RYDER SYSTEM INC
Form DEF 14A
March 19, 2012
Table of Contents

UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

SCHEDULE 14A

(RULE 14a-101)

INFORMATION REQUIRED IN PROXY STATEMENT

SCHEDULE 14A INFORMATION

Proxy Statement Pursuant to Section 14(a) of the Securities

Exchange Act of 1934 (Amendment No.   )

Filed by the Registrant þ

Filed by a Party other than the Registrant ¨

Check the appropriate box:

¨	Preliminary Proxy Statement	¨	**Confidential, for Use of the Commission Only** **(as permitted by Rule 14a-6(e)(2))**

þ Definitive Proxy Statement
¨ Definitive Additional Materials
¨ Soliciting Material under § 240.14a-12

Ryder System, Inc.

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if Other Than the Registrant)

Payment of Filing Fee (Check the appropriate box):

þ No fee required.

¨ Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transaction applies:

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

(4) Proposed maximum aggregate value of transaction:

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(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

Table of Contents

Ryder System, Inc.

11690 N.W. 105 Street

Miami, Florida 33178

NOTICE OF 2012 ANNUAL MEETING OF SHAREHOLDERS

Time:	10:00 a.m., Eastern Daylight Time
Date:	Friday, May 4, 2012
Place:	Ryder System, Inc. Headquarters 11690 N.W. 105 Street Miami, Florida 33178
Purpose:	1. To elect five directors as follows: John M. Berra, Luis P. Nieto, Jr., E. Follin Smith and Gregory T. Swienton for a three-year term expiring at the 2015 Annual Meeting of Shareholders; and Robert J. Eck for a one-year term expiring at the 2013 Annual Meeting of Shareholders. 2. To ratify the appointment of PricewaterhouseCoopers LLP as our independent registered certified public accounting firm for the 2012 fiscal year. 3. To approve the Ryder System, Inc. 2012 Equity and Incentive Compensation Plan. 4. To approve, on an advisory basis, the compensation of our named executive officers. 5. To vote on a shareholder proposal. 6. To consider any other business that is properly presented at the meeting.
Who May Vote:	You may vote if you were a record owner of our common stock at the close of business on March 9, 2012.
Proxy Voting:	Your vote is important. You may vote: via Internet; by telephone; by mail, if you have received a paper copy of the proxy materials; or in person at the meeting.

By order of the Board of Directors,

Robert D. Fatovic

Executive Vice President, Chief Legal Officer and Corporate Secretary

Miami, Florida

March 19, 2012

This proxy statement and the form of proxy, along with the annual report on Form 10-K for the fiscal year ended December 31, 2011, and shareholder letter were first sent or given to shareholders on or about March 19, 2012.

IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS FOR THE ANNUAL MEETING TO BE HELD ON FRIDAY, MAY 4, 2012.

Ryder s proxy statement and annual report are available online at: ***http://www.proxyvote.com***

TABLE OF CONTENTS

Table of Contents

RYDER SYSTEM, INC.

11690 N.W. 105 STREET

MIAMI, FLORIDA 33178

PROXY STATEMENT

INFORMATION ABOUT OUR ANNUAL MEETING

You are receiving this proxy statement because you own shares of Ryder common stock that entitle you to vote at the 2012 Annual Meeting of Shareholders to be held on Friday, May 4, 2012 at 10:00 a.m., Eastern Daylight Time, at our corporate headquarters. Our Board of Directors (Board) is soliciting proxies from shareholders who wish to vote at the meeting. By using a proxy, you can vote even if you do not attend the meeting. This proxy statement describes the matters on which you are being asked to vote and provides information on those matters so that you can make an informed decision.

At the Annual Meeting you will be asked to vote on the following five proposals. Our Board recommendation for each proposal is set forth below.

Proposal	**Board Recommendation**
1. To elect five directors as follows: John M. Berra, Luis P. Nieto, Jr., E. Follin Smith and Gregory T. Swienton for a three-year term expiring at the 2015 Annual Meeting of Shareholders; and Robert J. Eck for a one-year term expiring at the 2013 Annual Meeting of Shareholders.	FOR
2. To ratify the appointment of PricewaterhouseCoopers LLP as our independent registered certified public accounting firm for the 2012 fiscal year.	FOR
3. To approve the Ryder System, Inc. 2012 Equity and Incentive Compensation Plan.	FOR
4. To approve, on an advisory basis, the compensation of our named executive officers, which we refer to as Say on Pay .	FOR
5. To vote on a shareholder proposal to repeal Ryder s classified Board.	AGAINST

If you sign and return your proxy without making any selections, your shares will be voted FOR each of the director nominees, FOR proposals 2, 3, and 4 and AGAINST proposal 5.

If other matters properly come before the meeting, the proxy holders will have the authority to vote on those matters for you at their discretion. As of the date of this proxy statement, we are not aware of any matters that will come before the meeting other than those disclosed in this proxy statement.

Who can vote?

Holders of Ryder common stock at the close of business on March 9, 2012, the record date, are entitled to vote their shares at the Annual Meeting. As of March 9, 2012, there were 51,147,389 shares of common stock issued, outstanding and entitled to vote. Each share of common stock issued and outstanding is entitled to one vote.

What is a quorum?

A quorum is the minimum number of shares required to hold a meeting. Under our By-Laws, the holders of a majority of the total number of shares issued and outstanding and entitled to vote at the meeting must be present in person or represented by proxy for a quorum. If you sign and return your proxy marked abstain , your shares will be counted for purposes of determining whether a quorum is present.

Table of Contents

What is the difference between a shareholder of record and a beneficial owner?	You are a shareholder of record if you are registered as a shareholder with our transfer agent, Wells Fargo Bank, National Association (Wells Fargo). You are a beneficial shareholder if a brokerage firm, bank, trustee or other agent (nominee) holds your shares. This is often called ownership in street name , since your name does not appear anywhere in our records.
How do I vote?	If you are a shareholder of record, you may vote: via Internet; by telephone; by mail, if you received a paper copy of the proxy materials; or in person at the meeting. Detailed instructions for Internet and telephone voting are set forth on the notice of Internet availability (Notice), which contains instructions on how to access our proxy statement, annual report and shareholder letter online, and the printed proxy card. If your shares are held in our 401(k) Plan, your proxy will serve as a voting instruction for the trustee of our 401(k) Plan who will vote your shares as you instruct. To allow sufficient time for the trustee to vote, your voting instructions must be received by May 1, 2012. If the trustee does not receive your instructions by that date, the trustee will vote the shares you hold through our 401(k) Plan in the same proportion as those shares in our 401(k) Plan for which voting instructions were received. If you are a beneficial shareholder, you must follow the voting procedures of your nominee.
What if I am a beneficial shareholder and I do not give the nominee voting instructions?	Brokerage firms have the authority under New York Stock Exchange (NYSE) rules to vote shares for which their customers do not provide voting instructions on certain routine matters. A broker non-vote occurs when a nominee who holds shares for another does not vote on a particular item because the nominee does not have discretionary voting authority for that item and has not received instructions from the owner of the shares. Broker non-votes are included in the calculation of the number of votes considered to be present at the meeting for purposes of determining the presence of a quorum but are not counted as shares present and entitled to be voted with respect to a matter on which the nominee has expressly not voted.

How many votes are needed for the proposals to pass?

The table below sets forth the number of votes needed for each proposal on the ballot to pass. The table also sets forth whether a nominee can exercise discretion and vote your shares absent your instructions and if not, the impact of such broker non-vote on the approval of the proposal; and the impact of abstentions.

Proposal	**How Many Votes are Needed for a Proposal to Pass?**	**Can Brokers Vote Absent Instructions?**	**Impact of Broker Non-Vote**	**Impact of Abstentions**
1. Election of Directors	Majority of Votes Cast	No	None	None
2. Ratification of Pricewaterhouse Coopers	Majority of Votes Outstanding	Yes	Not Applicable	Same as a Vote Against
3. Equity and Incentive Compensation Plan	Majority of Votes Outstanding	No	Same as a Vote Against	Same as a Vote Against
4. Say on Pay	Majority of Votes Cast	No	None	None
5. Shareholder Proposal to Repeal Classified Board	Majority of Votes Outstanding	No	Same as a Vote Against	Same as a Vote Against

Table of Contents

Proposals 4 & 5 are non-binding advisory votes. What is the effect if they pass?	Although the advisory votes on Proposals 4 and 5 are non-binding, our Board and the relevant Committees will review the results and, consistent with our record of shareholder engagement, take them into account in making future decisions. With respect to Proposal 5, pursuant to our Corporate Governance Guidelines, we will reconsider a shareholder proposal that is not supported by the Board if it receives approval by a majority of the Company s outstanding voting stock.
How do I change my vote?	A shareholder of record may revoke a proxy by giving written notice of revocation to our Corporate Secretary before the meeting, by delivering a later-dated proxy (either in writing, by telephone or over the Internet), or by voting in person at the Annual Meeting. If you are a beneficial shareholder, you may change your vote by following your nominee s procedures for revoking or changing your proxy.
What shares are covered by my proxy card?	Your proxy reflects all shares owned by you at the close of business on March 9, 2012. For participants in our 401(k) Plan, shares held in your account as of that date are included in your proxy.
What does it mean if I receive more than one proxy card?	It means that you hold shares in more than one account. To ensure that all your shares are voted, sign and return each proxy card. Alternatively, if you vote by telephone or on the Internet, you will need to vote once for each proxy card and voting instruction card you receive.
Who can attend the Annual Meeting?	Only shareholders and our invited guests are permitted to attend the Annual Meeting. To gain admittance, you must bring a form of personal identification to the meeting, where your name will be verified against our shareholder list. If a nominee holds your shares and you plan to attend the meeting, you should bring

a brokerage statement showing your ownership of the shares as of the record date, a letter from the nominee confirming such ownership and a form of personal identification. If you wish to vote your shares that are held by a nominee at the meeting, you must obtain a proxy from your nominee and bring your proxy to the meeting.

If I plan to attend the Annual Meeting, should I still vote by proxy?

Yes. Casting your vote in advance does not affect your right to attend the Annual Meeting. If you send in your proxy card and also attend the meeting, you do not need to vote again at the meeting unless you want to change your vote. Written ballots will be available at the meeting for shareholders of record.

Beneficial shareholders who wish to vote in person must request a legal proxy from their nominee and bring that legal proxy to the Annual Meeting.

Table of Contents

ELECTION OF DIRECTORS

(Proposal 1)

Under our By-Laws, directors are elected for three-year terms, typically with one-third of the directors standing for election in any given year. The five directors whose terms expire at the 2012 Annual Meeting of Shareholders are John M. Berra, Luis P. Nieto, Jr., E. Follin Smith, Gregory T. Swienton and Robert J. Eck. Upon the recommendation of the Corporate Governance and Nominating Committee (Governance Committee), our Board has nominated Mr. Berra, Mr. Nieto, Ms. E.F. Smith and Mr. Swienton for re-election at the 2012 Annual Meeting of Shareholders for a three-year term that expires at the 2015 Annual Meeting of Shareholders and Mr. Eck for a one-year term that expires at the 2013 Annual Meeting of Shareholders, and each has consented to serve if elected.

Eugene A. Renna and Abbie J. Smith are currently serving terms that expire at the 2013 Annual Meeting of Shareholders. James S. Beard, L. Patrick Hassey and Hansel E. Tookes, II are currently serving terms that expire at the 2014 Annual Meeting of Shareholders. Although Lynn M. Martin s term is set to expire at the 2014 Annual Meeting of Shareholders, pursuant to our current Director Retirement Policy, as set forth in our Corporate Governance Guidelines, directors must retire immediately prior to the Annual Meeting of Shareholders that is closest in time to the date on which the director attains age 72. Based on the current policy, Ms. Martin is required to tender her resignation prior to the 2012 Annual Meeting of Shareholders.

We believe that each of our directors possesses the experience, skills and qualities to fully perform his or her duties as a director and contribute to our success. Our directors were nominated because each possesses the highest standards of personal integrity and interpersonal and communication skills, is highly accomplished in his or her field, has an understanding of the interests and issues that are important to our shareholders and is able to dedicate sufficient time to fulfilling his or her obligations as a director. Our directors as a group complement each other and each other s respective experiences, skills and qualities. Our directors make up a diverse body in terms of age, gender, ethnic background and professional experience but engender a cohesive body in terms of Board process and collaboration.

Each director s principal occupation and other pertinent information about particular experience, qualifications, attributes and skills that led the Board to conclude that such person should serve as a director appears on the following pages.

If you are a beneficial shareholder and do not give your nominee instructions, your nominee does not have the ability to vote in favor or against the director nominees. We therefore, urge you to return your proxy card and vote your shares.

The Board recommends a vote FOR the election of each of the director nominees.

Table of Contents

NOMINEES FOR DIRECTOR

FOR A TERM OF OFFICE EXPIRING AT THE 2015 ANNUAL MEETING

John M. Berra, served as Chairman of Emerson Process Management, a global leader in providing solutions to customers in process control, and Executive Vice President of Emerson Electric Company, until he retired in October 2010. Prior to October 2008, he served as President of Emerson Process Management. Mr. Berra joined Emerson s Rosemount division as a marketing manager in 1976 and thereafter continued assuming more prominent roles in the organization until 1997 when he was named President of Emerson s Fisher-Rosemount division (now Emerson Process Management). Prior to joining Emerson, Mr. Berra was an instrument and electrical engineer with Monsanto Company.

Director since 2003

Age: 64

Other Board Memberships

National Instruments Corporation

Dell Children s Medical Center Foundation of Central Texas

A past Advisory Director to the Board of Directors of Emerson Electric Company (until October 2010)

A past Chairman of the Fieldbus Foundation

A past Chairman of the Measurement, Control, and Automation Association

Qualifications. The Board nominated Mr. Berra as a director because of his years in positions of executive oversight and senior leadership in a global company with a diversified business as well as his experience in global marketing and operations and expertise in technology and engineering.

Luis P. Nieto, Jr., served as President of the Consumer Foods Group for ConAgra Foods Inc. from 2007 until he retired in 2009. Mr. Nieto joined ConAgra in 2005 and held various leadership positions, including President of the Meats Group and Refrigerated Foods Group. ConAgra Foods is one of the largest packaged foods companies in North America. Prior to joining ConAgra, Mr. Nieto was President and Chief Executive Officer of the Federated Group, a leading private label supplier to the retail grocery and foodservice industries from 2002 to 2005. From 2000 to 2002, he served as President of the National Refrigerated Products Group of Dean Foods Company. Prior to joining Dean Foods, Mr. Nieto held positions in brand management and strategic planning with Mission Foods, Kraft Foods and the Quaker Oats Company. Mr. Nieto is the President of Nieto Advisory LLC, a consulting firm.

Director since 2007

Age: 56

Other Board Memberships

AutoZone, Inc.

Eddy Packing Co., Inc.

Qualifications. The Board nominated Mr. Nieto as a director because of his senior leadership and executive oversight experience as well as his finance and operational experience, which includes supply chain/logistics oversight, and expertise in brand management/marketing and strategic planning.

Table of Contents

E. Follin Smith, served as the Executive Vice President, Chief Financial Officer and Chief Administrative Officer of Constellation Energy Group, Inc. until May 2007, then the nation s largest competitive supplier of electricity to large commercial and industrial customers and the nation s largest wholesale power seller. Ms. Smith joined Constellation Energy Group as Senior Vice President, Chief Financial Officer in June 2001 and was appointed Chief Administrative Officer in December 2003. Before joining Constellation Energy Group, Ms. Smith was Senior Vice President and Chief Financial Officer of Armstrong Holdings, Inc., the global leader in hard-surface flooring and ceilings. Prior to joining Armstrong, Ms. Smith held various senior financial positions with General Motors, including Chief Financial Officer for General Motors Delphi Chassis Systems division.

Director since 2005

Age: 52

Other Board Memberships

Discover Financial Services

University of Virginia s Darden School Foundation

Davidson College

CENTERSTAGE (Baltimore, Maryland)

Qualifications. The Board nominated Ms. Smith as a director because of her past experience as Chief Financial Officer and Chief Administrative Officer of public companies and other senior management experience, which includes oversight of finance, human resources, risk management, legal and information technology functions.

Gregory T. Swienton, was appointed Chairman of Ryder System, Inc. in May 2002 having been named Chief Executive Officer in November 2000. Mr. Swienton joined Ryder as President and Chief Operating Officer in June 1999. Before joining Ryder, Mr. Swienton was Senior Vice President Growth Initiatives of Burlington Northern Santa Fe Corporation (BNSF). Prior to that, he was BNSF s Senior Vice President Coal and Agricultural Commodities Business Unit and previously had been Senior Vice President of its Industrial and Consumer Units. He joined the former Burlington Northern Railroad in June 1994 as Executive Vice President Intermodal Business Unit. Prior to joining Burlington Northern, Mr. Swienton was Executive Director Europe and Africa of DHL Worldwide Express in Brussels, Belgium from 1991 to 1994, and prior to that, he was DHL s Managing Director Western and Eastern Europe from 1988 to 1990, also located in Brussels. For the five years prior to these assignments, Mr. Swienton was Regional Vice President of DHL Airways, Inc. in the United States. From 1971 to 1982, Mr. Swienton held various national account, sales and marketing positions with AT&T and Illinois Bell Telephone Company.

Director since 1999

Age: 62

Other Board Memberships

Harris Corporation

Lennox International Inc.

St. Thomas University (Miami, Florida)

Qualifications. The Board nominated Mr. Swienton as a director because of his current role as Chief Executive Officer and past experience as President and Chief Operating Officer of Ryder, as well as other senior leadership experience at large, global public companies and extensive experience in the transportation and supply chain/logistics industries, domestic and international operations and business development.

Table of Contents

NOMINEES FOR DIRECTOR

FOR A TERM OF OFFICE EXPIRING AT THE 2013 ANNUAL MEETING

Robert J. Eck, is President and Chief Executive Officer of Anixter International, Inc. (Anixter), a global distributor of communications and security products, electrical and electronic wire and cable, fasteners and other small components. He also serves as President and Chief Executive Officer of subsidiary Anixter Inc. Mr. Eck has held both positions since 2008. From 2007 to 2008, he served as Executive Vice President and Chief Operating Officer of Anixter. Prior to that position, Mr. Eck served as Executive Vice President of Enterprise Cabling and Security Solutions for Anixter from 2004 to 2007. In 2003, he served as Senior Vice President Physical Security Products and Integrated Supply of Anixter Inc. Mr. Eck joined Anixter in 1989 and held roles of increasing responsibility in strategy, supply chain management, sales and marketing, and human resources.

Director since 2011

Age: 53

Other Board Memberships

Anixter

Qualifications. The Board nominated Mr. Eck as a director because of his experience as President and Chief Executive Officer of a large, public company and past senior leadership experience in the supply chain/logistics industry, domestic and international operations, marketing and business development.

Table of Contents

DIRECTORS CONTINUING IN OFFICE

James S. Beard, served as President of Caterpillar Insurance Services Corporation, Caterpillar Redistribution Services Inc. and Caterpillar Power Ventures Corporation, and Vice President of Caterpillar Inc. from 1991 to 2005. In his role at Caterpillar, Mr. Beard had responsibility for the Financial Products Division, which includes Caterpillar Financial Services Corporation. He served in a leadership position of Caterpillar Financial Services since its formation in 1981.

Director since 2008

Age: 71

Other Board Memberships

Genesco, Inc.

Rogers Group, Inc.

A past Chairman of the Equipment Leasing and Finance Association

Qualifications. The Board nominated Mr. Beard as a director because of his years of leadership experience in the equipment leasing industry and global operations, as well as his experience in compensation and finance.

L. Patrick Hassey, served as Chairman and Chief Executive Officer of Allegheny Technologies Incorporated (ATI), a global leader in the production of specialty materials until he retired in May 2011. He also served as President of ATI until August 2010. Mr. Hassey became Chairman in 2004 and President and Chief Executive Officer in 2003. Prior to October 2003, Mr. Hassey served as an outside management consultant to ATI executive management. Before joining ATI, Mr. Hassey served as Executive Vice President and a member of the corporate executive committee of Alcoa, Inc. from May 2000 until his early retirement in February 2003. He served as Executive Vice President of Alcoa and Group President of Alcoa Industrial Components from May 2000 to October 2002. Prior to May 2000, Mr. Hassey served as Executive Vice President of Alcoa and President of Alcoa Europe, Inc.

Director since 2005

Age: 66

Other Board Memberships

A past director of ATI (until May 2011)

Qualifications. The Board nominated Mr. Hassey as a director because of his experience as a Board Chairman, President and Chief Executive Officer and years in positions of executive oversight and senior leadership in large, global public companies as well as his experience in domestic and international operations.

Eugene A. Renna, retired from ExxonMobil Corporation in January 2002 where he was an Executive Vice President. He was President and Chief Operating Officer of Mobil Corporation, and a member of its Board of Directors, until the time of its merger with Exxon Corporation in 1999. As President and Chief Operating Officer of Mobil, Mr. Renna was responsible for overseeing all of its global exploration and production, marketing and refining, and chemicals and technology business activities. Mr. Renna s career with Mobil began in 1968 and included a range of senior management roles in marketing, refining, domestic and international operations, planning and economics.

Director since 2002

Age: 67

Other Board Memberships

A past Director of Fortune Brands, Inc. (until December 2007)

A past Director of ExxonMobil (until January 2002)

Qualifications. The Board nominated Mr. Renna as a director because of his years in senior management positions in large, global public companies as well as his oversight and experience in the areas of finance, marketing and domestic and international operations.

Table of Contents

Abbie J. Smith, is the Boris and Irene Stern Distinguished Service Professor of Accounting at the University of Chicago Booth School of Business. She joined their faculty in 1980 upon completion of her Ph.D. in Accounting at Cornell University. The primary focus of her research is corporate restructuring, transparency and corporate governance. She was nominated for a 2005 Smith Breeden Prize for her publication in *The Journal of Finance* and has received a Marvin Bower Fellowship from the Harvard Business School, a McKinsey Award for Excellence in Teaching and a GE Foundation Research Grant.

Director since 2003

Age: 58

Other Board Memberships

HNI Corporation

DFA Investment Dimensions Group Inc.

Dimensional Investment Group Inc.

Other Memberships

Trustee of certain Chicago-based UBS Funds

Qualifications. The Board nominated Ms. Smith as a director because of her accomplished educational background and academic experience in accounting, as well as her published works and significant contributions in the areas of accounting and corporate governance.

Hansel E. Tookes, II, served as President of Raytheon International until he retired from Raytheon Company in December 2002. He joined Raytheon in September 1999 as President and Chief Operating Officer of Raytheon Aircraft Company. He was appointed Chief Executive Officer in January 2000 and Chairman in August 2000. Mr. Tookes became President of Raytheon International in May 2001. Prior to joining Raytheon in 1999, Mr. Tookes served as President of Pratt & Whitney s Large Military Engines Group since 1996. He joined Pratt & Whitney s parent company, United Technologies Corporation in 1980. Mr. Tookes was a Lieutenant Commander and military pilot in the U.S. Navy and later served as a commercial pilot with United Airlines.

Director since 2002

Age: 64

Other Board Memberships

Corning Incorporated

NextEra Energy, Inc. (formerly FPL Group, Inc.)

Harris Corporation

Qualifications. The Board nominated Mr. Tookes as a director because of his past executive oversight and senior management experience of large, global companies with diversified businesses as well as his significant operational experience in the transportation industry and the U.S. military and expertise in government contracts.

Table of Contents

CORPORATE GOVERNANCE

We maintain a Corporate Governance page at *www.ryder.com*, which includes our Corporate Governance Guidelines and the following additional materials relating to corporate governance:

- Principles of Business Conduct
- Committee Charters
- Board Background and Experience
- Board Committees Description of Committees, Charters and Current Members
- How to Contact our Directors

The Corporate Governance Guidelines set forth our governance principles relating to, among other things:

- Director independence (including our categorical director independence standards)
- Director qualifications and responsibilities
- Board structure; director resignation policy
- Director compensation
- Management succession
- The periodic performance evaluation of the Board

The Principles of Business Conduct apply to our officers, employees and Board members and cover all areas of professional conduct including conflicts of interest, confidentiality, compliance with law and mechanisms to report known or suspected wrongdoing. The Principles of Business Conduct include a Code of Ethics applicable to our Chief Executive Officer, Chief Financial Officer and senior financial management. Any changes to these documents and any waivers granted by the Governance Committee with respect to our Principles of Business Conduct will be posted on our website. Any waivers with respect to our Principles of Business Conduct will also be disclosed in a public filing made with the Securities and Exchange Commission (SEC).

BOARD OF DIRECTORS

Director Independence

It is our policy that a substantial majority of the members of our Board and all of the members of our Audit Committee, Compensation Committee, Governance Committee and Finance Committee qualify as independent as required by the NYSE corporate governance listing standards.

To assist it in making independence determinations, our Board has adopted categorical director independence standards, which are part of our Corporate Governance Guidelines. Specifically, the Board determined that each of the following transactions or relationships will not, by itself, be deemed to create a material relationship for the purpose of determining a director s independence:

- *Prior Employment of Director.* The director was employed by us or was personally working on our audit as an employee or partner of our independent registered certified public accounting firm, and over five years have passed since such employment, partnership or auditing relationship ended.

- *Employment of Immediate Family Member.* (i) An immediate family member was an officer of ours or was personally working on our audit as an employee or partner of our independent registered certified public accounting firm, and over five years have passed since such employment, partnership or auditing relationship ended; or (ii) an immediate family member is currently employed by us in a non-officer position, or by our independent registered certified public accounting firm not as a partner and not participating in the firm s audit, assurance or tax compliance practice.

Interlocking Directorships. An executive officer of ours served on the board of directors of a company that employed the director or employed an immediate family member as an executive officer, and over five years have passed since either such relationship ended.

Commercial Relationships. The director is an employee, partner, greater than 10% shareholder or director (or a director s immediate family member is a partner, greater than 10% shareholder, director or officer) of a company that makes or has made payments to, or receives or has received payments (other than contributions, if the company is a tax-exempt organization) from, us for property or services, and the amount of such payments has not within any of such other company s three most recently completed fiscal years exceeded one percent (or $1 million, whichever is greater) of such other company s consolidated gross revenues for such year.

Indebtedness. A director or an immediate family member is a partner, greater than 10% shareholder, director or officer of a company that is indebted to us or to which we are indebted, and the aggregate amount of such debt is less than one percent (or $1 million, whichever is greater) of the total consolidated assets of the indebted company.

Charitable Relationships. A director is a trustee, fiduciary, director or officer of a tax-exempt organization to which we make contributions, and the contributions to such organization by us have not, within any of such organization s three most recently completed fiscal years, exceeded one percent (or $250,000, whichever is greater) of such organization s consolidated gross revenues for such year.

For purposes of these independence standards, an immediate family member includes a director s spouse, parents, children, siblings, mother- and father-in-law, son- and daughter-in-law, brother- and sister-in-law, and anyone (other than domestic employees) who shares such director s home.

Pursuant to our Corporate Governance Guidelines, the Board undertakes an annual review of director independence, which includes a review of each director s responses to questionnaires asking about any relationships with us. This review is designed to identify and evaluate any transactions or relationships between a director or any member of his or her immediate family and us or members of our senior management.

In the ordinary course of business, transactions may occur between us and entities with which some of our directors are or have been affiliated. During 2012, in connection with its evaluation of director independence, our Board reviewed transactions between us and any company that has any of our directors on its board of directors, or that has any of our directors or family members of our directors serving as executives or officers. Specifically, each of Mr. Beard, Mr. Eck, Ms. Martin, Mr. Nieto, Ms. E. Follin Smith and Mr. Tookes serve on boards of directors of companies that lease vehicles or receive other services from us, or provide services to us. In addition, Mr. Eck serves as an executive of a company that leases vehicles from us**,** family members of Mr. Eck serve as executives or officers of companies that provide services to us and family members of Mr. Berra and Ms. E. Follin Smith serve as executives or officers of companies that lease vehicles from us. We reviewed each of these commercial relationships and found that all the transactions between us and the relevant company were made in the ordinary course of business and were negotiated at arm s length. Furthermore, each of these commercial relationships was below the threshold set forth in our categorical director independence standards (i.e., one percent of such other company s consolidated gross revenues for such year or $1 million, whichever is greater). As a result, our Board determined that none of these commercial relationships impaired the independence of the relevant director.

Additionally, we reviewed charitable donations made by the Company (other than contributions made through our Matching Gifts to Education Program for employees and directors, which is described on page 51) to tax exempt organizations where our directors serve as a trustee or director. Specifically, Ms. Martin and Mr. Tookes serve on boards of organizations to which the Company makes or has made charitable contributions. We reviewed these charitable relationships and found that all contributions made by the Company were made in the ordinary course, at arm s length and consistent with our charitable giving policies and procedures. Furthermore, these charitable relationships were below the threshold set forth in our categorical director independence standards (i.e., one percent of such organization s consolidated gross revenues for such year or $250,000, whichever is greater). As a result, our Board determined that none of these charitable relationships impaired the independence of the relevant director.

Based on its independence review and after considering the transactions described above, the Board determined that each of the following directors (which together constitute all of the members of the Board other than Mr. Swienton) is independent: James S. Beard, John M. Berra, Robert J. Eck, L. Patrick Hassey, Lynn M. Martin, Luis P. Nieto, Jr., Eugene A. Renna, Abbie J. Smith, E. Follin Smith and Hansel E. Tookes, II.

Table of Contents

Communications with the Board

Shareholders and other interested parties can communicate with our independent directors as a group through an external toll-free hotline number (7 days a week/24 hours a day), through the Corporate Governance page of our website at *www.ryder.com*, or by mailing their communication to Independent Directors, c/o Corporate Secretary, Ryder System, Inc., 11690 N.W. 105 Street, Miami, Florida 33178. Any communications received from interested parties in the manner described above will be collected and organized by our Corporate Secretary and will be periodically, but in any event prior to each regularly-scheduled Board meeting, reported and/or delivered to our independent directors. The Corporate Secretary will not forward spam, junk mail, mass mailings, service complaints or inquiries, job inquiries, surveys, business solicitations or advertisements, or patently offensive or otherwise inappropriate materials to the independent directors. Correspondence relating to certain of these matters such as service issues may be distributed internally for review and possible response. The procedures for communicating with our independent directors as a group are available on the Corporate Governance page of our website at *www.ryder.com*.

Our Audit Committee has established procedures for the receipt, retention and treatment of complaints regarding questionable accounting, internal control, financial improprieties or auditing matters. Any of our employees or members of the general public may confidentially communicate concerns about any of these matters to any supervisor or manager, the Chief Legal Officer, the Senior Vice President of Internal Audit and the Vice President and Global Compliance Officer, or on a confidential and/or anonymous basis by way of a third party toll-free hotline number and web-based portal (www.ryder.alertline.com), an internal ethics phone line, *ethics@ryder.com*, or to members of our Audit Committee at *audit@ryder.com*. All of the reporting mechanisms are publicized on our website at *www.ryder.com*, in our Principles of Business Conduct, through compliance training and wallet cards, brochures and location posters. Upon receipt of a complaint or concern, a determination will be made whether it pertains to accounting, internal control, financial improprieties or auditing matters and if it does, it will be handled in accordance with the procedures established by the Audit Committee. A summary of all complaints, of whatever type, received through the reporting mechanisms are reported to the Audit Committee at each regularly-scheduled Audit Committee meeting. Matters requiring immediate attention are promptly forwarded to the Chair of the Audit Committee.

Board Meetings

The Board held 6 regular and 2 special meetings in 2011. Each of the directors attended 75% or more of the aggregate number of meetings of the Board and Committees on which the director served in 2011. Our independent directors meet in executive session without management present as part of each regularly-scheduled Board meeting. The Chair of our Governance Committee, serving as our lead independent director, presides over these executive Board sessions.

We expect each of our directors to attend our Annual Meeting of Shareholders. Because the Board holds one of its regularly-scheduled meetings in conjunction with our Annual Meeting of Shareholders, unless one or more members of the Board are unable to attend, all of the members of the Board are present for the Annual Meeting. All of our directors attended the 2011 Annual Meeting of Shareholders.

Board Leadership Structure

Ryder combines the positions of Chief Executive Officer (CEO) and Chair of the Board. Ryder believes that the CEO, as a Company executive, is in the best position to fulfill the Chair s responsibilities, including those related to identifying emerging issues facing Ryder, communicating essential information to the Board about Ryder s performance and strategies, and preparing agendas for the Board.

In order to mitigate any potential disadvantages of a combined CEO and Chair, the Board has developed the role of a strong lead independent director to facilitate and strengthen the Board s independent oversight of Company performance, strategy and succession planning and to uphold effective governance standards. Ryder s Corporate Governance Guidelines establish that the Governance Committee Chair serves as the lead independent director. The position of the Governance Committee Chair is rotated periodically in accordance with our Corporate Governance Guidelines and is currently held by E. Follin Smith.

Table of Contents

The lead independent director s duties, which are listed in our Corporate Governance Guidelines, include:

- Presiding at all meetings of the Board at which the Chair is not present, including executive sessions of the independent directors;
- Serving as the liaison between the Chair and the independent directors;
- Serving as a liaison between the Board and management to obtain the types and forms of information that the Board needs;
- Authority to request and preview information sent to the Board;
- Communicating with management regarding presentations for the Board;
- Approving meeting agendas for the Board; and
- Approving meeting schedules to assure that there is sufficient time for discussion of all agenda items.

In addition, the lead independent director has the authority to call meetings of the independent directors and if requested by major shareholders, is available for consultation and direct communication with these shareholders to discuss their concerns and expectations.

Board Committees

The Board has four standing committees Audit, Compensation, Corporate Governance and Nominating and Finance. All of the Committees are composed entirely of independent directors who meet in executive session without management present as part of each regularly-scheduled Committee meeting. The table below provides current membership and 2011 meeting information for each of the Committees.

Name	Audit	Finance	Compensation	Corporate Governance & Nominating
James S. Beard		Member	Member	
John M. Berra		Member	Member	
Robert J. Eck			Member	Member
L. Patrick Hassey			Chair	Member
Lynn M. Martin			Member	Member
Luis P. Nieto, Jr.	Member	Member		
Eugene A. Renna	Member	Chair		
Abbie J. Smith	Chair	Member		
E. Follin Smith*	Member			Chair
Gregory T. Swienton**				
Hansel E. Tookes, II	Member			Member
2011 Meetings	9	6	5	7

* *Lead Independent Director*

** *Chairman of the Board*

We have adopted written Charters for each of the Committees that comply with the NYSE s corporate governance listing standards, applicable provisions of the Sarbanes-Oxley Act of 2002 (Sarbanes-Oxley) and SEC rules. Each Committee Charter sets forth the respective Committee s responsibilities, and provides for a periodic review of such Charter and an annual evaluation of the respective Committee s performance. The Charters grant each Committee the authority to obtain the advice and assistance of, and receive appropriate funding from us for, outside legal, accounting or other advisors as the Committee deems necessary to fulfill its obligations. The specific powers and responsibilities of the various Committees are set forth in more detail in their Charters, which are available on the Corporate Governance page of our website at *www.ryder.com*.

13

Table of Contents

AUDIT COMMITTEE

Responsibilities

The Audit Committee s responsibilities include:

- appointing, overseeing and determining the compensation and independence of our independent registered certified public accounting firm;
- approving the scope of the annual audit and the related audit fees as well as the scope of internal audit procedures;
- reviewing audit results, financial disclosure and earnings guidance;
- overseeing investigations into accounting and financial complaints; and
- reviewing, discussing and overseeing the process by which we assess and manage risk.

The Audit Committee meets in executive session, consisting exclusively of independent directors, at the end of every regularly-scheduled Audit Committee meeting (other than telephonic meetings). Our Chief Financial Officer, our Controller, our Senior Vice President of Internal Audit and representatives of our independent registered certified public accounting firm attend all Audit Committee meetings to assist the Audit Committee in its discussion and analysis of the various agenda items. Members of management are generally excused from the Audit Committee meetings as appropriate. The Audit Committee also meets individually with each of our Senior Vice President of Internal Audit, representatives of our independent registered certified public accounting firm and our Chief Financial Officer, at the end of every regularly-scheduled Audit Committee meeting (other than telephonic meetings); and meets individually with our Controller at the end of a regularly-scheduled Audit Committee meeting at least once per year.

Independence and Financial Expertise

The Board reviewed the background, experience and independence of the Audit Committee members based in large part on the directors responses to questions relating to their relationships, background and experience. Based on this review, the Board determined that each member of the Audit Committee:

- meets the independence requirements of the NYSE s corporate governance listing standards and our categorical director independence standards;
- meets the enhanced independence standards for audit committee members required by the SEC;
- is financially literate, knowledgeable and qualified to review financial statements; and
- qualifies as an audit committee financial expert under SEC rules.

COMPENSATION COMMITTEE

Responsibilities

The Compensation Committee s responsibilities include:

- overseeing, reviewing and approving our executive and director compensation policies and programs;
- approving compensation actions for direct reports to the CEO and recommending compensation actions for the CEO for consideration by the independent directors;
- approving and recommending the appointment of new officers; and
- reviewing and discussing the Compensation Discussion and Analysis included in this proxy statement to determine whether to recommend it for inclusion in our proxy statement.

Compensation Committee Processes and Procedures

Meetings. The Compensation Committee meets at least five times each year in February, May, July, October and December. Each year in December, the Compensation Committee reviews and approves an agenda schedule for the following year. The agenda schedule outlines the various topics the Compensation Committee will consider during the year to ensure that the Compensation Committee adequately fulfills its responsibilities under its Committee Charter. The Compensation Committee considers other topics during the year as needed to fulfill its responsibilities.

Table of Contents

Our Chief Administrative Officer (CAO) works closely with the Chair of the Compensation Committee prior to each Compensation Committee meeting to ensure that the information presented to the Compensation Committee in connection with the items to be discussed and/or approved is clear and comprehensive.

The CAO, CEO, Vice President of Compensation and Benefits and an attorney from our legal department attend all regularly-scheduled Compensation Committee meetings to assist the Compensation Committee in its discussion and analysis of the various agenda items. These individuals are generally excused from the meetings as appropriate, including for discussions regarding their own compensation. The Compensation Committee meets in executive session, consisting exclusively of independent directors, at the end of every regularly-scheduled meeting.

Authority, Role of Management and Delegation. The Compensation Committee is responsible for reviewing and approving all of the components of our executive compensation program as well as the compensation program for our Board. New executive compensation plans and programs must be approved by the full Board based on recommendations made by the Compensation Committee. The Compensation Committee, with input from the CEO, is responsible for setting the compensation of all of our other named executive officers. Our independent directors, acting as a group, are responsible for setting CEO compensation based on recommendations from the Compensation Committee. The Compensation Committee may delegate its responsibilities, including the authority to retain compensation consultants, outside legal counsel and other advisors, as the Compensation Committee deems necessary to carry out its duties. The Compensation Committee has not delegated any of its responsibilities to management.

At the Board s annual succession planning meeting in October of each year, each named executive officer s performance and succession opportunities are discussed by the full Board. In February of each year and at other times during the year as needed, our CEO gives the Compensation Committee a performance assessment and compensation recommendation for each named executive officer. Our CEO also reviews each executive s three-year compensation history, and current compensation data provided by our compensation group and outside consultants.

Beginning at the end of each year, the independent directors conduct a performance review of the CEO. The evaluation questionnaire is prepared by the Governance Committee, which is responsible for determining and overseeing the process by which the CEO will be evaluated. In February, the Compensation Committee discusses the results of the CEO s performance review in executive session and formulates its recommendation regarding CEO compensation. At the February Board meeting, in executive session without the CEO present, the independent directors finalize the CEO s performance evaluation and determine the CEO s compensation after consideration of the recommendation of the Compensation Committee.

Use of Compensation Consultants. The Compensation Committee has authority to retain compensation consultants, outside legal counsel and other advisors to assist it in fulfilling its responsibilities. Although we do not have a written policy regarding which members of management may engage compensation consultants to assist in the evaluation of executive compensation, historically, in addition to the Compensation Committee, only our CAO and Vice President of Compensation and Benefits have engaged compensation consultants to assist in the evaluation of executive compensation.

For 2011, the Compensation Committee engaged Frederic W. Cook & Co. (Cook) to provide a review of competitive market data for each member of the leadership team, including Mr. Swienton and each other named executive officer, and to work directly with the Chair of the Compensation Committee to prepare proposals for 2011 executive compensation packages. During 2011, Cook was also engaged by Ryder management to assist with the assessment of the risk arising from our compensation programs and policies, which included a review of both executive officer and non-executive officer compensation programs, as discussed on page 19. For 2012, Cook has again been engaged by (1) the Compensation Committee to provide a review of competitive market data for each member of the leadership team, including Mr. Swienton and each other named executive officer, and to work directly with the Chair of the Compensation Committee to prepare proposals for 2012 executive compensation packages, (2) the Compensation Committee to assist with the assessment of Ryder s proposed changes to its annual and long-term incentive plans and (3) Ryder to assist with the assessment of the risk arising from our compensation programs and policies.

Table of Contents

Compensation Committee Interlocks and Insider Participation. During the fiscal year ended December 31, 2011, James S. Beard, John M. Berra, Robert J. Eck, L. Patrick Hassey and Lynn M. Martin served as members of the Compensation Committee, and none of these directors was, during 2011, an officer or employee of Ryder, or was formerly an officer of Ryder. There were no transactions during the 2011 fiscal year between us and any of the directors who served as members of the Compensation Committee for any part of the 2011 fiscal year that would require disclosure by Ryder under the SEC s rules requiring disclosure of certain relationships and related-party transactions.

CORPORATE GOVERNANCE AND NOMINATING COMMITTEE

Responsibilities

The Governance Committee s responsibilities include:

- recommending criteria for Board membership;
- identifying qualified individuals to serve as directors;
- reviewing the qualifications of director candidates, including those recommended by our shareholders pursuant to our By-Laws;
- recommending to the Board the nominees to be proposed by the Board for election as directors at our Annual Meeting of Shareholders;
- recommending the size, structure, composition and functions of Board Committees;
- reviewing and recommending changes to the Charters of each Committee of the Board;
- overseeing the Board evaluation process as well as the annual CEO evaluation process;
- reviewing and recommending changes to our Corporate Governance Guidelines and Principles of Business Conduct; and
- identifying and analyzing trends in public policy, public affairs and corporate responsibility.

Our Chief Legal Officer attends all regularly-scheduled Governance Committee meetings to assist the Governance Committee in its discussion and analysis of the various agenda items. Members of management are generally excused from the Governance Committee meetings as appropriate.

Process for Nominating Directors

In identifying individuals to nominate for election to our Board, the Governance Committee seeks candidates that:

- have a high level of personal integrity and exercise sound business judgment;
- are highly accomplished in their fields, with superior credentials and recognition and have a reputation, both personal and professional, consistent with our image and reputation;
- have relevant expertise and experience and are able to offer advice and guidance to our senior management;
- have an understanding of, and concern for, the interests of our shareholders; and
- have sufficient time to devote to fulfilling their obligations as directors.

The Governance Committee will seek to identify individuals who would qualify as independent under applicable NYSE listing standards and our categorical director independence standards, and who are independent of any particular constituency. The Governance Committee may, based on the composition of the Board, seek individuals that have specialized skills or expertise, experience as a leader of another public company or major complex organization, or relevant industry experience. In addition, while Ryder does not have a formal, written diversity policy, the Governance Committee will attempt to select candidates who will assist in making the Board a diverse body. Ryder believes that a diverse group of directors brings a broader range of experiences to the Board and generates a greater volume of ideas and perspectives, and therefore, is in a better position to make complex decisions. In addition, Ryder believes its shareholders appreciate a diverse board, which is more reflective of the overall investment community. The Governance Committee uses feedback from its Board and Committee evaluation process, as well as a Board Composition Matrix, which each director completes, to assist in determining the proper mix of director experience and diversity, and to assist in the identification and selection of candidates for nomination.

Table of Contents

Generally, the Governance Committee identifies individuals for service on our Board through the Governance Committee s retention of experienced director search firms that are paid to use their extensive resources and networks to find qualified individuals who meet the qualifications established by the Board. These search firms create a comprehensive record of a candidate s background, business and professional experience and other information that would be relevant to the Governance Committee in determining a candidate s capabilities and suitability. The Governance Committee will also consider qualified candidates who are proposed by other members of the Board, our senior management and, to the extent submitted in accordance with the procedures described below, our shareholders. The Governance Committee will not consider a director candidate unless the candidate has expressed his or her willingness to serve on the Board if elected and the Governance Committee has received sufficient information relating to the candidate to determine whether he or she meets the qualifications established by the Board.

If a shareholder would like to recommend a director candidate to the Governance Committee, he or she must deliver to the Governance Committee the same information and statement of willingness to serve described above. In addition, the recommending shareholder must deliver to the Governance Committee a representation that the shareholder owns shares of our common stock and intends to continue holding those shares until the relevant Annual Meeting of Shareholders as well as a representation regarding the shareholder s direct and indirect relationship to the suggested candidate. This information should be delivered to us at:

11690 N.W. 105 Street

Miami, Florida 33178

Attention: Corporate Secretary

This information must be delivered to the Governance Committee no earlier than 120 and no later than 90 days prior to the one-year anniversary of the date of the prior year s Annual Meeting of Shareholders. Any candidates properly recommended by a shareholder will be considered and evaluated in the same way as any other candidate submitted to the Governance Committee.

Upon receipt of this information, the Governance Committee will evaluate and discuss the candidate s qualifications, skills and characteristics in light of the current composition of the Board. The Governance Committee may request additional information from the recommending party or the candidate in order to complete its initial evaluation. If the Governance Committee determines that the individual would be a suitable candidate to serve as one of our directors, the candidate will be asked to meet with members of the Governance Committee, members of the Board and/or members of senior management, including in each case, our CEO, to discuss the candidate s qualifications and ability to serve on the Board. Based on the Governance Committee s discussions and the results of these meetings, the Governance Committee will recommend a nominee or nominees for election to the Board either by our shareholders at our Annual Meeting of Shareholders or by the Board to fill vacancies on the Board between Annual Meetings. The Board will, after consideration of the Governance Committee s recommendations, nominate a slate of directors for election by our shareholders, or for purposes of filling vacancies, elect a nominee to the Board. Pursuant to our Corporate Governance Guidelines, each incumbent director nominee must agree to tender his or her resignation for consideration by the Board if the director fails to receive the required number of votes for re-election in accordance with the By-Laws.

If a shareholder would like to nominate one or more directors for election at the Annual Meeting of Shareholders without involving the Governance Committee, it must comply with all of the requirements set forth in our By-Laws.

FINANCE COMMITTEE

Responsibilities

The Finance Committee s responsibilities include:

- reviewing our overall financial goals, liquidity position, arrangements and requirements;
- reviewing, approving and recommending certain capital expenditures, issuances of debt and equity securities, dividend policy and pension contributions; and

reviewing our relationships with rating agencies, banks and analysts, and reviewing and managing our economic and insurance risk program and tax planning.

Our Chief Financial Officer and Treasurer attend all regularly-scheduled Finance Committee meetings to assist the Finance Committee in its discussion and analysis of the various agenda items. Members of management are generally excused from the Finance Committee meetings as appropriate.

RISK MANAGEMENT

Enterprise Risk Management

We understand that risk is present in our everyday business and organizational strategy and risk-taking is a necessary part of growing and operating a business. Consequently, we have implemented an enterprise risk management (ERM) program to provide management and our Board with a robust and holistic top-down view of key risks facing Ryder.

Beginning in 2007, Ryder initiated a process to establish our formal ERM program. The program was developed under the direction and supervision of our Chief Legal Officer and Chief Financial Officer with the assistance of external experts, and is managed by our Vice President and Global Compliance Officer and Senior Vice President of Internal Audit, all of whom provide updates on risk to the Committees and full Board on a regular basis and give a formal presentation at least once per year.

The ERM program is structured so that the Board is responsible for oversight of our ERM process and the CEO and leadership team are responsible for risk identification, management and communication under our ERM processes. We believe that effective Board oversight of the ERM process is a key element in the preservation and enhancement of shareholder value. Specifically, our Board and Committees:

- Discuss with management of both operational and administrative functions the effectiveness of risk management processes in identifying, assessing and managing the organization s most significant enterprise-wide risk exposures.
- Receive an ERM report from the Chief Legal Officer and Global Compliance Officer at least annually.
- Receive a report from the Senior Vice President of Internal Audit at least annually regarding identification of enterprise risks and audit activities to assess the controls and processes regarding such risks.
- Receive written updates and presentations on the ERM reports and our ERM program at every regularly scheduled meeting, and discuss with management the most significant risks that are identified and managed by Ryder.
- Discuss and receive updates from management on the various controls and mitigating actions Ryder is taking to mitigate significant risks.
- Review Ryder s significant risks and consider such risks when overseeing Ryder s strategic and business decisions.

In addition, all significant risks identified by our ERM program or in the ERM reports are communicated to and discussed with the Board and/or one or more of the Committees. For example, our process calls for all risks that may have a material impact on our financial statements or disclosures to be brought before the Audit Committee. Risks involving capital structure or access to capital are discussed with the Finance Committee. We communicate risks associated with executive compensation and benefit programs to our Compensation Committee. The Governance Committee receives reports from management on governance and reputational risks Ryder has identified through our ERM program.

Although Ryder s ERM program is structured with formal processes, it remains flexible enough to adjust to changing economic, business and regulatory developments and is founded on clear lines of communication to the leadership team, the Board and its Committees.

18

Table of Contents

Compensation Risks

Cook was engaged by Ryder management in 2011 to assist with the assessment of risk arising from the Company s compensation programs and policies. The assessment covered each material element of executive and non-executive employee compensation. Management concluded that these policies and practices do not create risk that is reasonably likely to have a material adverse effect on Ryder.

RELATED PERSON TRANSACTIONS

In accordance with our written Policies and Procedures Relating to Related Person Transactions, all related person transactions are subject to review, approval or ratification by the Governance Committee. For purposes of the Policies and Procedures, and consistent with Item 404 of Regulation S-K, a related person transaction is:

- any transaction in which we or a subsidiary of ours is a participant, the amount involved exceeds $120,000 and a related person has a direct or indirect material interest; or
- any material amendment to an existing related person transaction.

Related persons are our executive officers, directors, nominees for director, any person who is known to be the beneficial owner of more than 5% of any class of our voting securities and any immediate family member of any of the foregoing persons.

The Governance Committee is responsible for reviewing and determining whether to approve related person transactions. In considering whether to approve a related person transaction, the Governance Committee considers the following factors, to the extent relevant:

- whether the terms of the related person transaction are fair to us and on the same basis as would apply if the transaction did not involve a related person;
- whether there are business reasons for us to enter into the related person transaction;
- whether the related person transaction would impair the independence of an outside director; and
- whether the related person transaction would present an improper conflict of interest for any of our directors or executive officers, taking into account the size of the transaction, the overall financial position of the director, executive officer or related person, the direct or indirect nature of the director s, executive officer s or related person s interest in the transaction and the ongoing nature of any proposed relationship, and any other factors the Governance Committee deems relevant.

There were no related person transactions during 2011.

Table of Contents

RATIFICATION OF INDEPENDENT REGISTERED CERTIFIED PUBLIC ACCOUNTING FIRM

(Proposal 2)

Our Audit Committee appointed PricewaterhouseCoopers LLP as our independent registered certified public accounting firm for the 2012 fiscal year. Although shareholder ratification of the appointment of PricewaterhouseCoopers LLP is not required, the Board believes that submitting the appointment to the shareholders for ratification is a matter of good corporate governance. The Audit Committee will consider the outcome of this vote in future deliberations regarding the appointment of our independent registered certified public accounting firm. Representatives of PricewaterhouseCoopers LLP will be present at the 2012 Annual Meeting of Shareholders to respond to questions and to make a statement if they desire to do so.

Fees and Services of Independent Registered Certified Public Accounting Firm

Fees billed for services by PricewaterhouseCoopers LLP for the 2011 and 2010 fiscal years were as follows ($ in millions):

	2011	2010
Audit Fees	$ 3.7	$ 3.6
Audit-Related Fees	0.4	0.9
Tax Fees[1]	0.3	0.3
All Other Fees	*	*
Total Fees	$ 4.4	$ 4.8

[1] *All of the tax fees paid in 2011 and 2010 relate to tax compliance services.*
**All Other Fees consist of $1,800 in 2011 and $1,500 in 2010 for research tools provided on a subscription basis.*

Audit Fees primarily represent amounts for services related to the audit of our consolidated financial statements and internal control over financial reporting, a review of financial statements included in our Forms 10-Q (or other periodic reports or documents filed with the SEC), statutory or financial audits for our subsidiaries or affiliates, and consultations relating to financial accounting or reporting standards.

Audit-Related Fees represent amounts for assurance and related services that are reasonably related to the performance of the audit or review of our financial statements. These services include audits of employee benefit plans, consultations concerning matters relating to Section 404 of Sarbanes-Oxley and due diligence.

Tax Fees represent amounts for U.S. and international tax compliance services (including review of our federal, state, local and international tax returns), tax advice and tax planning, in accordance with our approval policies described below.

Approval Policy

All services rendered by our independent registered certified public accounting firm are either specifically approved (including the annual financial statement audit) or are pre-approved by the Audit Committee in each instance in accordance with our Approval Policy for Independent Auditor Services (Approval Policy), and are monitored both as to spending level and work content by the Audit Committee to maintain the appropriate objectivity and independence of the independent registered certified public accounting firm s core service, which is the audit of our consolidated financial statements and internal control over financial reporting. Under the Approval Policy, the terms and fees of annual audit services and any changes thereto, must be approved by the Audit Committee. The Approval Policy also sets forth detailed pre-approved categories of other audit, audit-related, tax and other non-audit services that may be performed by our independent registered certified public accounting firm during the fiscal year, subject to the dollar limitations set by the Audit Committee. The Audit Committee may, in accordance with the Approval Policy, delegate to any member of the Audit Committee the authority to approve audit and non-audit services to be performed by the independent registered certified public accounting firm. The Audit Committee has delegated to the Chair of the Audit Committee the authority to approve audit and non-audit services if it is not practical to bring the matter before the full Audit Committee and the estimated fee does not exceed $100,000. Any Audit Committee member who exercises his or her delegated authority, including the Chair, must report any approval decisions to the Audit Committee at its next scheduled meeting. All of the services provided in 2011 were approved by the Audit Committee in accordance with the Approval Policy.

The Board recommends a vote FOR ratification of the appointment of

PricewaterhouseCoopers LLP as our independent registered certified public accounting firm for the 2012 fiscal year.

Table of Contents

AUDIT COMMITTEE REPORT

The following report of the Audit Committee shall not be deemed to be soliciting material or to be filed with the SEC nor shall this information be incorporated by reference into any future filing under the Securities Act of 1933 or the Securities Exchange Act of 1934, each as amended, except to the extent that Ryder specifically incorporates it by reference into a filing.

The Audit Committee is comprised of five outside directors, all of whom are independent under the rules of the NYSE, our categorical director independence standards and applicable rules of the SEC. The Committee operates under a written Charter that specifies the Committee s responsibilities. The full text of the Committee s Charter is available on the Corporate Governance page of Ryder s website (*www.ryder.com*). The Audit Committee members are not auditors and their functions are not intended to duplicate or to certify the activities of management and the independent registered certified public accounting firm.

The Audit Committee oversees Ryder s financial reporting process on behalf of the Board. Ryder s management has the responsibility for preparing the consolidated financial statements, for maintaining effective internal control over financial reporting and for assessing the effectiveness of internal control over financial reporting. Ryder s independent registered certified public accounting firm is responsible for performing an integrated audit of Ryder s year-end consolidated financial statements and internal control over financial reporting as of the end of the year in accordance with the standards of the Public Company Accounting Oversight Board (PCAOB) and expressing opinions on (i) whether the financial statements present fairly, in all material respects, the financial condition and results of operations and cash flows of Ryder in conformity with accounting principles generally accepted in the United States and (ii) whether Ryder maintained effective internal control over financial reporting based on criteria established in Internal Control Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). In fulfilling its oversight responsibilities, the Committee reviewed and discussed the audited consolidated financial statements in the annual report on Form 10-K for the fiscal year ended December 31, 2011 and management s assessment of the effectiveness of internal control over financial reporting with Company management, including a discussion of the quality of the accounting principles, the reasonableness of significant judgments and the clarity of disclosures in the financial statements.

The Committee reviewed with the independent registered certified public accounting firm its judgments as to the quality of Ryder s accounting principles and such other matters as are required to be discussed with the Committee by Audit Standard AU Section 380*,* Communications with Audit Committees , adopted by the PCAOB, as amended and the rules of the SEC. In addition, the Committee has discussed with the independent registered certified public accounting firm the firm s independence from Company management and Ryder, reviewed the written disclosures and letter from the independent registered certified public accounting firm required by applicable requirements of the PCAOB regarding the independent registered certified public accounting firm s communications with the Audit Committee concerning independence and considered the compatibility of non-audit services with the independent registered certified public accounting firm s independence.

The Committee discussed with Ryder s internal auditor and representatives of the independent registered certified public accounting firm the overall scope and plans for their respective audits. The Committee met with the internal auditor and representatives of the independent registered certified public accounting firm, with and without management present, to discuss the results of their audits; their evaluations of Ryder s internal control, including internal control over financial reporting; and the overall quality of Ryder s financial reporting.

In reliance on the reviews and discussions referred to above, the Committee recommended to the Board, and the Board has approved, that the audited consolidated financial statements and management s assessment of the effectiveness of Ryder s internal control over financial reporting be included in the annual report on Form 10-K for the year ended December 31, 2011 filed by Ryder with the SEC. The Committee has also approved, subject to shareholder ratification, the selection of PricewaterhouseCoopers LLP as Ryder s independent registered certified public accounting firm for the 2012 fiscal year.

Submitted by the Audit Committee of the Board.

Abbie J. Smith (Chair)

Luis P. Nieto, Jr.

Eugene A. Renna

E. Follin Smith

Hansel E. Tookes, II

21

Table of Contents

SECURITY OWNERSHIP OF OFFICERS AND DIRECTORS

The following table shows the number of shares of common stock beneficially owned as of January 31, 2012, by each director and each executive officer named in the Summary Compensation Table herein, individually, and all directors and executive officers as a group. No family relationships exist among our directors and executive officers.

Name of Beneficial Owner	Shares Beneficially Owned or Subject to Currently Exercisable Options	Shares Which May be Acquired Within 60 Days[1]	Total Shares Beneficially Owned[2]	Percent of Class[3]
Gregory T. Swienton[4,5]	667,649	153,042	820,691	1.565%
James S. Beard[5,6]	1,598	10,034	11,632	*
John M. Berra[6]	5,000	17,260	22,260	*
Robert J. Eck[4]	1,900	1,228	3,128	*
Robert D. Fatovic[5]	122,288	24,975	147,263	*
Art A. Garcia[5]	30,941	11,819	42,760	*
L. Patrick Hassey	0	12,176	12,176	*
Lynn M. Martin	10,881	23,342	34,223	*
Luis P. Nieto, Jr.	0	10,496	10,496	*
Eugene A. Renna	11,500	16,443	27,943	*
Robert E. Sanchez[4,5]	136,090	34,125	170,215	*
Abbie J. Smith[5,6]	13,152	17,692	30,844	*
E. Follin Smith[6]	0	13,824	13,824	*
Hansel E. Tookes, II[4,6]	6,000	17,562	23,562	*
John H. Williford	61,358	33,128	94,486	*
Directors and Executive Officers as a Group (17 persons)	1,115,378	424,954	1,540,332	2.938%

**Represents less than 1% of our outstanding common stock.*

[1] *Represents options to purchase shares which became exercisable between January 31, 2012 and March 31, 2012, Time Based Restricted Stock Rights vesting on February 10, 2012 and restricted stock units held in the accounts of directors that are delivered upon the director s departure from the Board, which shares vest upon grant, following a director s first year of service on the Board.*

[2] *Unless otherwise noted, all shares included in this table are owned directly, with sole voting and dispositive power. Listing shares in this table shall not be construed as an admission that such shares are beneficially owned for purposes of Section 16 of the Securities Exchange Act of 1934, as amended (Exchange Act).*

[3] *Percent of class has been computed in accordance with Rule 13d-3(d)(1) of the Exchange Act.*

[4] *Includes shares held through a trust, jointly with their spouses or other family members or held solely by their spouses, as follows: Mr. Swienton, 109,311 shares; Mr. Eck, 1,900 shares; Mr. Sanchez, 2,152 shares; Mr. Tookes, 1,000 shares; and all directors and executive officers as a group,114,363 shares.*

5

Includes shares held in the accounts of executive officers pursuant to our 401(k) Plan and Deferred Compensation Plan and shares held in the accounts of directors pursuant to our Deferred Compensation Plan as follows: Mr. Swienton, 5,134 shares; Mr. Beard, 1,506 shares; Mr. Fatovic, 8,480 shares; Mr. Garcia, 2,807 shares; Mr. Sanchez, 4,055 shares; Ms. A. Smith, 8,152 shares; and all directors and executive officers as a group, 30,134 shares.

[6] *Includes stock granted to the director in lieu of his or her annual cash retainer, which stock has vested but will not be delivered to the director until six months after his or her departure from the Board.*

Table of Contents

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS

The following table shows the number of shares of common stock held by all persons who are known by us to beneficially own or exercise voting or dispositive control over more than five percent of our outstanding common stock.

Name and Address	Number of Shares Beneficially Owned	Percent of Class[5]
BlackRock, Inc. 40 East 52nd Street New York, NY 10022	4,391,859[1]	8.59%
Artisan Partners Holdings LP 875 East Wisconsin Avenue, Suite 800 Milwaukee, WI 53202	3,365,864[2]	6.58%
The Vanguard Group, Inc. 100 Vanguard Blvd. Malvern, PA 19355	3,033,697[3]	5.93%
Systematic Financial Management, L.P. 300 Frank W. Burr Blvd. Glenpointe East, 7th Floor Teaneck, NJ 07666	2,581,319[4]	5.05%

[1] *Based on the most recent SEC filing by BlackRock, Inc. on Form 13G/A dated January 20, 2012. Of the total shares shown, the nature of beneficial ownership is as follows: sole voting power 4,391,859; shared voting power 0; sole dispositive power 4,391,859; and shared dispositive power 0.*

[2] *Based on the most recent SEC filing by Artisan Partners Holdings LP on Form 13G/A dated February 7, 2012. Of the total shares shown, the nature of beneficial ownership is as follows: sole voting power 0; shared voting power 3,256,764; sole dispositive power 0; and shared dispositive power 3,365,864.*

[3] *Based on the most recent SEC filing by The Vanguard Group, Inc. on Form 13G dated February 6, 2012. Of the total shares shown, the nature of beneficial ownership is as follows: sole voting power 69,945; shared voting power 0; sole dispositive power 2,963,752; and shared dispositive power 69,945.*

[4] *Based on the most recent SEC filing by Systematic Financial Management, L.P. on Form 13G dated February 14, 2012. Of the total shares shown, the nature of beneficial ownership is as follows: sole voting power 1,572,960; shared voting power 0; sole dispositive power 2,581,319; and shared dispositive power 0.*

[5]

The ownership percentages set forth in this column are based on the number of shares outstanding of the Company s common stock on January 31, 2012, and the assumption that each person listed above owned the number of shares reflected above on January 31, 2012.

SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

Section 16(a) of the Securities Exchange Act of 1934 requires our directors and executive officers, and persons who beneficially own more than 10% of a registered class of our equity securities, to file reports with the SEC relating to their common stock ownership and changes in such ownership. To our knowledge, based solely on our records and certain written representations received from our executive officers and directors, during the year ended December 31, 2011, all Section 16(a) filing requirements applicable to directors, executive officers and greater than 10% shareholders were complied with on a timely basis, except that a Form 4 was filed one day late for Robert D. Fatovic to report shares withheld for taxes due upon the vesting of two grants of restricted stock rights.

Table of Contents

COMPENSATION DISCUSSION AND ANALYSIS

This Compensation Discussion and Analysis is designed to provide our shareholders with a clear understanding of our compensation philosophy and objectives, compensation-setting process, and 2011 compensation programs and actions for our named executive officers. As discussed in Proposal 4 on page 58, we are conducting our annual Say on Pay vote that requests your approval of the compensation of our NEOs as described in this section and in the tables and accompanying narrative contained in Executive Compensation. To assist you with this vote, you should review our compensation philosophies, the design of our executive compensation programs and how, we believe, these programs have contributed to our financial performance.

In 2011, our named executive officers, or NEOs, were:

Gregory T. Swienton	Chairman and Chief Executive Officer (CEO)
Art A. Garcia	Executive Vice President and Chief Financial Officer (CFO)
Robert E. Sanchez	President and Chief Operating Officer, formerly President Global Fleet Management Solutions until February 10, 2012
John H. Williford	President Global Supply Chain Solutions
Robert D. Fatovic	Executive Vice President, Chief Legal Officer and Corporate Secretary

Executive Summary

Compensation Philosophy and Objectives

Our primary goal is to design compensation programs that will attract, retain and motivate high quality executives who possess diverse skills and talents. We believe these compensation programs, together with a workplace culture that encourages career development and loyalty, establish Ryder as a premier employer and ultimately increase the value of our shareholders investment in the Company. We seek to offer a compensation program that allows us to consider and adjust compensation elements that will deliver market competitive packages that align our business strategy and culture to both drive and reward performance. Our compensation program has four key goals:

- Balance the short- and long-term interests of our shareholders so that our named executive officers are appropriately encouraged and rewarded to take actions that are in the best interests of our shareholders when carrying out their duties as executives of Ryder.
- Emphasize and reward overall Company performance through clear and straight forward incentive compensation programs that provide competitive compensation tied closely to the Company s and its executives performance.
- Provide incentives to executives that will promote long-term, sustainable, profitable growth and encourage appropriate risk taking.
- Reward each named executive officer s individual performance, contribution and value to Ryder.

2011 Company Performance

In 2011, we had a very successful year. We delivered significantly higher, double-digit growth in both revenue and earnings despite volatile economic conditions. We achieved revenue growth of 18% and earnings growth of 44%. Our transactional products, including commercial rental and used vehicle sales, continued to perform exceptionally well, showing improvement not only in volume levels, but also commanding better pricing. In our contractual business, our largest product line, full service lease, began to show organic fleet growth in the latter part of the year, and we also saw significant organic improvement in SCS. We also generated very strong performance from the integration of five immediately accretive acquisitions completed since December of 2010. We achieved a positive spread between our return on capital and cost of capital, and our return on equity improved by 350 basis points to 11.9%. Our solid balance sheet and strong cash flow enabled us to complete five acquisitions, including a large strategic acquisition in the UK which will help grow and expand our presence in that market. We expanded our product offerings in both FMS and SCS, including being the first in our industry

Table of Contents

segment to provide natural gas vehicles to customers across all segments. Additionally, our financial strength enabled us to repurchase 1,175,783 shares under a previously announced stock buyback program and increase our annual dividend by 7% to $1.16 per share.

Pay for Performance

The table below illustrates how the total target compensation set by our Compensation Committee for our named executive officers, and our Board of Directors in the case of Mr. Swienton, at the beginning of each of the fiscal years depicted was allocated between performance based and fixed components, how target performance based compensation is allocated between annual and long-term components, and how total target compensation is allocated between cash and equity components.

	% of Total Compensation		% of Performance Based Compensation		% of Total Compensation	
NEO	**Performance Based**	**Fixed**	**Annual**	**Long-Term**	**Cash**	**Equity**
Gregory T. Swienton						
2011	84%	16%	26%	74%	51%	49%
2010	83%	17%	24%	76%	50%	50%
2009	83%	17%	24%	76%	50%	50%
Art A. Garcia(1)						
2011	72%	28%	31%	69%	60%	40%
Robert E. Sanchez						
2011(2)	63%	37%	37%	63%	58%	42%
2010(2)	63%	37%	31%	69%	54%	46%
2009(2)	63%	37%	30%	70%	53%	47%
John H. Williford						
2011(2)	59%	41%	39%	61%	56%	44%
2010	68%	32%	35%	65%	65%	35%
2009	68%	32%	36%	64%	65%	35%
Robert D. Fatovic						
2011	71%	29%	32%	68%	62%	38%
2010(2)	60%	40%	32%	68%	53%	47%
2009(2)	60%	40%	32%	68%	53%	47%

(1) *The schedule only reflects Mr. Garcia s 2011 compensation, as compensation decisions prior to his September 2010 appointment as Executive Vice President and Chief Financial Officer were not made by the Compensation Committee since he was not a direct report to the CEO at that time.*

(2) *Includes the following retention grants of Time Based Restricted Stock Rights (TBRSRs) allocated evenly over three years based on grant date fair value*:

Year	NEO	# of Shares
2008	Fatovic	10,000
2009	Sanchez	15,000
2011	Williford	15,000

The percentages in the table above were determined using (i) actual salaries as reported in the Summary Compensation Table; (ii) target Performance Incentive Plan awards; (iii) target Long-Term Incentive Plan values, comprised of stock options (45%), Performance Based Restricted Stock Rights (PBRSRs) (35%) and Performance Based Cash Awards (PBCAs) (20%); and (iv) TBRSR awards valued at grant date fair value and allocated ratably over the three-year vesting period. TBRSRs granted in connection with promotion or hiring are not included. The following forms of compensation presented in the Summary Compensation Table were not considered: (i) Change in Pension Value and Nonqualified Deferred Compensation Earnings; and (ii) All Other Compensation.

For purposes of this table, (i) Performance Incentive Plan awards and Long-Term Incentive Plan values are performance based compensation; (ii) Long-Term Incentive Plan values are the only form of long-term performance based compensation; and (iii) actual salaries, Performance Incentive Plan awards and the PBCA component of the Long-Term Incentive Plan values are cash compensation.

Table of Contents

Summary of 2011 Key Compensation Actions

The Compensation Committee continued with its philosophy of pay for performance in 2011 by continuing its practice of placing a greater emphasis on the at-risk earnings of our NEOs so that their interests are aligned with the interests of our shareholders. Highlighted below are some of the key actions and decisions taken by the Compensation Committee (and the Board of Directors in the case of Mr. Swienton) during 2011:

- *Salary.* Prior to August 2011, the salaries for Mr. Swienton and all other NEOs were frozen at 2008 levels. As the economy continued to stabilize, commencing August 2011, each of our NEOs received an increase in base salary with the level of increase generally based on a market analysis, internal salary relationships and the NEOs responsibilities.

- *Revised Performance Incentive Plan.* As with past years, we adopted an annual Performance Incentive Plan through which our NEOs were eligible to earn cash incentive compensation based upon achievement of specific financial and business objectives that are designed to reward high performance. In 2011, as economic conditions continued to stabilize, we returned to a Performance Incentive Plan more in-line with our historical compensation program. Specifically, the Performance Incentive Plan was revised as follows:

  - One Performance Period. Unlike the 2010 Performance Incentive Plan which was divided into two six-month performance periods, the 2011 Performance Incentive Plan consisted of one performance period, from January 1, 2011 to December 31, 2011;

  - Three Metrics. The 2010 Performance Incentive Plan utilized earnings per share as the sole performance metric. The 2011 Performance Incentive Plan was based on a combination of the following three Company performance metrics: (i) earnings per share (EPS) (40% weighting), (ii) operating revenue (30% weighting) and (iii) return on capital (30% weighting). We believe that these three performance metrics taken together are useful in measuring our success in meeting our strategic objective of growing our revenue in a way that creates solid earnings leverage and earns an appropriate return on invested capital;

  - Individual Performance Objectives. Under the 2010 Performance Incentive Plan, a portion of the award was based on attainment of individual performance objectives, subject to Ryder s attainment of a threshold EPS. The measurement of individual objectives is retained under the 2011 Performance Incentive Plan under which, the independent directors, with respect to the CEO, and the Compensation Committee, with respect to the other NEOs, were permitted to use negative discretion to reduce by up to 10% the actual payout that such NEO was otherwise entitled to receive based on assessment of individual performance objectives; and

  - Target Payout Opportunity. For the first half of 2011, the target payout opportunity for each NEO remained unchanged from 2010. As the economy stabilized, the Performance Incentive Plan opportunity for each of our NEO s was adjusted effective July 1, 2011 in order to bring total cash target compensation in line with comparable market compensation as discussed on page 31.

Compensation Setting Process

Evaluating Performance

Annually, our CEO provides the Compensation Committee a performance assessment and compensation recommendation for each named executive officer, other than himself. The performance assessment includes strengths, weaknesses and succession potential and is based on individual performance evaluations conducted by the CEO. Our CEO also reviews each executive s three-year compensation history and current compensation data provided by our compensation group and outside consultants. At the Board s annual succession planning meeting in October, the performance of each NEO is also discussed by the full Board as part of Ryder s succession planning process.

At the end of each year, the independent directors begin to conduct a performance review of the CEO. For the review, the CEO and each independent director complete a comprehensive CEO evaluation questionnaire relating to the CEO s performance. This questionnaire is prepared by the Governance Committee, which is responsible for overseeing the process by which the CEO will be evaluated. The questionnaire focuses on (a) our historical and

26

Table of Contents

forecasted performance, (b) Mr. Swienton s effectiveness in leading the organization, the Board and external constituencies, (c) his effectiveness at team building and succession planning and development and (d) his effectiveness in developing and leading implementation of strategic initiatives. The Compensation Committee then (1) reviews the CEO s three-year compensation history, and, typically, current compensation data provided by our compensation group and outside consultants and (2) provides the independent directors a recommendation of CEO compensation based upon their evaluation and the input also received from the independent directors evaluation.

Establishing Individual Executive Compensation Packages

Annually, the Compensation Committee conducts a review of the executive compensation packages. Based on this review, the Compensation Committee approves, after considering the CEO s recommendations, with respect to each NEO other than the CEO:

- base salary changes;
- any amounts earned under the previous year s annual Performance Incentive Plan and LTI programs;
- performance metrics, performance targets and target payout opportunity under the annual Performance Incentive Plan for the current year; and
- LTI awards for the next three-year cycle.

The Compensation Committee makes similar recommendations for the CEO which are subject to approval by the independent directors of the Board. The Compensation Committee may approve other individual compensation actions during the year as needed.

Role of Compensation Consultant in 2011

As discussed above under the responsibilities of the Compensation Committee on page 15, the Compensation Committee has authority to retain compensation consultants, outside legal counsel and other advisors to assist in fulfilling its responsibilities. For 2011, the Compensation Committee engaged Frederic W. Cook & Co. (Cook) to provide a review of competitive market data for each member of the leadership team, including Mr. Swienton and each other named executive officer, and to work directly with the Chair of the Compensation Committee to prepare proposals for 2011 executive compensation packages. A discussion of the competitive review conducted by Cook is set forth below under Benchmarking.

Benchmarking

In evaluating each element of our executive compensation program, the Compensation Committee traditionally considers the executive compensation program and practices, as well as the financial performance, of comparative groups of companies. The Compensation Committee uses benchmark comparisons to peer groups or published surveys, as applicable, to ensure that it is acting on an informed basis and to establish points of reference to determine whether and to what extent it is establishing competitive levels of compensation for our executives. The Compensation Committee does not target a specific percentile of any survey or peer group. Rather, the Compensation Committee compares numerous elements of executive compensation, including base salaries, annual incentive compensation and long-term cash and equity based incentives to assist in determining whether proposed compensation programs are competitive, and then uses its experience and judgment to make final compensation decisions.

As it has in prior years, in 2011, our Compensation Committee engaged Cook to provide (1) a review of competitive market data for Mr. Swienton and each other NEO and (2) recommendations regarding the 2011 compensation packages for each of these executives.

In connection with its review of competitive market data, Cook utilized two peer groups against which they analyzed each named executive officer s compensation. In 2011, there were no changes to either of the two peer groups used in Cook s 2010 review. The first group (Peer Group) was comprised of sixteen companies that are in a related industry and that all have one or more services or operating components that are similar to Ryder s

service offerings. Relative to the Peer Group, Ryder s revenue, net income, total assets, number of employees and market capitalization was between the median and the 75th percentile as of December 31, 2010. The Peer Group is comprised of:

Avis Budget Group, Inc.	Hertz Global Holdings, Inc.
C. H. Robinson Worldwide, Inc.	Hub Group, Inc.
Celadon Group, Inc.	J.B. Hunt Transport Services Inc.
Con-way Inc.	Landstar System, Inc.
CSX Corporation	Old Dominion Freight Line, Inc.
Expeditors International of Washington, Inc.	PHH Corporation
FEDEX Corporation	Trinity Industries, Inc.
GATX Corporation	United Parcel Service, Inc.

We provide a mix of transportation and supply chain services. Although there are other public companies that provide certain of these services, there are no public companies that provide similar fleet management services (which represents approximately 70% of our consolidated revenues for 2011) or that provide the same mix of services, and that publicly disclose financial performance and compensation data relating to that business. As a result, relevant compensation data is limited. However, management and the Compensation Committee believe the Peer Group provides a useful basis of comparison for NEO compensation because, similar to Ryder, many of these companies are asset-based providers of transportation or transportation-related services or otherwise provide leasing or rental services. Furthermore, many are impacted by similar economic factors affecting Ryder including freight demand and fuel prices. Cook also compiled a second comparator group (Market Group) of thirteen service-based companies with market capitalizations ranging from $1 billion to $7 billion. This group was used to provide more general industry data outside of transportation/logistics. The Market Group was comprised of:

AECOM Technology Corporation	Republic Services, Inc.
Barnes & Noble, Inc.	Services Corp. International
Brink s Home Security Holdings, Inc.	Unisys Corporation
CGI Group Inc.	United Rentals, Inc.
Convergys Corporation	UTi Worldwide Inc.
DST Systems, Inc.	W.W. Grainger, Inc.
Exterran Holdings, Inc.	

In addition to the data provided by Cook and in connection with the salary increases to our NEOs effective in August 2011 discussed on page 31 and the increases to the target payout opportunities under our Performance Incentive Plan effective in July 2011 discussed on page 31, our compensation group, in consultation with Cook, also conducted a market pricing analysis using compensation data provided by Equilar, Inc. and TowersWatson with respect to the compensation packages provided to the NEOs to ensure that the Compensation Committee understood the Company s competitive position in the market. The Compensation Committee uses this data to ensure that it is acting responsibly and to establish points of reference to determine whether and to what extent it is establishing competitive levels of compensation for our executives.

Consideration of Shareholder Advisory Vote

As part of its compensation setting process, the Compensation Committee also considers the results of the prior-year s shareholder advisory vote on the Company s executive compensation to provide useful feedback regarding whether shareholders believe that the Compensation Committee is achieving its goal of designing an executive compensation program that promotes the best interests of the Company by providing its executives with the appropriate compensation and meaningful incentives. As part of its 2012 compensation setting process, the Compensation Committee reviewed the results of the 2011 shareholder advisory vote, including the fact that approximately 94% of the votes cast were voted in favor of the Company s executive compensation. Annually, the Compensation Committee intends to review the results of the advisory vote and will consider this feedback as it completes its annual review of each pay element and the total compensation packages for our NEOs with respect to the next fiscal year.

Table of Contents

2011 Executive Compensation Program

Components of Compensation

Our executive officers do not have employment agreements. This gives the Compensation Committee flexibility to change the components and component allocation of our executive compensation program in order to remain market competitive and address economic conditions. Our executive compensation program currently has four components: (1) base salary, (2) an annual cash incentive which is awarded pursuant to our Performance Incentive Plan, (3) Long-Term Incentive Awards, which have both a cash and equity component and (4) retirement and welfare benefits and perquisites. From time to time, we also make grants of Time Based Restricted Stock Rights (TBRSRs) to our named executive officers for retention purposes, for promotion purposes and to aid in recruitment by encouraging potential new hires to leave their current employment.

We do not have a formal policy relating to the allocation of total compensation among the various components. However, both management and the Compensation Committee believe that the more senior the position an executive holds, the more influence they have over our operating and financial performance. As such, a greater amount of NEO compensation should be at-risk based on Ryder s performance. Accordingly, the majority of target compensation that our NEOs are eligible to receive is dependent upon the achievement of short-term and long-term performance objectives and/or appreciation in the value of Ryder stock. In addition to these incentive opportunities, our compensation program provides all executive officers, including each of our NEOs, a proportionally lesser amount of fixed elements, such as base salary and benefits, which are an essential part of a competitive compensation program. We also provide competitive severance and change of control arrangements to mitigate any negative impact of organizational changes and other corporate actions. The actual compensation mix for each NEO may vary based on job responsibilities, Ryder s performance, individual performance and contributions to the organization.

Table of Contents

The table below provides a brief description of the principal elements of compensation, how performance factors into each type of compensation and the compensation program objectives served by each pay element. Detailed descriptions of the components of compensation and how the Compensation Committee determined compensation levels for 2011 begin on page 31. A description of modifications made to our Long-Term Incentive Program for 2012 is described on page 36.

2011 Principal Compensation Components

Element	Description	Performance Considerations	Primary Objectives
Base Salary	Fixed cash payment.	Based on the level of responsibility, experience, potential, individual performance, internal pay equity and contribution and competitive market position.	Competitiveness and certainty.
Performance Incentive Plan	Short-term incentive, cash payment.	Based on Company financial performance and attainment of individual performance objectives.	Rewards achievement of certain annual performance targets; motivates executives to focus their efforts on implementing Ryder s near-term strategies and achieving operating, strategic and financial goals.
Long-Term Incentive Program	Equity based awards (stock options and performance based restricted stock rights) and performance based cash awards.	Value granted to employees is based on each individual s responsibilities, past performance and competitive market position. Stock options vest over a three-year period; value realized on exercise is based on long-term appreciation of the value of Ryder stock from the grant date. Performance based stock rights and performance based cash awards are subject to a three-year performance period and are earned based on the TSR of Ryder relative to the S&P 500 during the performance period.	Creates alignment with shareholders; promotes achievement of longer-term financial and strategic objectives; promotes employee retention.
Time Based Restricted Stock Rights	Three-year vesting restricted stock rights granted from time to time to address special circumstances.	Value of grant based on competitive market position, internal pay equity and contribution, changes in individual responsibilities and past performance.	Awarded to address retention issues for high performing executives, upon promotion to reflect additional responsibilities and to assist in recruitment of new executives.
Retirement and Welfare Benefits and Perquisites	Pension benefits, savings plan, health and insurance benefits and perquisites.	None generally track benefits offered to broad salaried workforce.	Security and competitiveness.

30

Table of Contents

2011 Compensation Decisions	
Base Salary	In determining the base salaries of our NEOs, the Compensation Committee determines our competitive market position from market surveys and comparative data provided by outside compensation consultants. The Compensation Committee does not target base pay at any particular level versus a peer group. Instead the Compensation Committee bases salary adjustments on this market information and its overall assessment of the following factors (without assigning any specific weighting to any individual factor): annual merit increase paid to all other Ryder employees; demand in the labor market for the particular executive and succession planning implications; and the individual s performance considerations set forth in the table above.
2011 Salary	In February 2011, because of the continuing uncertainty of the economic recovery, the Compensation Committee continued to freeze the salaries of Mr. Swienton and all other NEOs at 2008 levels. As economic conditions stabilized, effective August 2011, Mr. Swienton received a 2.2% salary increase and each of Messrs. Williford and Fatovic each received a 2.1% increase. Mr. Sanchez received a salary increase of 7.2% for both merit as well as internal equity in connection with his responsibilities as President of Global Fleet Management Solutions. Mr. Garcia received a salary increase of 26.2% for merit as well as to align his salary with the overall market in connection with his position as Chief Financial Officer.
2011 Performance Incentive Plan	*Opportunity* Target payout opportunities for our Performance Incentive Plan are designed to motivate our executive officers to act in a way that will result in Ryder achieving improved year-over-year financial performance without taking excessive risk. For the first half of 2011, the Compensation Committee maintained the same target payout opportunity for each of the NEOs. Specifically, Mr. Swienton s target payout opportunity was 120% of base salary, while his maximum payout opportunity was 240% of base salary, and target payout opportunity of each of the other named executive officers was 75% of base salary, with a maximum payout of 150% of base salary. Mr. Swienton s target payout opportunity is set at a higher level than our other executive officers to reflect the increased responsibility that accompanies the role of a CEO and to increase the at-risk portion of Mr. Swienton s compensation. Effective July 2011, the target payout opportunities for each of Mr. Swienton and the other NEOs were increased as follows: 145% of base salary for Mr. Swienton, 100% of base salary for each of Messrs. Sanchez and Williford and 80% of base salary for each of Messrs. Garcia and Fatovic, in each case with a maximum equal to two times the performance incentive opportunity. The adjustments were made to bring total cash target compensation in line with comparable market compensation levels.

Table of Contents

Performance Period and Performance Metrics As economic conditions began to stabilize, the Compensation Committee decided to adjust the Performance Incentive Plan to make it more in-line with our historical compensation program. Specifically, the Compensation Committee decided to return to using a one-year performance period and, instead of choosing EPS as the sole financial performance metric, chose the following three financial performance metrics, and assigned each metric the referenced weighting.

Earnings per share (EPS) (40% weighting) is a key financial measure emphasized by Ryder s shareholders, and we believe it increases the likelihood that the Performance Incentive Plan is in close alignment with shareholder value.

Operating revenue (30% weighting) defined as total revenue (i) less fuel services revenue (net of inter-segment billings) in our Global Fleet Management Solutions business segment and (ii) less subcontracted transportation revenue in our Global Supply Chain Solutions and Dedicated Contract Carriage business segments. We believe net operating revenue (a non-GAAP financial measure) is a better measure of our operating performance and sales activity than gross revenue because both fuel and subcontracted transportation are largely pass-throughs to customers and therefore have minimal impact on our profitability.

Return on capital (30% weighting) defined as our tax adjusted earnings excluding interest, as a percentage of (i) total debt and (ii) shareholders equity. We believe return on capital measures capital efficiency across all business segments, which is critical to the success of capital-intensive businesses like ours.

We believe that these three performance metrics, taken together, are useful in measuring our success in meeting our strategic objective of growing our revenue in a way that creates solid earnings leverage and earns an appropriate return on invested capital.

Under the Plan, the independent directors, with respect to the CEO, and the Compensation Committee, with respect to the other NEOs, are permitted to use negative discretion to reduce by up to 10% the actual payout that such NEO was otherwise entitled to receive based on individual performance objectives. For 2011, the individual performance objectives were intended to support the Company s strategic direction for long-term value, tactical execution of the operations of the business and organizational development goals.

Performance Levels Based on our internal business plan, the Compensation Committee sets three performance targets: (1) a threshold level, at which 25% of target payout opportunity would be earned, (2) a target level, at which 100% of target payout opportunity would be earned and (3) a maximum level, at which 200% of target payout opportunity would be earned. Performance incentives are earned proportionately from a threshold performance level to the target performance level and from the target performance level to the maximum performance level. Actual performance relative to the target is calculated in accordance with GAAP. The Compensation Committee retains the discretion to adjust reported results in order to ensure that actual payouts properly reflect the performance of our core business and are not impacted positively or negatively by certain non-recurring or non-operational items. The Compensation Committee adjusted the 2011 reported EPS from continuing operations and return on capital to exclude \$4.8 million or \$0.09 per share charge relating to tax law changes and \$0.6 million or \$0.01 per share restructuring charge related to the Scully acquisition. The Compensation Committee also adjusted reported EPS to include \$1.4 million or \$0.02 per share of expected 2012 restructuring costs related to the Hill Hire acquisition. The tax law changes and the Scully acquisition restructuring costs are discussed in the management s discussion and analysis section of our annual report on Form 10-K for the fiscal year ended December 31, 2011.

2011 Awards

The following chart sets forth the threshold, target and maximum performance levels for each of the performance metrics, and the actual plan payout under the 2011 Performance Incentive Plan:

Performance Metric	Threshold (25% Payout)	Target (100% Payout)*	Maximum (200% Payout)	Adjusted 2011 Results	Payout as a Percent of Target Opportunity
Earnings Per Share (40%)	$2.20-$2.35	$ 2.87	$ 3.34	$ 3.39	200%
Operating Revenue (30%) (*in thousands*)	$4,305-$4,465	$ 4,639	$ 4,870	$ 4,815	176%
Return on Capital (30%)	4.5%-4.7%	5.2%	5.6%	5.6%	200%
Total					193%

* Financial targets disclosed in this section are done so in the limited context of our annual Performance Incentive Plan and are not statements of management s expectations or estimates of results or other guidance. We specifically caution investors not to apply these statements to other contexts.

As a result of the review of (i) the Company s achievement of the three performance metrics and (ii) the extent to which the NEOs met their individual performance objectives, each of the CEO and the other NEOs was paid the annual incentive awards set forth in footnote 3 to the Summary Compensation Table on page 40.

The following depicts the financial performance targets for the 2011 Performance Incentive Plan.

Table of Contents

Long-Term Incentive Program

Opportunity As in prior years, the Compensation Committee provided a package of LTI awards designed to reinforce the importance of building long-term value for our shareholders while providing Ryder an important retention tool. Annually, the Compensation Committee determines the target LTI value to grant to executive officers, based on Ryder s performance, competitive practices, the compensation cost that Ryder will incur and share dilution. LTI awards granted in February 2011 to named executive officers were expected to deliver an aggregate target LTI value equal to 175% of the midpoint of the relevant salary range for the named executive officer s management level and 350% of the midpoint in the case of Mr. Swienton. The LTI pool is then allocated and awarded to the individual executive officers (including NEOs) by the Compensation Committee (based on recommendations made by Mr. Swienton). In determining the target LTI value to grant to each executive officer, including the NEOs other than Mr. Swienton, the Compensation Committee considered the following factors:

each executive s individual responsibilities;

each executive s 2011 performance evaluation; and

competitive market data.

LTI Awards As in prior years, of the total target LTI value, 45% of the value was allocated to stock options, 35% was allocated to PBRSRs and 20% was allocated to PBCAs. The LTI value for each of the equity instruments was converted into an equivalent number of shares based on the fair value of the stock options (using a Black-Scholes pricing model) and on the market value of Ryder stock on grant date for the PBRSRs. Stock options are granted with an exercise price equal to the average of the high and low sales price of our common stock as reported by the NYSE on their grant date, vest in three equal annual installments and expire seven years from the grant date.

Performance Metric The Compensation Committee believes Ryder s cumulative Total Shareholder Return (generally the change in Ryder s stock price over the performance period plus the assumption of reinvestment of dividends paid) (TSR) continues to be an appropriate performance metric because it assesses whether management is focusing its efforts on the fundamental drivers of long-term shareholder value. Given the difficulty in identifying a suitable peer group, the Compensation Committee selected the S&P 500 Composite Index as the comparable group because it is a broad-based, widely-used index. For the LTI awards granted in February 2011, TSR performance is calculated by measuring the absolute difference in Ryder s cumulative TSR relative to the TSR for the S&P 500 Composite Index for each month of the 36-month performance period and averaging this over the number of periods measured.

Performance Levels and Performance Period The Compensation Committee views the LTI program on a consolidated basis. Consequently, in establishing the performance targets for the PBRSRs and the PBCAs granted in February 2011, the Compensation Committee sought to establis