employee Savings Plan (401(K))	Participation, including match, continues (7/1/97 to 7/31/98).	Participation, including match, continues until the end of the 1st. 13 weeks; then, eligible for distribution (8/1/98 to 10/31/98).	Eligible for distribution.
Savings Restoration	Balances were transferred into the Deferred Compensation Plan.	N/A Distribution 1/1/99	N/A
Deferred Compensation Plan	Continue to defer based on 1997 election (7/1/97 to 7/31/98) until the end of the 1st 13 weeks (8/1/98 to 10/31/98).	Deferral in accordance with signed agreement.	Deferral in accordance with signed agreement.

PROGRAM	AFTER SEVERANCE
Employee Savings Plan (401 (K))	Eligible for distribution.
Savings Restoration	N/A
Deferred Compensation Plan	Distribution per attached worksheet.

FINANCIAL REVIEW

[GRAPHIC OF STACKED PAPERS AND A PEN]

OVERVIEW

In 1997, the company recorded its best results from continuing operations since 1987. During 1997, the company also completed the sale of its automotive carrier business. The sale, which follows the 1996 sale of the consumer truck rental business, reinforces the company's strategy to emphasize contractual businesses which are less cyclical and 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).

Earnings from continuing operations in 1997 increased to \$160 million, or \$2.05 per diluted common share, compared with a loss in 1996 of \$19 million, or \$0.24 per diluted common share, and earnings in 1995 of \$128 million, or \$1.61 per diluted common share. Excluding restructuring and other charges and the consumer truck rental business, earnings from continuing operations were \$103 million, or \$1.27 per diluted common share, in 1996 and \$124 million, or \$1.56 per diluted common share, in 1995. Earnings from

continuing operations increased 55% in 1997 (and decreased 17% in 1996) after adjusting for the effects of restructuring and other charges and the sale of the consumer truck rental business. All of the company's business units contributed to the improved results in 1997. The decrease in 1996 earnings was caused by weak performance in the cyclical commercial rental business and decreases in the International Division primarily due to lower operating margins in the U.K. and start-up losses in other countries.

Revenue in 1997 totaled \$4.9 billion, a decrease of \$42 million, or 1%, from 1996. Excluding the consumer truck rental business, revenue increased 9%, or \$398 million, in 1997 compared with 1996. Integrated logistics, public transportation services and International led the 1997 growth with year-over-year increases of at least 20%. These increases were somewhat offset by decreases in full service truck leasing and commercial truck rental. In 1996, revenue increased \$363 million, or 8%, compared with 1995. Excluding consumer truck rental, revenue increased 12% in 1996 compared with 1995, led by full service truck leasing and integrated logistics.

Total operating expense as a percentage of revenue (excluding restructuring and other charges and the consumer truck rental business) was about the same in 1997 compared with 1996 and slightly higher in 1996 compared with 1995. In 1997, the operating expense ratio compared with 1996 reflected proportionately higher logistics costs (including subcontracted freight costs on contracts in which the company purchases transportation), offset by an overall decrease in employee benefit and vehicle liability expenses. The growth in the less capital intensive logistics business, particularly in contracts involving subcontracted freight, will lead to a higher operating expense ratio for the company than historical levels, although depreciation expense and interest expense as a percentage of revenue should decline accordingly. The 1996 increase was primarily due to higher equipment rental costs, as a result of an increase in the number of vehicles leased by the company.

Depreciation expense (before gains on vehicle sales) decreased 1% in 1997 compared with 1996 (excluding consumer truck rental) as the average size of the full service vehicle fleet remained constant while the average size of the commercial truck rental fleet decreased 8%. Excluding the consumer truck rental business, depreciation expense (before gains on vehicle sales) increased 10% in 1996 compared with 1995. This increase was attributable to a larger average vehicle fleet size in response to strong sales of new full service lease and logistics contracts. Excluding the consumer truck rental business, gains on vehicle sales decreased in 1997 and 1996 by \$2 million and \$11 million, respectively. The decreases were due to a reduced number of vehicles sold in both 1997 and 1996 and lower average gains per vehicle sold in 1996.

Interest expense decreased 8% in 1997 compared with 1996 and increased 7% in 1996 compared with 1995. The changes in interest expense were driven primarily by the average outstanding debt levels during the periods. The lower average debt levels during 1997 reflected 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. At December 31, 1997, approximately

[GRAPH]

1997 REVENUE

Full service truck leasing	37%
Integrated logistics	28%
Public transportation services	11%
Commercial truck rental	9%
International Division	9%
Other	6%

27% of the company's financing obligations had variable interest rates.

Miscellaneous (income) expense included costs associated with selling, with limited recourse, trade receivables. Such costs were \$6 million in 1997, \$13 million in 1996 and \$15 million in 1995. The decrease in 1997 reflects a lower sales volume during the period. Miscellaneous (income) expense in 1996 also included a \$25 million gain on the sale of the consumer truck rental business.

The company's effective tax rate for continuing operations was 39.3% in 1997, 222.1% in 1996 and 41.3% in 1995. The lower 1997 tax rate relative to prior years 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 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 in 1996 increased the rate impact of normal, recurring non-deductible expenses.

During 1996, the company recorded restructuring and other charges of \$228 million, attributable to continuing operations, related to plans to improve organizational effectiveness, improve margins and contain costs. The charges included \$105 million for employee separation and other costs related to the elimination of 2,300 positions, \$94 million for costs and asset write-downs related to the closure of approximately 200 operating and administrative facilities, and other write-downs related to certain information systems and other assets, and \$29 million of other costs including relocation and professional fees. The 1996 charges included \$72 million of restructuring charges related to employee separations and facility closures, of which payments totalling \$45 million and \$15 million were made in 1997 and 1996, respectively. As of December 31, 1997, the company had completed nearly all employee reductions and facility closures contemplated by the restructuring plan. Management believes that the remaining restructuring liabilities of \$12 million are adequate to complete its plans and that the liabilities will be substantially paid by the end of 1998. See the "Restructuring and Other Charges" note to the consolidated financial statements for a further discussion.

During 1997, after consideration of the potential impact to operations, including customer and supplier relationships, an enterprise-wide plan was initiated to modify computer information systems to be Year 2000 compliant (properly read dates, perform calculations and continue to perform business critical functions when the calendar year changes to the year 2000) or to replace noncompliant systems. The impact on after tax earnings for incremental Year 2000 costs is estimated to range from \$21 million to \$26 million, including \$3 million for 1997. The majority of these costs will be expensed in 1998, and the plan is expected to be completed by mid-1999. Future costs are difficult to estimate and actual results could differ significantly from the company's current estimates due to changes in software remediation or replacement plans, unanticipated technological difficulties, project vendor delays or overruns, and the cost and availability of resources.

ACCOUNTING CHANGES

Effective December 31, 1997, the company adopted Statement of Financial Accounting Standards (FAS) No. 128, "Earnings per Share." This Statement requires the presentation

of basic and diluted earnings per share (EPS). Basic EPS is computed by dividing net earnings (loss) by the weighted average number of common shares outstanding. Diluted EPS reflects the dilutive effect of potential common shares from securities such as stock options. All prior years EPS data has been restated to conform with the provisions of the new Statement.

Effective January 1, 1995, the company adopted FAS No. 116, "Accounting for Contributions Received and Contributions Made." As a result, a pretax charge of \$12 million (\$8 million after tax, or \$0.10 per diluted common share) was recorded as the cumulative effect of a change in accounting principle to establish a liability for the present value of the company's total outstanding charitable commitments as of January 1, 1995.

UNDERSTANDING RYDER'S BUSINESS UNIT PERFORMANCE

Dollars in thousands -----	1997 ----	1996 ----	1995 ----
BUSINESS UNITS			
Revenue			
Full service lease and programmed maintenance	\$2,087,284	2,129,341	1,959,683
Commercial rental	502,378	515,773	568,558
Integrated logistics	1,370,320	1,104,797	866,654
International Division	457,869	358,869	301,770
Public transportation	525,757	439,750	400,197
Consumer truck rental	--	440,113	546,818
Other and eliminations	(49,703)	(52,520)	(70,705)
Total	4,893,905	4,936,123	4,572,975
Operating expense	3,837,368	4,034,186	3,502,546
Depreciation expense	642,368	741,052	716,098
Gains on sale of revenue earning equipment	(52,294)	(65,758)	(89,851)
Interest expense	192,016	211,675	196,833
Miscellaneous (Income) expense, net	(7,998)	(19,894)	3,346
Earnings from business units before income taxes	282,445	34,862	244,003
CORPORATE ADMINISTRATIVE EXPENSES AND OTHER	(18,493)	(40,892)	(26,018)
EARNINGS (LOSS) FROM CONTINUING OPERATIONS BEFORE INCOME TAXES	\$ 263,952	(6,030)	217,985
Fleet size (owned and leased, including international):			
Full service lease	113,565	112,518	106,710
Commercial rental	36,631	37,609	39,319
Consumer rental	--	--	35,682
Buses operated or managed	14,552	13,098	12,855
Transportation services locations	957	1,083	1,136

The company's primary business units consist of integrated logistics, transportation services (which primarily provides full service truck leasing and commercial truck rental in the United States and Canada), the International Division (which provides full service truck leasing

[PHOTO]

and integrated logistics in Europe, South America and Mexico) and public transportation services. The company sold substantially all the assets of its consumer truck rental business in October 1996 and sold the automotive carrier business in September 1997. As a result, the company's operations are less cyclical and asset intensive and more focused on contractual businesses.

Business unit pretax earnings increased from \$35 million in 1996 (\$200 million excluding restructuring and other charges and consumer truck rental) to \$282 million in 1997. The improvement resulted from higher overall operating margin and improved overhead expenses as a percentage of revenue. The improvement in overhead expenses was primarily due to the 1996 restructuring actions and a focus on cost containment throughout the company.

INTEGRATED LOGISTICS REVENUE

[GRAPH]

INTEGRATED LOGISTICS

Integrated logistics, the company's fastest growing business, provides system-wide management of the entire logistics channel from raw material supply management to finished goods distribution. Ryder's integrated logistics solutions range from just-in-time pickup and delivery that smoothes material flow into assembly and manufacturing plants, to flow-through distribution center management where products from multiple locations are brought into a central facility, consolidated by delivery destination and shipped, all in the same day. Additionally, Ryder offers dedicated contract carriage, mode selection and carrier management to bring finished products to market.

Ryder serves more than 400 large and small customers across a variety of industries including automotive, health care, food and beverage, high tech, manufacturing, paper, retail, telecommunications, utilities and the public sector. Ryder's supply chain management helps such customers as John Deere, Nortel and Hewlett-Packard gain the competitive advantages that result from speeding products to market, reducing inventory management, freeing working capital, improving customer satisfaction and expanding globally.

Integrated logistics continued its strong growth with 1997 revenue reaching \$1.4 billion, an increase of \$266 million compared with the prior year, or 24%. Expansion of business with existing customers and start-up of business from sales in 1996 were largely responsible for the increase in integrated logistics revenue. The largest component of growth in 1997 came from contracts for which Ryder manages the transportation of freight and subcontracts the delivery of products to third parties. Operating revenue (which excludes subcontracted freight) was 10% higher in 1997 compared with 1996. Sales of new logistics contracts in 1997 were lower than in 1996. As a result, the revenue growth rate for this product line in the first half of 1998 will be lower than growth rates experienced in recent quarters. However, the company believes that improved sales force capabilities, industry segmentation, and the ability to leverage rapidly emerging logistics technologies and alliances to enhance service offerings will result in renewed growth in sales of new logistics contracts in 1998, followed by higher revenue growth rates.

Integrated logistics operating margin and margin as a percentage of revenue were higher in 1997 compared with 1996 due primarily to the growth in revenue combined with operating efficiencies, improved pricing in new and existing contracts and lower vehicle liability expense.

Higher operating margin combined with lower overhead expenses resulted in a significant earnings improvement in integrated logistics in 1997.

Revenue increased 27% in 1996 compared with 1995, due primarily to continued emphasis on growing business related to larger, more complex logistics contracts. Operating margin was higher in 1996 due to revenue growth and margin as a percentage of revenue was relatively unchanged.

FULL SERVICE TRUCK LEASING

Full service truck leasing continues to be Ryder's largest product line, supplying nearly 13,000 full service truck leasing customers with 103,000 vehicles in the U.S. and Canada. Full service truck 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 truck leasing product line provides nearly all of the vehicles operated by Ryder to serve 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. Some of Ryder's full service lease customers are Ace Hardware Corporation, Benjamin Moore & Co., Dana Corporation, Domino's Pizza, Inc., PepsiCo, Inc. and Quaker State Corporation.

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.

Ryder's maintenance expertise is also available to companies who choose to own their vehicles. Ryder Programmed Maintenance offers companies all 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.

Revenue from full service truck leasing decreased 2% in 1997 compared with 1996 primarily due to decreased fuel revenue as a result of both lower fuel volume and prices. Excluding fuel, revenue was about the same in 1997, as new lease sales were offset by lost business including selected non-renewal of lower margin business. Operating margin and 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. The pricing of new leases on average significantly improved in 1997 compared with 1996 and the average pricing over the prior four years. The higher return thresholds required on new leases and selected non-renewal of existing lower margin business was in accordance with economic value added (EVA) criteria adopted by the company in 1997 which help drive more selective pursuit of new and retained business.

Revenue from full service truck leasing increased 9% in 1996 compared with 1995 as a result of the

[PHOTO OF TRACTOR TRAILER]

FULL SERVICE TRUCK LEASING REVENUE

[GRAPH]

[PHOTO OF TRUCK]

impact from strong new lease sales in 1995. Operating margin was about the same in 1996 compared with 1995 and margin as a percentage of revenue was lower. The decline in margin percentage was primarily due to the impact of lower pricing on new lease sales in 1995 compared with prices on older and expiring leases.

[GRAPH]

COMMERCIAL TRUCK RENTAL REVENUE

TRUCK RENTAL

Helping companies meet their short-term transportation needs safely, efficiently and cost-effectively is one of Ryder's strengths. With more than 34,000 trucks, tractors and trailers available for rent in the U.S. and Canada, Ryder offers vehicles for short-term rental and supplements 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 truck rental revenue decreased 3% in 1997 compared with 1996, primarily due to planned fleet reductions; however, revenue per unit and utilization were higher in 1997. Strengthening demand for rental resulted in revenue growth in the second half of 1997 compared with the second half of 1996. The average commercial truck rental fleet size was 8% lower in 1997 compared with 1996 which was consistent with management's plan to downsize the rental fleet in late 1996 and early 1997. Management believes that with the current fleet level and increased demand in late 1997, this product line is well positioned for continued good performance in 1998. However, the rental product line continues to be sensitive to the overall condition of the U.S. economy and 1998 rental results will depend to a great extent on the strength of the economy. Revenue from commercial truck rental decreased 9% in 1996 compared with 1995, primarily reflecting a smaller fleet and less demand from full service lease customers requiring additional vehicles during peak periods and while awaiting delivery of new full service lease vehicles.

Commercial truck rental operating margin and margin as a percentage of revenue increased significantly in 1997 compared with 1996 as a result of higher vehicle utilization. Operating margin and margin as a percentage of revenue decreased in 1996 compared with 1995 due to a decline in revenue and lower utilization.

INTERNATIONAL DIVISION

During 1997, Ryder continued to consolidate its presence within three of the world's major trading blocs EU, NAFTA, and MERCOSUR pursuing the objective of becoming a leading provider of global integrated logistic solutions.

A prime example of Ryder's international strategy is the range of services provided to Whirlpool, a Ryder customer in various regions of the world. In the U.K., Ryder provides Whirlpool with about 40,000 home deliveries per year and has been providing such value-added services as installation, retrieval and disposal of appliances since 1994. Outside Europe, Ryder manages inbound logistics for all of Whirlpool's North American operations. In addition,

[PHOTO DISTRIBUTION SERVICES]

Ryder coordinates crossborder shipments into the U.S. from Vitromatic, Whirlpool's joint venture in Mexico and serves Whirlpool Reynosa, the Whirlpool maquiladora operation, which provides wiring harnesses for Whirlpool's U.S. manufacturing facilities. For Whirlpool's joint venture in Brazil, Ryder has undertaken a project to analyze the deliveries of finished products from the manufacturing facility and distribution centers to customers. Ryder also has a consulting contract that examines the logistics design for parts delivery and finished goods distribution for a new plant the joint venture is building in northern Brazil.

In the Latin American region of MERCOSUR, Ryder has a majority share of the automotive logistics market. Ryder is the Lead Logistics Provider for General Motors Corporation's (GM) four assembly plants in Argentina and Brazil. In addition, Ryder has a consulting agreement with GM Colombia and GM Venezuela to design a more effective finished vehicle distribution process.

[GRAPH]

INTERNATIONAL DIVISION REVENUE

The International Division experienced revenue growth of 28% in 1997 and 19% in 1996. The 1997 increase was primarily due to new logistics and maintenance contracts in the U.K. and expanding operations in Argentina and Mexico. The 1996 increase was a result of full service truck leasing and logistics acquisitions made in the U.K. in late 1994 as well as revenue generated from expansion into Argentina and Mexico. International Division operating margin was higher in 1997 compared with 1996 as a result of revenue growth, while margin as a percentage of revenue was lower due to a change in product mix in the U.K. Operating margin and margin as a percentage of revenue were lower in 1996 compared with 1995 due to increased competition in most of the major product lines in the U.K. and continued start-up expenses in South America and Europe. The company anticipates continued expansion in South America and Mexico in 1998 although economic conditions in these areas could impact the timing and level of expansion. 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.

PUBLIC TRANSPORTATION

Ryder further extends its transportation, asset management and maintenance expertise to the public sector through its public transportation services unit, which includes student transportation, public transit and public fleet management and maintenance services.

The second largest provider of student transportation services in the U.S., Ryder Student Transportation Services transports more than 600,000 students daily in more than 460 school systems in 25 states. School systems using Ryder's services include those in Seattle, Washington; Minneapolis/St. Paul, Minnesota; St. Louis, Missouri; and Baltimore, Maryland.

Ryder/ATE provides public transit contracting and management services to more than 90 public transit

[GRAPH]

PUBLIC TRANSPORTATION SERVICES REVENUE

[PHOTO OF USERS OF PUBLIC TRANSPORTATION SERVICES]

organizations in such cities as Los Angeles, California; Dallas, Texas; New York, New York; and Charlotte, North Carolina. Those systems range from shuttles with fixed routes and express service to paratransit systems.

Ryder/MLS is the nations leading provider 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 20% in 1997 compared with 1996 and 10% in 1996 compared with 1995. The growth in 1997 was a result of 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. The increase in 1996 was primarily due to the addition of new public transit contracts at Ryder/ATE. Operating margin and margin as a percentage of revenue from public transportation services were both higher in 1997 compared with 1996, primarily as a result of the growth in revenue, lower vehicle liability expense and lower driver compensation costs as a percentage of revenue. Both operating margin and margin as a percentage of revenue from these businesses decreased in 1996 compared with 1995 as a result of higher operating expenses caused by adverse weather conditions, increased driver compensation and start-up costs associated with new transit contracts at Ryder/ATE.

CORPORATE ADMINISTRATIVE EXPENSES AND OTHER

Corporate administrative expenses and other totaled \$18 million in 1997 compared with \$22 million in 1996 (excluding restructuring and other charges) and \$26 million in 1995. Lower 1997 costs were due primarily to headcount reductions resulting from the 1996 restructuring plan and reduced spending levels. The reduction of expenses in 1996 compared with 1995 was primarily due to interest income earned on short-term investments made with proceeds received from the sale of the consumer truck rental business.

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, \$(12) million in 1996 and \$27 million in 1995. The loss from discontinued operations in 1996 included the after tax impact of restructuring and other charges of \$14 million. The increase in 1997 earnings (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. The decrease in 1996 earnings as compared with 1995 was due to restructuring and other charges, higher wages resulting from a new contract with the Teamsters, higher fuel costs, higher vehicle liability and cargo damage expenses, increased maintenance costs and the impact of two strikes against the operation's largest customer.

FINANCIAL RESOURCES AND LIQUIDITY

CASH FLOW

The company's cash requirements in 1997 continued to be funded principally through operations and the sale of revenue earning equipment. Cash flow from continuing operating activities was \$616 million in 1997, compared with \$533 million in 1996 and \$759 million in 1995. The increase in 1997 compared with 1996 was primarily attributable to higher earnings before non-cash charges, such as depreciation and deferred income taxes, partially offset by higher working capital needs. The decrease in cash flow from continuing operating activities in 1996 compared with 1995 resulted primarily from lower earnings before non-cash charges such as depreciation and deferred income taxes. A more detailed analysis of the individual items contributing to the cash flow changes is included in the Consolidated Statements of Cash Flows.

During 1997, the company concluded a six-million-share buyback, announced in October 1996, and initiated an additional six-million-share buyback program. During 1997 and 1996, common stock repurchased under these programs totaled \$241 million (7.0 million shares) and \$123 million (4.2 million shares), respectively. The company utilized proceeds from the sales of the automotive carrier business and the consumer truck rental business, cash from operating activities and commercial paper borrowings to fund these programs.

During 1997, the company completed a number of acquisitions in full service truck leasing and public transportation, each of which has been accounted for as a purchase. Total consideration for these acquisitions was \$84 million. The company will continue to evaluate selective acquisitions in full service truck leasing, public transportation and integrated logistics in 1998.

Capital expenditures related to continuing operations were \$1.0 billion in 1997, compared with \$1.3 billion and \$2.1 billion in 1996 and 1995, respectively. The decrease was consistent with management's plan to restrict capital spending by increasing return thresholds in accepting new business and focusing on those products and services with the greatest returns in accordance with EVA criteria

[GRAPH]

CAPITAL EXPENDITURES - CONTINUING OPERATIONS

adopted in 1997. Capital expenditures for full service truck leasing decreased \$91 million in 1997 to \$694 million primarily due to lower new sales levels. Capital expenditures for commercial truck rental were \$103 million in 1997, an increase of \$79 million compared with 1996, due to planned fleet replacement to reduce the average age of the commercial rental fleet. Public transportation services capital expenditures of \$46 million were comparable with 1996. International Division capital expenditures decreased \$53 million in 1997 due primarily to planned spending reductions on the lease fleet in the U.K. and Germany. Capital expenditures on operating property and equipment decreased \$79 million in 1997 due primarily to reduced spending on new service locations and the company's Shared Services Center which was created in 1996. The decrease in capital expenditures in 1996 compared with 1995 was due primarily to decreased expenditures in full service truck leasing as a result of lower new sales levels and in commercial and consumer truck rental due to planned fleet reductions. In 1998, management projects that capital expenditures will exceed 1997 levels by 15-20%, primarily as a result of anticipated growth and fleet replacement in full service truck leasing. The company expects to fund its 1998 capital expenditures with both internally generated funds and additional financing.

Cash flow from operating activities (excluding sales of receivables) plus asset sales (excluding sale of business) as a percentage of capital expenditures was 92% in 1997, compared with 72% in 1996 and 52% in 1995. The increase in 1997 as compared with 1996 was due primarily to decreased capital expenditures and improved cash flows from operations. The 1996 increase reflects significantly lower capital expenditures, partially offset by lower cash flow from operations.

FINANCING

Ryder often depends on 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 for revenue earning equipment, the majority of which are accounted for as operating leases. Ratings from Moody's Investors Service of A3 for unsecured notes and P2 for commercial paper are unchanged from 1996. Duff and Phelps also continues to maintain its D1 rating for commercial paper and A rating for unsecured notes. On January 21, 1997, the company was notified by Standard & Poor's Ratings Group that its A- corporate credit rating and senior unsecured debt rating were placed on credit watch. The Standard & Poor's Ratings Group affirmed the company's A2 rating on commercial paper. On June 9, 1997, Standard & Poor's Ratings Group lowered its corporate credit rating and senior unsecured debt rating on the company to BBB+ and removed the company from credit watch.

Debt increased from \$2.4 billion at the end of 1996 to \$2.6 billion at the end of 1997. This increase was due to financing requirements associated with stock repurchases, acquisitions and capital expenditures. The company made \$134 million of scheduled unsecured note payments in 1997. U.S. commercial paper outstanding at December 31, 1997, was \$340 million,

compared with \$16 million at the end of 1996. The company's foreign debt decreased \$59 million in 1997 due primarily to scheduled payments on U.K. and Canadian rate obligations and foreign currency changes.

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 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 credit facility is based on LIBOR, prime, federal funds or local equivalent rates. The credit facility has an annual facility fee of 0.07% based on the company's current credit rating. At December 31, 1997, foreign borrowings of \$53 million were outstanding under the credit facility. At the end of 1997, the company's committed lines of credit totaled \$726 million (including the \$720 million global credit facility), of which \$330 million was available. In addition, the company had \$268 million of debt securities available for issuance under a shelf registration statement filed in 1995.

As part of its financing program, the company periodically enters into sale and leaseback agreements for revenue earning equipment which are accounted for as operating leases. No such agreements were entered into during 1997. Proceeds from sale-leaseback transactions were \$150 million in 1996.

From time to time, the company enters into various interest rate swap and cap agreements in managing interest rate exposure in its existing debt portfolio. See the "Financial Instruments" note to the consolidated financial statements for a further discussion of the company's interest rate management program.

The ratio of debt to equity at December 31, 1997 was 242%, compared with 220% at December 31, 1996. The ratio of debt to tangible equity at December 31, 1997 was 318% compared with 289% at December 31, 1996.

ENVIRONMENTAL MATTERS

The operations of the company involve storing and dispensing petroleum products, primarily diesel fuel, regulated under environmental protection laws. These laws require the company to eliminate or mitigate the effect of such substances on the environment. In response to these requirements, the company has upgraded operating facilities and implemented various programs to detect and minimize contamination.

Capital expenditures related to these programs totaled approximately \$7 million in 1997 and \$9 million in 1996. Environmental capital expenditures are primarily related to a government mandated tank replacement program required to be completed by the end of 1998. These capital expenditures are not expected to increase materially in relation to the company's level of total capital expenditures. The company incurred \$5 million of environmental expenses in 1997, compared with \$7 million in 1996 and \$12 million in 1995, which included normal recurring expenses, such as

[PHOTO OF MAINTENANCE FACILITY]

licensing, testing and waste disposal fees. Based on current circumstances and the present standards imposed by governmental regulations, environmental expenses are not expected to increase materially from 1997 levels in the near term.

The ultimate cost of the company's environmental liabilities cannot presently be projected with certainty due to the presence of several unknown factors, primarily the level of contamination, the effectiveness of selected remediation methods, the stage of management's investigation at individual sites and the recoverability of such costs from third parties. Based upon information presently available, management believes that the ultimate disposition of these matters, although potentially material to the results of operations in any one year, will not have a material adverse effect on the company's financial condition or liquidity. See the "Environmental Matters" note to the consolidated financial statements for a further discussion.

RECENT ACCOUNTING PRONOUNCEMENTS

In June 1997, the Financial Accounting Standards Board (FASB) issued FAS No. 130, "Reporting Comprehensive Income," which establishes standards for reporting and display of comprehensive income and its components. In June 1997, the FASB also issued 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. Both Statements will be adopted by the company in 1998. The adoption of these Statements will not impact the company's results of operations, cash flows or financial position.

OUTLOOK

In 1998, the company will focus on several key areas to sustain growth, maximize shareholder value and improve EVA. The company will emphasize growing revenue in full service truck leasing, building on strategic alliances and enhanced services to increase the base of logistics business, and maintaining steady growth in public transportation services. The company will also continue to contain costs and capital spending.

This financial review 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 could cause actual future events and results of operations to be materially different from those in the forward-looking statements. Important factors that could cause such differences include, among others, greater than expected expenses associated with the company's personnel needs or operating activities, the competitive pricing environment applicable to the company's operations or changes in government regulations.

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 principals and for the objectivity of key underlying assumptions and estimates.

Ryder System maintains a dynamic system of internal controls to provide reasonable assurance that assets are safeguarded and transactions are properly authorized, recorded and reflected in the financial statements. This system is continually reviewed, evaluated and revised to reflect changes in the company and in the businesses in which we operate. One of the key elements of Ryder System's internal financial controls has been the company's success in recruiting, selecting, training and developing professional financial managers who implement and oversee the financial control system.

The board of directors, acting through its audit committee, is responsible for determining that management fulfills its responsibilities in the preparation of financial statements and the financial control of operations. The audit committee is composed solely of outside directors. The committee recommends to the board of directors the appointment of the independent public accountants and meets regularly with management, internal auditors and independent accountants.

Our commitment to social responsibility is a key management principle. Management is responsible for conducting our businesses in an ethical, moral manner assuring that our business practices encompass the highest, most uncompromising standards of personal and business conduct. These standards, which address conflicts of interest, compliance with laws and acceptable business practices and proper employee conduct are included in our Code of Conduct. The importance of these standards is stressed throughout the company and all of our employees are expected to comply with them.

/s/ M. A. BURNS

M. Anthony Burns
Chairman, President and
Chief Executive Officer

/s/ EDWIN A. HUSTON

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

INDEPENDENT AUDITORS' REPORT

THE BOARD OF DIRECTORS AND SHAREHOLDERS OF RYDER SYSTEM, INC.:

We have audited the accompanying consolidated balance sheets of Ryder System, Inc. and subsidiaries as of December 31, 1997 and 1996, and the related consolidated statements of operations and cash flows for each of the years in the three-year period ended December 31, 1997. 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, 1997 and 1996, and the results of their operations and their cash flows for each of the years in the three-year period ended December 31, 1997, in conformity with generally accepted accounting principals.

As discussed in the notes to the consolidated financial statements, the Company changed its method of accounting for charitable contributions in 1995.

/s/ KPMG PEAT MARWICK LLP

KPMG Peat Marwick LLP

Miami, Florida
February 4, 1998

CONSOLIDATED STATEMENTS OF OPERATIONS

RYDER SYSTEM, INC. AND SUBSIDIARIES

In thousands, except per share amounts	YEARS ENDED DECEMBER 31		
	1997	1996	1995
Revenue	\$ 4,893,905	4,936,123	4,572,975
Operating expense	3,857,980	4,081,215	3,530,910
Depreciation expense, net of gains	592,279	676,273	627,534
Interest expense	189,361	206,636	193,559
Miscellaneous (income) expense, net	(9,667)	(21,971)	2,987
	4,629,953	4,942,153	4,354,990
Earnings (loss) from continuing operations before income taxes	263,952	(6,030)	217,985
Provision for income taxes	103,714	13,393	89,962
Earnings (loss) from continuing operations	160,238	(19,423)	128,023
Earnings (loss) from discontinued operations	15,447	(11,864)	27,402
Earnings (loss) before extraordinary loss and cumulative effect of change in accounting	175,685	(31,287)	155,425
Extraordinary loss on early extinguishment of debt	--	(10,031)	--
Cumulative effect of change in accounting	--	--	(7,759)
Net earnings (loss)	\$ 175,685	(41,318)	147,666
Basic Earnings (Loss) per Common Share:			
Continuing operations	\$ 2.08	(0.24)	1.62
Discontinued operations	0.20	(0.15)	0.35
Extraordinary loss on early extinguishment of debt	--	(0.12)	--
Cumulative effect of change in accounting	--	--	(0.10)
	\$ 2.28	(0.51)	1.87
Diluted Earnings (Loss) per Common Share:			
Continuing operations	\$ 2.05	(0.24)	1.61
Discontinued operations	0.20	(0.15)	0.35
Extraordinary loss on early extinguishment of debt	--	(0.12)	--
Cumulative effect of change in accounting	--	--	(0.10)
	\$ 2.25	(0.51)	1.86

See accompanying notes to consolidated financial statements.

CONSOLIDATED BALANCE SHEETS

RYDER SYSTEM, INC. AND SUBSIDIARIES

DECEMBER 31

Dollars in thousands, except per share amounts	1997	1996
-----	-----	-----
Assets		
Current assets:		
Cash and cash equivalents	\$ 78,370	191,384
Receivables	625,955	561,927
Inventories	66,006	61,345
Tires in service	163,771	168,367
Deferred income taxes	22,309	82,571
Prepaid expenses and other current assets	135,574	82,172
	-----	-----
Total current assets	1,091,985	1,147,766
Revenue earning equipment	3,145,461	3,286,088
Operating property and equipment	581,705	615,111
Direct financing leases and other assets	414,932	314,574
Intangible assets and deferred charges	274,977	281,850
	-----	-----
	\$ 5,509,060	5,645,389
	=====	=====
Liabilities and shareholders' equity		
Current liabilities:		
Current portion of long-term debt	\$ 301,361	199,958
Accounts payable	305,337	321,468
Accrued expenses	482,811	633,529
	-----	-----
Total current liabilities	1,089,509	1,154,955
Long-term debt	2,267,554	2,237,010
Other non-current liabilities	365,264	461,275
Deferred income taxes	726,025	686,143
	-----	-----
Total liabilities	4,448,352	4,539,383
	-----	-----
Shareholders' equity:		
Common stock of \$0.50 par value per share		
Authorized, 400,000,000; outstanding,		
1997-73,692,226; 1996-77,961,154	328,117	496,292
Retained earnings	743,713	613,887
Translation adjustment	(11,122)	(4,173)
	-----	-----
Total shareholders' equity	1,060,708	1,106,006
	-----	-----
	\$ 5,509,060	5,645,389
	=====	=====

See accompanying notes to consolidated financial statements.

RYDER SYSTEM, INC. AND SUBSIDIARIES

YEARS ENDED DECEMBER 31

In thousands

	1997	1996	1995
Continuing operations			
Cash flows from operating activities:			
Earnings (loss) from continuing operations	\$ 160,238	(19,423)	128,023
Depreciation expense, net of gains	592,279	676,273	627,534
Amortization expense and other non-cash charges, net	9,191	31,563	12,783
Gain on sale of consumer truck rental business	--	(25,000)	--
Deferred income tax expense (benefit)	124,516	(8,810)	90,945
Proceeds from sales of receivables	--	--	30,000
Changes in operating assets and liabilities:			
Receivables	(76,895)	(192,275)	(80,843)
Inventories	(7,947)	(8,064)	147
Prepaid expenses and other current assets	(47,480)	30,397	(28,712)
Other assets	(13,818)	(230)	(7,707)
Accounts payable	22,305	(50,078)	(37,169)
Accrued expenses and other non-current liabilities	(146,598)	98,330	23,621
	615,791	532,683	758,622
Cash flows from financing activities:			
Debt proceeds	371,502	138,992	1,117,739
Debt repaid, including capital lease obligations	(251,465)	(349,245)	(415,857)
Dividends on common stock	(45,859)	(48,315)	(47,372)
Common stock issued	61,973	63,710	11,251
Common stock repurchased	(241,335)	(122,870)	--
	(105,184)	(317,728)	665,761
Cash flows from investing activities:			
Purchases of property and revenue earning equipment	(1,039,118)	(1,257,307)	(2,087,452)
Sales of property and revenue earning equipment	344,513	373,300	356,393
Sale and leaseback of revenue earning equipment	--	150,000	300,000
Acquisitions, net of cash acquired	(84,195)	--	--
Proceeds from business sold	111,306	574,167	--
Other, net	38,639	31,625	41,307
	(628,855)	(128,215)	(1,389,752)
NET CASH FLOWS FROM CONTINUING OPERATIONS	(118,248)	86,740	34,631
NET CASH FLOWS FROM DISCONTINUED OPERATIONS	5,234	11,787	(17,652)
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(113,014)	98,527	16,979
Cash and Cash Equivalents at January 1	191,384	92,857	75,878
Cash and Cash Equivalents at December 31	\$ 78,370	191,384	92,857

See accompanying notes to consolidated financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

RYDER SYSTEM, INC. AND SUBSIDIARIES

December 31, 1997, 1996 and 1995

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

ORGANIZATION. Ryder System, Inc. is a multinational logistics and transportation company operating in nine countries. The company's principal business units consist of integrated logistics, transportation services (which primarily provides full service truck leasing and commercial truck rental in the United States and Canada), public transportation services and the International Division (which provides full service truck leasing and integrated logistics in Europe, South America and Mexico). As discussed in the Divestitures footnote, the company completed the sales of its automotive carrier business in 1997 and consumer truck rental business in 1996. As a result of the decision to sell its automotive carrier business, the company now operates in a single industry segment.

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

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) expense. Gains on sales of revenue earning equipment, net of selling and equipment preparation costs, are reported as reductions of depreciation expense and totaled \$52 million, \$66 million and \$90 million in 1997, 1996 and 1995, 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 \$238 million in 1997 and \$248 million in 1996. Goodwill is amortized on a straight-line basis over appropriate periods generally ranging from 10 to 40 years. Accumulated amortization was approximately \$84 million and \$85 million at December 31, 1997 and 1996, 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, worker's 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; it has no derivative financial instruments held for trading purposes and none of the instruments are leveraged. The company assigns each interest rate

swap and cap agreement to a debt or operating lease obligation. Amounts to be paid or received under swap and cap agreements are recognized over the terms of the agreements as adjustments to interest expense or rent expense.

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 shareholders' equity 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. For disclosure purposes, pro forma net earnings (loss) and earnings (loss) per share are provided as if the fair value method had been applied.

ACCOUNTING CHANGES. Effective December 31, 1997, the company adopted Statement of Financial Accounting Standards (FAS) No. 128, "Earnings per Share." This Statement requires the presentation of basic and diluted earnings per share (EPS). Basic EPS is computed by dividing net earnings (loss) by the weighted average number of common shares outstanding. Diluted EPS reflects the dilutive effect of potential common shares from securities such as stock options. All prior years EPS data has been 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' Statement of Position 96-1, "Environmental Remediation Liabilities," effective January 1, 1997. The guidance provided by these Statements was consistent with the company's current method of accounting and, therefore, adoption of these Statements did not impact the company's results of operations, cash flows or financial position.

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

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

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

RECENT ACCOUNTING PRONOUNCEMENTS. In June 1997, the Financial Accounting Standards Board (FASB) issued FAS No. 130, "Reporting Comprehensive Income," which establishes standards for reporting and display of comprehensive income and its components. In June 1997, the FASB also issued 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. Both Statements will be adopted by the company in 1998. The adoption of these Statements will not impact the company's results of operations, cash flows or financial position.

ACQUISITIONS

During 1997, the company completed a number of acquisitions in full service truck leasing and public transportation, each of which has been accounted for as a purchase. 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 was as follows (in thousands):

Working capital	\$ (2,170)
Goodwill	42,755
Other net assets	57,809
Non-current liabilities	(14,199)

Net assets acquired	\$ 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:

	PERIOD ENDED	YEARS ENDED	
	SEPTEMBER 30	DECEMBER 31	
In thousands	1997	1996	1995
Revenue	\$ 462,853	583,292	594,446
Earnings (loss) before income taxes	\$ 18,228	(11,592)	46,401
Provision for income taxes	5,981	272	18,999
Earnings (loss) from discontinued operations before net gain on disposition	12,247	(11,864)	27,402
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)	27,402

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) expense. Revenue related to the consumer truck rental business was \$440 million for the period January 1 through October 16, 1996 and \$547 million for the year ended December 31, 1995. Pretax earnings of the consumer truck rental business, on a stand alone basis, were \$18 million for the period January 1 through October 16, 1996 and \$8 million for the year ended December 31, 1995.

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). The company and the buyer have entered into service agreements for periods ranging from two to five years, with options for extensions for certain of the agreements. Under the agreements, the company provides various services to the buyer including vehicle maintenance, claims processing, management information systems and other administrative services. In addition, certain company branch locations act as consumer truck rental dealers and the company assists in the disposition of the buyer's used vehicles through its sales network. Rates agreed upon for the various services are considered reasonable based on market rates.

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 pretax charges in 1996 of \$228 million for continuing operations (\$150 million after tax or \$1.84 per diluted common share).

The pretax charges included \$105 million in employee-related costs, which were primarily related to the planned elimination of approximately 2,300 positions. This amount included \$46 million for approximately 740 employees who retired pursuant to voluntary early retirement programs. The planned headcount reductions were substantially completed during 1997.

The company's restructuring initiatives also included the planned closure of approximately 200 operating and administrative locations in order to achieve economies of scale and eliminate redundant processes. In connection with these initiatives, the company recorded \$59 million in estimated closure costs, including asset write-downs of \$46 million relating to both facility closures and the anticipated sale of small non-strategic businesses. During 1997, approximately 85% of the planned closures were completed and the company has sold or disposed of approximately 75% of the closed facilities. Additionally, the 1996 charges included \$35 million of write-downs relating primarily to the discontinuance of the company car program, certain information systems and other assets.

The company also incurred \$29 million of other costs associated with the restructuring initiatives including relocation of employees and professional fees incurred as part of the implementation of the restructuring.

The 1996 charges included \$78 million of restructuring charges (\$72 million in continuing operations) relating to employee separations and facility closure costs of which \$50 million was paid in 1997 and \$16 million was paid in 1996. Management believes that the remaining restructuring liabilities at December 31, 1997 of \$12 million are adequate to complete its plans and that the liabilities will be substantially paid by the end of 1998.

SALES OF RECEIVABLES

The company participates in an agreement to sell, with limited recourse, up to \$350 million of trade receivables on a revolving basis through July 2002. The costs associated with this program were \$6 million in 1997, \$13 million in 1996 and \$15 million in 1995 and were charged to miscellaneous (income) expense. At December 31, 1997 and 1996, the outstanding balance of receivables sold pursuant to this agreement was \$75 million.

REVENUE EARNING EQUIPMENT

In thousands	1997	1996
Full service lease	\$ 3,538,297	3,302,496
Commercial rental	1,171,038	1,306,998
	4,709,335	4,609,494
Accumulated depreciation	(1,742,949)	(1,616,076)
	2,966,386	2,993,418
Other revenue earning equipment	333,588	672,440
Accumulated depreciation	(154,513)	(379,770)
	179,075	292,670
	\$ 3,145,461	3,286,088

OPERATING PROPERTY AND EQUIPMENT

In thousands	1997	1996
Land	\$ 104,813	113,601
Buildings and improvements	467,652	491,714
Machinery and equipment	385,099	402,516
Other	99,445	120,795
	1,057,009	1,128,626
Accumulated depreciation	(475,304)	(513,515)
	\$ 581,705	615,111

ACCRUED EXPENSES AND OTHER NON-CURRENT LIABILITIES

In thousands	1997	1996
Salaries and wages	\$ 113,042	145,222
Employee benefits	17,188	17,246
Interest	41,274	47,614
Operating taxes	66,544	72,622
Self-insurance reserves	249,137	344,803
Postretirement benefits other than pensions	47,694	60,726
Vehicle rent and related accruals	162,611	181,662
Environmental liabilities	29,971	40,424
Other, including restructuring	120,614	184,485
	848,075	1,094,804
Non-current portion	(365,264)	(461,275)
Accrued expenses	\$ 482,811	633,529

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 1997, 1996 and 1995 were \$233 million, \$248 million and \$240 million, respectively.

DIRECT FINANCING LEASES. The company leases additional revenue earning equipment as direct financing leases. The net investment in direct financing leases consisted of:

In thousands	1997	1996
Minimum lease payments receivable	\$ 714,065	588,666
Executory costs and unearned income	(375,724)	(324,108)
Unguaranteed residuals	59,123	45,438
	397,464	309,996
Net investment in direct financing leases	397,464	309,996
Current portion included in receivables	(52,976)	(47,888)
	\$ 344,488	262,108

Contingent rentals included in income during 1997, 1996 and 1995 were \$26 million, \$24 million and \$20 million, respectively.

OPERATING LEASES AS LESSEE. The company leases vehicles, facilities and office equipment under operating lease agreements. The majority of these agreements are vehicle leases which specify that rental payments be adjusted every six months based on changes in interest rates and provide for early termination at stipulated values. During 1997, 1996 and 1995, rent expense was \$228 million, \$240 million and \$201 million, respectively. Through September 1997, rental rates were modified by certain interest rate swap agreements as discussed in the "Summary of Significant Accounting Policies" footnote.

LEASE PAYMENTS. Future minimum payments for leases in effect at December 31, 1997 were as follows:

In thousands	AS LESSOR		AS LESSEE
	OPERATING LEASES	DIRECT FINANCING LEASES	OPERATING LEASES
1998	\$ 834,768	127,608	209,587
1999	716,700	119,721	216,017
2000	563,231	111,049	186,419
2001	391,072	99,579	164,291
2002	227,414	83,053	130,646
Thereafter	157,451	173,055	134,747
	\$2,890,636	714,065	1,041,707

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	1997	1996	1995
-----	-----	-----	-----
Current tax expense (benefit):			
Federal	\$ (21,243)	19,756	332
State	(998)	2,767	(100)
Foreign	1,439	(320)	(1,215)
	-----	-----	-----
	(20,802)	22,203	(983)
-----	-----	-----	-----
Deferred tax expense (benefit):			
Federal	100,756	(13,847)	63,753
State	15,546	(767)	15,409
Foreign	8,214	5,804	11,783
	-----	-----	-----
	124,516	(8,810)	90,945
-----	-----	-----	-----
Provision for income taxes	\$ 103,714	13,393	89,962
	=====	=====	=====

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

% OF PRETAX INCOME

	1997	1996	1995
	----	----	----
Statutory rate	35.0	(35.0)	35.0
Impact on deferred taxes			
for changes in tax rates	(0.6)	--	--
State income taxes, net of			
Federal income tax benefit	3.6	21.6	4.6
Amortization of goodwill	0.9	41.2	1.1
Restructuring and other charges	--	148.6	--
Miscellaneous items, net	0.4	45.7	0.6
	----	----	----
Effective rate	39.3	222.1	41.3
	=====	=====	=====

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 in 1996 increased the rate impact of normal, recurring non-deductible expenses.

The components of the net deferred income tax liability as of December 31, 1997 and 1996 were as follows:

In thousands	1997	1996
-----	-----	-----
Deferred income tax assets:		
Self-insurance reserves	\$ 88,374	136,411
Alternative minimum taxes	12,771	9,412
Accrued compensation and benefits	36,167	45,038
Restructuring and other charges	5,037	27,645
Miscellaneous other accruals	86,593	104,321
	-----	-----
	228,942	322,827
Valuation allowance	(12,445)	(16,605)
	-----	-----
	216,497	306,222
-----	-----	-----
Deferred income tax liabilities:		
Property and equipment		
bases differences	(837,120)	(834,581)
Other items	(83,093)	(75,213)
	-----	-----
	(920,213)	(909,794)
-----	-----	-----
Net deferred income tax liability	\$ (703,716)	(603,572)
	=====	=====

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 \$84 million at December 31, 1997. 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 \$13 million at December 31, 1997, 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 totaled \$18 million in 1997, \$1 million in 1996 and \$13 million in 1995 and include amounts related to both continuing and discontinued operations.

DEBT

In thousands	1997	1996
-----	-----	-----
U.S. commercial paper	\$ 340,000	16,000
Canadian commercial paper	27,339	47,649
Unsecured U.S. notes:		
Debentures, 8.38% to 9.88%, due 2001 to 2017	444,215	444,215
Medium-term notes, 5.53% to 9.90%, due 1998 to 2025	1,410,020	1,543,600
Discount on unsecured U.S. notes	(21,196)	(21,765)
Unsecured foreign obligations (principally pound sterling), 4.84% to 11.00%, due 1998 to 2002	320,362	344,063
Other debt, including capital leases	48,175	63,206
	-----	-----
Total debt	2,568,915	2,436,968
Current portion	(301,361)	(199,958)
	-----	-----
Long-term debt	\$ 2,267,554	2,237,010
	=====	=====

Debt maturities (including sinking fund requirements) during the five years subsequent to December 31, 1997 were as follows:

DEBT

In thousands	MATURITIES
-----	-----
1998	\$301,361
1999	440,896
2000	499,585
2001	330,528
2002	530,475

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 prior U.S. credit facility consisted of a \$500 million primary agreement with no expiration date and a \$150 million secondary agreement expiring in 2001. 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 0.07% based on the company's current credit rating. At December 31, 1997, foreign borrowings of \$53 million were outstanding under the credit facility and the company had \$327 million available under this agreement.

The company had other committed lines of credit at December 31, 1997 totaling \$6 million, of which \$3 million was available. The weighted average interest rates for outstanding U.S. and Canadian commercial paper were 6.25% and 4.63%, respectively, at December 31, 1997.

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 \$196 million in 1997, \$204 million in 1996 and \$182 million in 1995. Interest rates have been modified by interest rate swap agreements as discussed in the "Summary of Significant Accounting Policies" footnote.

FINANCIAL INSTRUMENTS

At December 31, 1997 and 1996, the company had various interest rate swap agreements outstanding with notional principal amounts of \$61 million and \$178 million, respectively. Such contracts had a weighted average interest rate of 5.84% and 6.31% at December 31, 1997 and 1996, respectively. The company mitigates its exposure to credit loss in the event of nonperformance by the counterparties by entering into transactions with financial institutions in the high investment grade category of ratings by Standard & Poor's Ratings Group and/or Moody's Investors Service.

The carrying amounts and estimated fair values of the company's liabilities for debt (excluding capital leases) and interest rate swap agreements at December 31, 1997 and 1996 were as follows:

In thousands	1997		1996	
	CARRYING AMOUNT	FAIR VALUE	CARRYING AMOUNT	FAIR VALUE
Debt	\$2,524,837	2,631,065	2,377,750	2,453,868
Interest rate swaps	871	850	137	975

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

SHAREHOLDERS' EQUITY In thousands, except share and per share amounts	COMMON STOCK	RETAINED EARNINGS	TRANSLATION ADJUSTMENT	TOTAL
-----	-----	-----	-----	-----
At January 1, 1995	\$ 539,101	603,226	(13,303)	1,129,024
Net earnings	--	147,666	--	147,666
Common stock dividends declared-\$0.60 per share	--	(47,372)	--	(47,372)
Common stock issued under employee plans (519,871 shares)*	11,251	--	--	11,251
Foreign currency translation adjustment	--	--	(389)	(389)
Other	(155)	--	--	(155)
-----	-----	-----	-----	-----
At December 31, 1995	550,197	703,520	(13,692)	1,240,025
Net loss	--	(41,318)	--	(41,318)
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)	(122,870)	--	--	(122,870)
Foreign currency translation adjustment	--	--	9,519	9,519
Other	5,255	--	--	5,255
-----	-----	-----	-----	-----
At December 31, 1996	496,292	613,887	(4,173)	1,106,006
Net earnings	--	175,685	--	175,685
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)	(241,335)	--	--	(241,335)
Foreign currency translation adjustment	--	--	(6,949)	(6,949)
Other	11,187	--	--	11,187
-----	-----	-----	-----	-----
At December 31, 1997	\$ 328,117	743,713	(11,122)	1,060,708
=====	=====	=====	=====	=====

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

During 1997, the company concluded a six-million-share repurchase program, announced in October 1996, and initiated an additional six-million-share repurchase program. The company has used a portion of the proceeds from the sales of the automotive carrier business and consumer truck rental business to repurchase shares of common stock in the open market. The company repurchased 7,047,300 shares at an average of \$34.25 per share for an aggregate amount of \$241 million in 1997 and 4,152,700 shares at an average price of \$29.59 per share for an aggregate amount of \$123 million in 1996.

At December 31, 1997, the company had 73,692,226 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 \$.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's stock option plans consist of the Profit Incentive Stock Plan for certain non-officer employees, the 1980 and 1995 Stock Incentive Plans and Stock for Merit Increase Replacement Plan for key employees and the 1997 Board of Directors Stock Award Plan for non-employee directors. Option prices are the fair market value of shares at the date of grant. 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 the 1980 and 1995 Stock Incentive Plans may be granted in tandem with stock appreciation rights, limited stock appreciation rights and performance units. The key employee plans also provide for restricted stock rights to these employees at no cost to them; none were granted in 1997, 1996 or 1995. Awards under the 1997 Board of Directors Stock Award Plan may be granted in tandem with restricted stock units at no cost to the grantee; 47,673 units were granted in 1997. 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	Number of Shares	Weighted Average Exercise Price
-----	-----	-----
Outstanding at January 1, 1995	6,580	\$ 22.88
Granted	1,140	25.10
Exercised	(207)	19.90
Expired or canceled	(89)	22.49
-----	-----	-----
Outstanding at December 31, 1995	7,424	23.31
Granted	1,312	29.35
Exercised	(1,742)	23.29
Expired or canceled	(116)	27.57
-----	-----	-----
Outstanding at December 31, 1996	6,878	24.33
Granted	1,339	35.08
Exercised	(2,037)	22.85
Expired or canceled	(180)	26.40
-----	-----	-----
Outstanding at December 31, 1997	6,000	\$ 27.18
=====	=====	=====

The number of shares and weighted average price of options exercisable at December 31, 1997, 1996 and 1995 were 3,373,000 shares at \$23.87, 4,636,000 shares at \$22.83, and 5,482,000 shares at \$22.74, respectively. At December 31, 1997, 1996 and 1995, 1,566,000 shares, 2,535,000 shares and 3,232,000 shares, respectively, were available for future grants under the terms of these plans.

Information about options in various price ranges at December 31, 1997 follows:

Shares in thousands		Options Outstanding		Options Exercisable	
Price Range	Shares	Remaining Life (In Years)	Average Price	Shares	Average Price
-----	-----	-----	-----	-----	-----
\$10 - 20	313	3.3	\$ 16.11	313	\$ 16.11
20 - 25	1,487	3.8	22.26	1,193	21.88
25 - 30	2,871	6.6	27.19	1,867	26.45
30 - 37	1,329	9.5	35.25	--	--
-----	-----	-----	-----	-----	-----
	6,000	6.4	\$ 27.18	3,373	\$ 23.87
	=====	=====	=====	=====	=====

PURCHASE PLANS. The Employee Stock Purchase Plan provides for periodic offerings to substantially all U.S. and Canadian employees, with the exception of executives who participate in the 1980 and 1995 Stock Incentive Plans, to subscribe shares of the company's common stock at 85% of the fair market value on

either the date of offering or the last day of the purchase period, whichever is less. The U.K. Stock Purchase Scheme provides for periodic offerings to substantially all U.K. employees to subscribe shares of the company's common stock at 85% of the fair market value on the date of the offering.

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

Shares in thousands	Number of Shares	Weighted Average Exercise Price
-----	-----	-----
Outstanding at January 1, 1995	1,819	\$22.87
Granted	41	20.66
Exercised	(314)	22.89
Expired or canceled	(172)	22.92
-----	-----	-----
Outstanding at December 31, 1995	1,374	22.79
Granted	1,608	23.96
Exercised	(1,191)	22.85
Expired or canceled	(138)	22.86
-----	-----	-----
Outstanding at December 31, 1996	1,653	23.88
Granted	63	30.28
Exercised	(994)	23.96
Expired or canceled	(151)	23.91
-----	-----	-----
Outstanding at December 31, 1997	571	\$24.46
=====	=====	=====

The number of shares and weighted average price of options exercisable at December 31, 1997 and 1995 were 472,000 shares at \$23.96 and 1,318,000 shares at \$22.90, respectively. No options were exercisable at December 31, 1996. Substantially all options outstanding expire in 1998. At December 31, 1997, 1996 and 1995, 323,000 shares, 235,000 shares and 1,705,000 shares, respectively, were available for future grants under the terms of these plans.

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, net earnings (loss) would have been reduced (increased) by \$11 million, or \$0.14 per diluted common share in 1997, \$(8) million, or \$(0.10) per diluted common share in 1996, and \$1 million, or \$0.02 per diluted common share in 1995. 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 weighted average per share fair values of options granted under the company's stock option and purchase plans during 1997, 1996 and 1995 were \$12.57, \$8.45 and \$8.99, respectively. The fair value of each option grant is estimated on the date of grant using the Black-Scholes option-pricing model with the following weighted average assumptions: dividend yield of 1.8% in 1997 and 2.1% in 1996 and 1995; expected volatility of 24.5% in 1997 and 25.4% in 1996 and 1995; a risk-free interest rate of 6.2% in 1997 and 6.4% in 1996 and 1995; and an expected holding period of eight years in 1997 and six years in 1996 and 1995.

EARNINGS PER SHARE INFORMATION. A reconciliation of the number of shares used in computing basic and diluted EPS follows:

In thousands	1997	1996	1995
-----	-----	-----	-----
Weighted average shares outstanding - Basic	76,888	81,263	78,945
Dilutive common stock equivalents from option and purchase plans	1,304	--	425
-----	-----	-----	-----
Weighted average shares outstanding - Diluted	78,192	81,263	79,370
=====	=====	=====	=====

At December 31, 1997, options to purchase 1,129,000 shares of common stock were outstanding but were not included in the computation of diluted EPS because the options' exercise prices were greater than the average market price of the common shares during the period.

PENSION AND SAVINGS PLANS

The company and its subsidiaries sponsor several defined benefit pension plans, covering substantially all employees not covered by union-administered plans, including certain employees in foreign countries. These plans generally provide participants with benefits based on years of service and career-average compensation levels. Funding policy for these plans is to make contributions based on normal costs plus amortization of unfunded past service liability but not greater than the maximum allowable contribution deductible for Federal income tax

purposes. The majority of the plans' assets are invested in a master trust which, in turn, is primarily invested in listed stocks and bonds. The company also contributed to various defined benefit, union-administered, multi-employer plans for employees under collective bargaining agreements. Total pension expense for 1997, 1996 and 1995 was as follows:

In thousands -----	1997 -----	1996 -----	1995 -----
Company-administered plans:			
Present value of benefits earned during the year	\$ 24,037	26,746	20,502
Interest cost on projected benefit obligation	46,160	36,662	32,302
Return on plan assets:			
Actual	(142,195)	(70,694)	(110,289)
Deferred	82,117	25,715	76,793
Additional expense from early retirement program	--	43,928	--
Curtailment gain	(7,614)	--	--
Other, net	(1,037)	(1,172)	(1,522)
	-----	-----	-----
Union-administered plans	1,468	61,185	17,786
	-----	-----	-----
Net pension expense	\$ 3,308	63,198	19,333
	=====	=====	=====

As part of the company's 1996 restructuring and other profit improvement initiatives, certain employees accepted early retirement benefits, which increased 1996 pension expense by \$44 million.

The following table sets forth the plans' funded status and the company's prepaid expense at December 31, 1997 and 1996:

In thousands	1997	1996
-----	-----	-----
Plan assets at fair value	\$ 820,696	679,756
Actuarial present value of service rendered to date:		
Accumulated benefit obligation, including vested benefits of \$632,306 in 1997 and \$548,528 in 1996	(664,138)	(581,719)
Additional benefit based on estimated future salary levels	(44,576)	(62,354)
	-----	-----
Projected benefit obligation	(708,714)	(644,073)
	-----	-----
Plan assets in excess of projected benefit obligation	111,982	35,683
Unrecognized transition amount	(11,838)	(15,621)
Other, primarily unrecognized prior service cost and net gains	(55,428)	(12,700)
	-----	-----
Prepaid pension expense	\$ 44,716	7,362
	=====	=====

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

	1997	1996
	----	----
Discount rate	7.25%	7.50%
Rate of increase in compensation levels	5.00%	5.00%
Expected long-term rate of return on plan assets	9.50%	8.50%
Transition amortization in years	8	8
Gain and loss amortization in years	8	8

The company also has defined contribution savings plans that cover substantially all eligible employees. Company contributions to the plans are based on employee contributions and the level of company match. Company contributions to the plans totaled approximately \$12 million in 1997 and 1996, and \$11 million in 1995.

POSTRETIREMENT BENEFITS OTHER THAN PENSIONS

The company and its subsidiaries sponsor plans which provide retired employees with certain health care and life insurance benefits. Substantially all employees not covered by union-administered health and welfare plans are eligible for these benefits. Health care benefits for the company's principal plans are generally provided to qualified retirees under age 65 and eligible dependents. Generally, these plans require employee contributions which vary based on years of service and include provisions which cap company contributions.

Total periodic postretirement benefit expense for 1997, 1996 and 1995 was as follows:

In thousands	1997	1996	1995
-----	-----	-----	-----
Current year service cost	\$ 1,569	1,626	1,373
Interest accrued on post-retirement benefit obligation	3,122	2,790	3,031
Additional expense from early retirement program	--	2,323	--
Curtailement gain	(1,881)	--	--
	-----	-----	-----
Periodic postretirement benefit expense	\$ 2,810	6,739	4,404
	=====	=====	=====

The company's postretirement benefit plans are not funded. The company's obligation under the plans as of December 31, 1997 and 1996 was as follows:

In thousands -----	1997 -----	1996 -----
Accumulated postretirement benefit obligation:		
Retirees	\$28,258	33,860
Fully eligible active plan participants	4,114	8,964
Other active plan participants	11,914	16,474
	-----	-----
	44,286	59,298
Unrecognized net gains	3,408	1,428
	-----	-----
Accrued unfunded postretirement benefit obligation	\$47,694	60,726
	=====	=====
Discount rate	7.25%	7.50%

The actuarial assumptions include health care cost trend rates projected ratably from 8% in 1998 to 6% in the year 2003 and thereafter. Increasing 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, 1997 or periodic postretirement benefit expense for 1997.

ENVIRONMENTAL MATTERS

The company's operations involve storing and dispensing petroleum products, primarily diesel fuel. In 1988, the Environmental Protection Agency issued regulations that established requirements for testing and replacing underground storage tanks. The company is involved in various stages of investigation, cleanup and tank replacement to comply with the regulations. In addition, the company received notices from the Environmental Protection Agency and others that it has been identified as a potentially responsible party (PRP) under the Comprehensive Environmental Response, Compensation and Liability Act, the Superfund Amendments and Reauthorization Act and similar state statutes and may be required to share in the expense of cleanup of 25 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 \$5 million in 1997, \$7 million in 1996 and \$12 million in 1995.

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.

GEOGRAPHIC INFORMATION

Revenue, earnings (loss) from continuing operations before income taxes and identifiable assets pertaining to the geographic areas in which the company operates are presented below.

In thousands	1997	1996	1995
-----	-----	-----	-----
Revenue:			
United States	\$ 4,233,119	4,417,225	4,137,245
Foreign	660,786	518,898	435,730
	-----	-----	-----
	\$ 4,893,905	4,936,123	4,572,975
	=====	=====	=====
Earnings (loss) from continuing operations before income taxes:			
United States	\$ 238,902	9,946	198,099
Foreign	25,050	(15,976)	19,886
	-----	-----	-----
	\$ 263,952	(6,030)	217,985
	=====	=====	=====
Identifiable assets:			
United States	\$ 4,683,012	4,815,928	5,165,600
Foreign	826,048	829,461	728,215
	-----	-----	-----
	\$ 5,509,060	5,645,389	5,893,815
	=====	=====	=====

QUARTERLY DATA ----- In thousands, except per share amounts -----	Quarters -----			
	First	Second	Third	Fourth
Revenue:				
1997	\$1,187,119	1,233,999	1,204,339	1,268,448
1996	1,190,520	1,265,533	1,272,146	1,207,924
Earnings (loss) from continuing operations:				
1997	\$ 32,451	43,328	35,278	49,181
1996	11,613	27,723	29,410	(88,169)
Net earnings (loss):				
1997	\$ 33,666	50,035	42,803	49,181
1996	10,179	31,583	26,288	(109,368)
Earnings (loss) from continuing operations per common share:				
1997-Basic	\$ 0.42	0.56	0.45	0.65
1996-Basic	0.15	0.35	0.36	(1.08)
1997-Diluted	0.41	0.55	0.45	0.64
1996-Diluted	0.15	0.34	0.36	(1.08)
Net earnings (loss) per common share:				
1997-Basic	\$ 0.43	0.65	0.55	0.65
1996-Basic	0.13	0.39	0.32	(1.34)
1997-Diluted	0.43	0.64	0.54	0.64
1996-Diluted	0.13	0.39	0.32	(1.34)

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. Data for 1996 and first two quarters of 1997 has been restated to reflect the company's automotive carrier business as a discontinued operation (see the "Divestitures" note to the consolidated financial statements for a further discussion).

Earnings from continuing operations in the second, third and fourth quarters of 1996 were impacted, in part, by after tax restructuring and other charges of \$10 million, \$7 million and \$133 million, respectively. In addition, the fourth quarter of 1996 benefited from a \$15 million after tax gain from the sale of the company's consumer truck rental business.

Net earnings in the fourth quarter of 1996 were also impacted by a \$10 million after tax extraordinary loss resulting from the early extinguishment of debt at a premium.

COMMON STOCK DATA

At December 31, 1997 and 1996, the company had 73,692,226 and 77,961,154 shares, respectively, of common stock outstanding. As of January 30, 1998, there were 16,943 common stockholders of record.

The company's common shares are traded on the New York Stock Exchange, the Chicago Stock Exchange and the Pacific Stock Exchange, and its ticker symbol is "R." The company's shares are also traded on the Berlin Stock Exchange and the ticker symbol is "RYD GR." Quarterly market price ranges of the common shares and quarterly cash dividends on common shares during 1997 and 1996 were as follows:

	Market Price -----				Common Share Cash Dividends	
	1997		1996		1997	1996
	High	Low	High	Low		
First quarter	\$32 3/4	27 1/8	29 1/8	22 5/8	.15	.15
Second quarter	34 5/8	28 7/8	30	25 3/4	.15	.15
Third quarter	36 1/2	33 1/4	31 1/8	24 3/4	.15	.15
Fourth quarter	37 1/8	31 13/16	30 7/8	27 7/8	.15	.15

FIVE YEAR SUMMARY

Dollars in thousands, except per share amounts	1997	1996	1995	1994	1993
Revenue	\$4,893,905	4,936,123	4,572,975	4,040,201	3,582,396
Earnings (loss) from continuing operations (a):					
Before income taxes	\$ 263,952	(6,030)	217,985	207,071	174,180
After income taxes	\$ 160,238	(19,423)	128,023	121,800	94,092
Per diluted common share (a)	\$ 2.05	(0.24)	1.61	1.55	1.21
Net earnings (loss) (b)	\$ 175,685	(41,318)	147,666	153,529	(61,424)
Per diluted common share (b)	\$ 2.25	(0.51)	1.86	1.95	(0.84)
Cash dividends per common share	\$ 0.60	0.60	0.60	0.60	0.60
Average number of common shares- diluted (in thousands)	78,192	81,263	79,370	78,768	77,535
Average common equity	\$1,126,029	1,261,101	1,176,373	1,057,931	1,266,715
Return on average common equity (%) (c)	15.3	(3.3)	13.2	14.5	10.2
Book value per common share	\$ 14.39	14.19	15.64	14.33	12.81
Market price-high (d)	\$ 37 1/8	31 1/8	26 1/8	28	26 5/8
Market price-low (d)	\$ 27 1/8	22 5/8	21	19 7/8	24 3/4
Total debt	\$2,568,915	2,436,968	2,623,101	1,912,898	1,531,446
Long-term debt	\$2,267,554	2,237,010	2,411,024	1,794,795	1,374,943
Debt to equity (%)	242	220	212	169	155
Debt to tangible equity (%)	318	289	273	227	202
Year-end assets	\$5,509,060	5,645,389	5,893,815	5,014,473	4,258,388
Return on average assets (%) (e)	3.0	(0.5)	2.4	2.8	2.0
Average asset turnover (%) (f)	91.2	87.3	86.4	91.3	79.6
Cash flow from continuing operating activities and asset sales	\$ 960,304	905,983	1,115,015	1,017,921	929,650
Capital expenditures, including capital leases (f)	\$1,041,515	1,259,835	2,088,763	1,726,373	1,026,476
Number of vehicles (f)	162,665	161,749	197,029	179,725	158,374
Number of employees (f)	42,342	40,287	39,740	37,326	32,655

- (a) Loss from continuing operations for 1996 includes the effect of a \$25 million (\$15 million after tax, or \$0.18 per common share) gain resulting from the sale of the consumer truck rental business, offset by \$228 million (\$150 million after tax, or \$1.84 per common share) of restructuring and other charges.
- (b) Net earnings for 1997 include an after tax gain on sale of discontinued operations of \$3 million (\$0.04 per common share). 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 common share) relating to the early extinguishment of debt at a premium. Net earnings for 1995 include the cumulative effect of a change in accounting for charitable contributions resulting in an after tax charge of \$8 million (\$0.10 per common share). Net loss for 1993 includes the cumulative effect of a change in accounting for postretirement benefits other than pensions resulting in an after tax charge of \$25 million (\$0.33 per common share), and an after tax charge of \$169 million (\$2.18 per common share) related to the discontinued aviation services subsidiaries. Net earnings (loss) for all years include the results of discontinued operations.
- (c) Excludes the cumulative effect of changes in accounting and special charges and gains related to discontinued operations.
- (d) On December 7, 1993, the company completed the spin off of its aviation services subsidiaries by distributing to common stockholders one share of Aviall, Inc. common stock valued at \$16.25 for each four Ryder System, Inc. common shares owned. The high and low presented for 1993 were the values of the company's common stock after the spin off. The high and low for 1993 prior to the spin off were 33 1/2 and 26 1/4, respectively.
- (e) Excludes the cumulative effect of changes in accounting and discontinued operations.
- (f) Excludes discontinued operations.

EXHIBIT 21.1**RYDER SYSTEM, INC.****SUBSIDIARIES AS OF FEBRUARY 1, 1998**

NAME OF COMPANY	STATE/COUNTRY OF INCORPORATION
ATE Management of Duluth, Inc.	Minnesota
Cape Area Transportation Systems, Inc.	Massachusetts
Central Virginia Transit Management Company, Inc.	Virginia
Commuter Services, Inc.	Virginia
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
Old Dominion Transit Management Company	Virginia
Paratransit Brokerage Services, Inc.	Massachusetts
Parking Management of Southwest Virginia, Inc.	Virginia
Road Master, Limited	Bermuda
RSI Acquisition Corp.	Delaware
RSI Purchase Corp.	Delaware
RTA Transit Services, Inc.	Massachusetts
Ryder Argentina S.R.L.	Argentina
Ryder/ATE, Inc.	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. (2)	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 Integrated Logistics, Inc.	Delaware
Ryder International, 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 (3)	Florida
Ryder Servicos do Brasil Ltda.	Brazil
Ryder Servicios S.A. de C.V.	Mexico
Ryder St. Louis Redevelopment Corporation	Missouri
Ryder Student Transportation Services, Inc. (4)	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. (5)	Florida
Ryder Truck Rental Canada Ltd. (6)	Canada
Ryder Truck Rental Limited	England
Ryder Truckstops, Inc.	Florida
Ryder Vehicle Leasing & Sales Corp.	Barbados
Saunders Leasing System of Canada Limited - being dissolved	Canada
Southwestern Virginia Transit Management Company, Inc.	Virginia
Spring Hill Integrated Logistics Management, Inc.	Delaware
Surplus Property Holding Corp.	Florida
Transit Management Company of Laredo	Texas
Transit Management of Alexandria, Inc.	Virginia
Transit Management of Charlotte, Inc.	North Carolina
Transit Management of Connecticut, Inc.	Connecticut
Transit Management of Decatur, Inc.	Illinois
Transit Management of Durham, Inc.	North Carolina
Transit Management of Great Falls, Inc.	Montana
Transit Management of 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

Unilink Contract Hire Limited
UniRyder Limited
United Contract Hire Limited
Westland Trailer Co., S.A. de C.V. - being dissolved
Westside Corporate Center, Inc.

England
England
England
Mexico
Florida

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

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

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

(4) 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

(5) 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

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

Canadian Provinces: Ryder Integrated Logistics

EXHIBIT 23.1

The Board of Directors and Shareholders
Ryder System, Inc.

Page 1

INDEPENDENT AUDITORS' CONSENT

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

We consent to incorporation by reference in the following Registration Statements on Forms S-3 and S-8 of Ryder System, Inc. of our report dated February 4, 1998, relating to the consolidated balance sheets of Ryder System, Inc. and subsidiaries as of December 31, 1997 and 1996, and the related consolidated statements of operations and cash flows for each of the years in the three-year period ended December 31, 1997, which report is incorporated by reference in the December 31, 1997 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.

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. 33-58045 covering the Ryder System, Inc. Savings Restoration Plan.
- /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. Deferred Compensation Plan.
- /bullet/ Registration Statement No. 333-26653 covering the Ryder System, Inc. Board Of Directors Stock Award Plan.

/s/ KPMG PEAT MARWICK LLP

Miami, Florida

March 30, 1998

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, Edward R. Henderson and Maria C. Matias, 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, 1997 (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 19th day of February, 1998 that he or she executed said instrument for the purposes therein expressed.

Witness my hand and official seal:

/s/ TINKIE E. DEMMIN

Notary Public

[STAMPED]
Official Notary Seal
Tinkie E. Demmin
Notary Public State of Florida
Commission No. CC470611
My commission expires: July 20, 1999

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that the person whose signature appears below constitutes and appoints Vicki A. O'Meara, Edward R. Henderson and Maria C. Matias, 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, 1997 (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 19th day of February, 1998 that he or she executed said instrument for the purposes therein expressed.

Witness my hand official seal:

/s/ TINKIE E. DEMMIN

Notary Public

[STAMPED]
Official Notary Seal
Tinkie E. Demmin
Notary Public State of Florida
Commission No. CC470611
My commission expires: July 20, 1999

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that the person whose signature appears below constitutes and appoints Vicki A. O'Meara, Edward R. Henderson and Maria C. Matias, 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, 1997 (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 19th day of February, 1998 that he or she executed said instrument for the purposes therein expressed.

Witness my hand and official seal:

/s/ TINKIE E. DEMMIN

Notary Public

[STAMPED]
Official Notary Seal
Tinkie E. Demmin
Notary Public State of Florida
Commission No. CC470611
My commission expires: July 20, 1999

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that the person whose signature appears below constitutes and appoints Vicki A. O'Meara, Edward R. Henderson and Maria C. Matias, 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, 1997 (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.

STATE OF FLORIDA)
) ss:
COUNTY OF DADE)

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 19th day of February, 1998 that he or she executed said instrument for the purposes therein expressed.

Witness my hand and official seal:

/s/ TINKIE E. DEMMIN

Notary Public

[STAMPED]
Official Notary Seal
Tinkie E. Demmin
Notary Public State of Florida
Commission No. CC470611
My commission expires: July 20, 1999

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that the person whose signature appears below constitutes and appoints Vicki A. O'Meara, Edward R. Henderson and Maria C. Matias, 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, 1997 (the "Form 10-K"), and any and all amendments thereto, and to file the same, with all exhibits thereto and other documents in connection therewith, with the Securities and Exchange Commission and with the New York Stock Exchange, Chicago Stock Exchange and Pacific Stock Exchange, granting unto each said attorney-in-fact and agent full power and authority to perform every act requisite and necessary to be done in connection with the execution and filing of the Form 10-K and any and all amendments thereto, as fully for all intents and purposes as he or she might or could do in person, hereby ratifying all that each said attorney-in-fact and agent, or his or her substitute or substitutes, may lawfully do or cause to be done by virtue thereof.

/s/ DAVID T. KEARNS

David T. Kearns

STATE OF FLORIDA)
) ss:
COUNTY OF DADE)

Before me appeared David T. Kearns, personally known to me and known to me to be the person described in and who executed the foregoing instrument, and acknowledged to and before me this 19th day of February, 1998 that he or she executed said instrument for the purposes therein expressed.

Witness my hand and official seal:

/s/ TINKIE E. DEMMIN

Notary Public

[STAMPED]
Official Notary Seal
Tinkie E. Demmin
Notary Public State of Florida
Commission No. CC470611
My commission expires: July 20, 1999

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that the person whose signature appears below constitutes and appoints Vicki A. O'Meara, Edward R. Henderson and Maria C. Matias, 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, 1997 (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 19th day of February, 1998 that he or she executed said instrument for the purposes therein expressed.

Witness my hand and official seal:

/s/ TINKIE E. DEMMIN

Notary Public

[STAMPED]
Official Notary Seal
Tinkie E. Demmin
Notary Public State of Florida
Commission No. CC470611
My commission expires: July 20, 1999

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that the person whose signature appears below constitutes and appoints Vicki A. O'Meara, Edward R. Henderson and Maria C. Matias, 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, 1997 (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 19th day of February, 1998 that he or she executed said instrument for the purposes therein expressed.

Witness my hand and official seal:

/s/ TINKIE E. DEMMIN

Notary Public

[STAMPED]
Official Notary Seal
Tinkie E. Demmin
Notary Public State of Florida
Commission No. CC470611
My commission expires: July 20, 1999

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that the person whose signature appears below constitutes and appoints Vicki A. O'Meara, Edward R. Henderson and Maria C. Matias, 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, 1997 (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

STATE OF FLORIDA)
) *ss:*
COUNTY OF DADE)

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 19th day of February, 1998 that he or she executed said instrument for the purposes therein expressed.

Witness my hand and official seal:

/s/ TINKIE E. DEMMIN

Notary Public

[STAMPED]
Official Notary Seal
Tinkie E. Demmin
Notary Public State of Florida
Commission No. CC470611
My commission expires: July 20, 1999

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that the person whose signature appears below constitutes and appoints Vicki A. O'Meara, Edward R. Henderson and Maria C. Matias, 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, 1997 (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 19th day of February, 1998 that he or she executed said instrument for the purposes therein expressed.

Witness my hand and official seal:

/s/ TINKIE E. DEMMIN

Notary Public

[STAMPED]
Official Notary Seal
Tinkie E. Demmin
Notary Public State of Florida
Commission No. CC470611
My commission expires: July 20, 1999

ARTICLE 5

THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM THE RYDER SYSTEM, INC. AND SUBSIDIARIES CONSOLIDATED BALANCE SHEETS AND STATEMENTS OF OPERATIONS FOR THE YEARS ENDED DECEMBER 31, 1997 AND DECEMBER 31, 1996 AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS.

MULTIPLIER: 1,000

PERIOD TYPE	12 MOS	12 MOS
FISCAL YEAR END	DEC 31 1997	DEC 31 1996
PERIOD START	JAN 01 1997	JAN 01 1996
PERIOD END	DEC 31 1997	DEC 31 1996
CASH	78,370	191,384
SECURITIES	0	0
RECEIVABLES	625,955	561,927
ALLOWANCES	0	0
INVENTORY	66,006	61,345
CURRENT ASSETS	1,091,985	1,147,766
PP&E	6,099,932	6,410,560
DEPRECIATION	2,372,766	2,509,361
TOTAL ASSETS	5,509,060	5,645,389
CURRENT LIABILITIES	1,089,509	1,154,955
BONDS	2,267,554	2,237,010
PREFERRED MANDATORY	0	0
PREFERRED	0	0
COMMON	328,117	496,292
OTHER SE	732,591	609,714
TOTAL LIABILITY AND EQUITY	5,509,060	5,645,389
SALES	0	0
TOTAL REVENUES	4,893,905	4,936,123
CGS	0	0
TOTAL COSTS	4,440,592	4,735,517
OTHER EXPENSES	0	0
LOSS PROVISION	0	0
INTEREST EXPENSE	189,361	206,636
INCOME PRETAX	263,952	(6,030)
INCOME TAX	103,714	13,393
INCOME CONTINUING	160,238	(19,423)
DISCONTINUED	15,447	(11,864)
EXTRAORDINARY	0	(10,031)
CHANGES	0	0
NET INCOME	175,685	(41,318)
EPS PRIMARY	2.28	(0.51)
EPS DILUTED	2.25	(0.51)

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