

RYDER SYSTEM INC
Form PRE 14A
March 06, 2015
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
SCHEDULE 14A
(RULE 14a-101)
INFORMATION REQUIRED IN STATEMENT
SCHEDULE 14A INFORMATION
Proxy Statement Pursuant to Section 14(a) of the Securities
Exchange Act of 1934 (Amendment No.)
Filed by the Registrant
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))
- 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):

- 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:

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(4) Proposed maximum aggregate value of transaction:

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(1) Amount Previously Paid:

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(3) Filing Party:

(4) Date Filed:

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Ryder System, Inc.
11690 N.W. 105 Street
Miami, Florida 33178

NOTICE OF 2015 ANNUAL MEETING OF SHAREHOLDERS

Time: 10:00 a.m., Eastern Daylight Time

Date: May 1, 2015

Place: Ryder System, Inc. Headquarters
11690 N.W. 105th Street
Miami, Florida 33178

Purpose:

1. To elect five directors for a three-year term expiring at the 2018 Annual Meeting of Shareholders.
2. To ratify the appointment of PricewaterhouseCoopers LLP as our independent registered certified public accounting firm for the 2015 fiscal year.
3. To approve, on an advisory basis, the compensation of our named executive officers.
4. To approve amendments to our Articles of Incorporation and By-Laws to change the voting requirement relating to the removal of directors.
5. To approve amendments to our Articles of Incorporation and By-Laws to change the voting requirement relating to the alteration, amendment, repeal or adoption of certain provisions of the By-Laws.
6. To approve amendments to our Articles of Incorporation to change the voting requirement relating to the alteration, amendment, repeal or adoption of certain provisions of the Articles of Incorporation.
7. To approve amendments to our By-Laws to change the general voting requirement.
8. To vote on a shareholder proposal regarding disclosure of political contributions.
9. 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 6, 2015.

Proxy Voting: Your vote is important. You may vote:

- via Internet;
- by telephone;
- by mail, if you received a paper copy of these 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 20, 2015

This proxy statement and the form of proxy, along with our annual report on Form 10-K for the fiscal year ended December 31, 2014 and the shareholder letter, were first sent or given to shareholders on or about March 20, 2015. IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS FOR THE ANNUAL MEETING TO BE HELD ON FRIDAY, MAY 1, 2015.

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

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PROXY SUMMARY

This proxy summary highlights information contained elsewhere in this proxy statement and does not contain all information that you should review and consider. Please read the entire proxy statement with care before voting.

ANNUAL MEETING

Date and Time: Friday, May 1, 2015 at 10:00 a.m. (Eastern Daylight Time)
 Place: Ryder Headquarters, 11690 N.W. 105th Street, Miami, Florida 33178
 Record Date: March 6, 2015
 Voting: Each share of the Company's common stock outstanding at the close of business on March 6, 2015 has one vote on each matter that is properly submitted for a vote at the Annual Meeting.

VOTING MATTERS AND BOARD RECOMMENDATION

Matter	Board Recommendation	Page Reference
Election of Directors	FOR each Director Nominee	7
Ratification of PwC as Auditors	FOR	21
Advisory Vote on Executive Compensation	FOR	59
Amendment to Voting Requirement - Director Removal	FOR	61
Amendment to Voting Requirement - By-Law Amendments	FOR	62
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Shareholder Proposal on Political Contributions	AGAINST	63

2014 FINANCIAL HIGHLIGHTS

In 2014, we exceeded our short-term performance targets and executed on key elements of our long-term growth strategy. Specifically,

we grew operating revenue by 5% to \$5.5 billion and grew comparable earnings per share by 14% to \$5.58 while still investing in strategic initiatives such as information technology and marketing to support growth.

in our Fleet Management Solutions business segment, we saw our lease fleet grow organically by over 3,000 units and strong interest in our new on-demand maintenance product line during the pilot launch. This, coupled with strong performance in commercial rental and used vehicle sales, and our continued focus on maintenance and asset management initiatives, resulted in 26% growth in FMS net before tax earnings in 2014.

in our Supply Chain Solutions business segment, we saw improved revenue and earnings despite lost business in our automotive vertical and challenges with an international start-up.

we launched a significant marketing campaign designed to better position ourselves within the broader outsourcing market.

we achieved strong return on equity and return on capital results and improved free cash flow, while maintaining appropriate leverage, increasing our quarterly dividend and executing on our anti-dilutive share repurchase program.

For more information relating to the Company's 2014 financial performance, please review our 2014 annual report on Form 10-K.

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BOARD AND GOVERNANCE HIGHLIGHTS

- All directors and director nominees (other than our Chair and CEO) are independent; there were no related party transactions in 2014
- Average Board tenure is 7 years, with five directors having ten or more years of service on our Board and five having less than five years of service
- None of our directors serve on more than three other public company boards
- Strong Board diversity based on experience, tenure, age, gender and race
- Combined CEO/Chair with strong Lead Independent Director
- Annual election of directors beginning in 2016
- Received strong shareholder support (over 98% of votes cast) for management's proposal to remove all supermajority voting standard other than with regards to action by written consent
- Proposing to change our voting requirement to a majority of votes cast
- Active shareholder engagement; in 2014 we reached out to our largest shareholders (constituting over 50% of our outstanding shares) to request feedback on both our governance and compensation structure and profile.
- Strong Board oversight of risk management process
- Received 97% shareholder support for our 2014 Say on Pay Proposal

BOARD OF DIRECTORS

Name	Age	Director Since	Professional Background	Indep.	Committee Memberships
John M. Berra	67	2003	Retired Executive Vice President of Emerson Electric Company	X	Compensation & Finance
Robert J. Eck	56	2011	President and CEO of Anixter International, Inc.	X	Compensation & Finance
Robert A. Hagemann	58	2014	Retired CFO of Quest Diagnostics Incorporated	X	Audit & Finance
L. Patrick Hassey	69	2005	Retired Chairman and CEO of Allegheny Technologies Incorporated	X	Compensation & Governance
Michael F. Hilton	60	2012	President and CEO of Nordson Corporation	X	Compensation & Governance
Tamara L. Lundgren	57	2012	President and CEO of Schnitzer Steel Industries, Inc.	X	Audit & Governance
Luis P. Nieto, Jr.	60	2007	Retired President of the Consumer Food Group of ConAgra Foods Inc.	X	Audit & Finance
Robert E. Sanchez	49	2013	Chairman and CEO of Ryder		
Abbie J. Smith	61	2003	Professor of Accounting at the University of Chicago Booth School of Business	X	Audit & Finance
E. Follin Smith	55	2005	Retired Executive Vice President, CFO and Chief Administrative Officer of Constellation Energy Group,	X	Audit & Governance

Hansel E. Tookes, II	67	2002	Inc. Retired President of Raytheon International	X	Audit & Governance
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EXECUTIVE COMPENSATION HIGHLIGHTS

CEO compensation is a mix of base salary (14%), short-term incentives (21%) and long-term incentives (65%) which we believe provides compensation opportunities measured by a variety of time horizons to balance our near-term and long-term strategic goals.

A variety of distinct performance metrics (operating revenue, comparable earnings per share, total shareholder return and return on capital) are used in both the short-term and long-term incentive plans. This “portfolio” approach to performance metrics encourages executives to focus on overall, sustainable Company performance.

Goals are approved by our independent directors and take into account our historical performance, current strategic initiatives and the expected macroeconomic environment. In 2014, the target operating revenue was \$5.57 million, which was a 6% increase from our 2013 actual operating revenue. Similarly, the target comparable earnings per share for 2014 was \$5.45, a 12% increase from 2013.

Short-term and long-term incentive compensation programs are designed with payout curves and leverage that support our pay for performance philosophy. In addition, we cap the maximum payout of our annual cash incentive awards to two times the target, and cap our performance-based restricted stock rights and performance-based cash awards to 125% of target to limit the potential for excessive risk taking.

Equity incentive programs and stock ownership guidelines (four times base salary for the CEO and two times for all other NEOs) are designed to align management and shareholder interests by providing vehicles for executive officers to accumulate and maintain an ownership position in the Company.

We incorporate several risk mitigation policies into our compensation program, including:

The Compensation Committee’s ability to use “negative discretion” to align appropriate payouts to Company and individual performance;

Anti-hedging and anti-pledging policies; and

Written clawback policy for financial restatements resulting from executive misconduct.

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RYDER SYSTEM, INC.
 11690 N.W. 105th 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 2015 Annual Meeting of Shareholders to be held on Friday, May 1, 2015 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 eight proposals. Our Board recommendation for each proposal is set forth below.

Proposal	Board Recommendation
1. To elect five directors as follows: John M. Berra, Robert A. Hagemann, Luis P. Nieto, Jr., E. Follin Smith and Robert E. Sanchez for a three-year term expiring at the 2018 Annual Meeting of Shareholders.	FOR each director nominee
2. To ratify the appointment of PricewaterhouseCoopers LLP as our independent registered certified public accounting firm for the 2015 fiscal year.	FOR
3. To approve, on an advisory basis, the compensation of our named executive officers, which we refer to as "Say on Pay".	FOR
4. To approve amendments to our Articles of Incorporation and By-Laws to change our voting requirement relating to the removal of directors.	FOR
5. To approve amendments to our Articles of Incorporation and By-Laws to change the voting requirement relating to the alteration, amendment, repeal or adoption of certain provisions of the By-Laws.	FOR
6. To approve amendments to our Articles of Incorporation to change the voting requirement relating to the alteration, amendment, repeal or adoption of certain provisions of the Articles of Incorporation.	FOR
7. To approve amendments to our By-Laws to change the general voting requirement.	FOR
8. To vote on a shareholder proposal regarding political contribution disclosures.	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 - 7 and "AGAINST" Proposal 8.

If other matters properly come before the meeting, the proxy holders will have the authority to vote on those matters on your behalf 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.

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Who can vote?	<p>Holders of Ryder common stock at the close of business on March 6, 2015, the record date, are entitled to vote their shares at the Annual Meeting. As of March 6, 2015, there were [] shares of common stock issued, outstanding and entitled to vote. Each share of common stock issued and outstanding is entitled to one vote.</p>
What is a quorum?	<p>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.</p>
What is the difference between a shareholder of record and a beneficial shareholder?	<p>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.</p>
How do I vote?	<p>If you are a shareholder of record, you may vote:</p> <ul style="list-style-type: none"> via Internet; by telephone; by mail, if you received a paper copy of these proxy materials; or in person at the meeting. <p>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.</p> <p>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 April 28, 2015 (the cut-off date). If the trustee does not receive your instructions by the cut-off 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.</p> <p>If you are a beneficial shareholder, you must follow the voting procedures of your nominee. 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.</p>
What if I am a beneficial shareholder and I do not give the nominee voting instructions?	<p>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.</p>
What shares are covered by my proxy card?	<p>Your proxy reflects all shares owned by you at the close of business on March 6, 2015. For participants in our 401(k) plan, shares held in your account as of that date are included in your proxy.</p>
What does it mean if I receive more than one proxy card?	<p>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.</p>
How many votes are needed for the proposals to pass?	<p>The table below sets forth the proportion 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.</p>

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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 PricewaterhouseCoopers	Majority of Shares Outstanding	Yes	Not Applicable	Same as a Vote "Against"
3. Say on Pay	Majority of Votes Cast	No	None	None
4. Change Vote Requirement - Director Removal	Majority of Shares Outstanding	No	Same as a Vote "Against"	Same as a Vote "Against"
5 Change Vote Requirement - By-Law Amendments	Majority of Shares Outstanding	No	Same as a Vote "Against"	Same as a Vote "Against"
6. Change Vote Requirement - Articles Amendments	Majority of Shares Outstanding	No	Same as a Vote "Against"	Same as a Vote "Against"
7. Change General Vote Requirement in By-Laws	Majority of Shares Outstanding	No	Same as a Vote "Against"	Same as a Vote "Against"
8. Shareholder Proposal for Political Contribution Disclosure	Majority of Shares Outstanding	No	Same as a Vote "Against"	Same as a Vote "Against"

Proposals 3 and 8 are non-binding advisory votes. What is the effect if they pass? Although the advisory votes on Proposals 3 and 8 are non-binding, our Board and the appropriate Board Committee will review the results and, consistent with our record of shareholder engagement, take them into account in making future decisions.

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.

Only shareholders and our invited guests are permitted to attend the Annual Meeting. If you are a shareholder of record, you must bring a form of personal identification to the Annual Meeting, where your name will be verified against our shareholder list. If you are a beneficial shareholder and you plan to attend the meeting, you should bring proof of ownership, such as a brokerage statement, showing your ownership of the shares as of the record date and a form of personal identification. If you are a beneficial shareholder and wish to vote your shares at the meeting, you must obtain a proxy from your nominee and bring your proxy to the Annual Meeting.

Who can attend the Annual 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.

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ELECTION OF DIRECTORS

(Proposal 1)

Under our By-Laws, directors are currently elected for three-year terms, typically with one-third of the Board standing for election in any given year. The five directors whose terms expire at the 2015 Annual Meeting of Shareholders are John M. Berra, Robert A. Hagemann, Luis P. Nieto, Jr., E. Follin Smith and Robert E. Sanchez. Upon the recommendation of the Corporate Governance and Nominating Committee (Governance Committee), our Board has nominated Mr. Berra, Mr. Hagemann, Mr. Nieto, Ms. E. Follin Smith and Mr. Sanchez for re-election at the 2015 Annual Meeting for a three-year term that expires at the 2018 Annual Meeting.

Robert J. Eck, Tamara L. Lundgren and Abbie J. Smith are currently serving terms that expire at the 2016 Annual Meeting. L. Patrick Hassey, Michael F. Hilton and Hansel E. Tookes, II are currently serving terms that expire at the 2017 Annual Meeting.

In 2013, with shareholder approval, we amended our Articles of Incorporation and By-Laws to require that beginning in 2016, all directors be elected annually. Under the amendments, directors currently serving three-year terms will continue to serve the remainder of their terms. Directors up for election at the 2015 Annual Meeting will be nominated for three-year terms. Thereafter, each director will be elected annually when his or her three-year term expires.

We believe that each of our directors has 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 individual 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, tenure, 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 his or her 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 as to this proposal.

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

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NOMINEES FOR DIRECTOR

FOR A TERM OF OFFICE EXPIRING AT THE 2018 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: 67

Other Public Board Memberships

- National Instruments Corporation

Other Relevant Experience

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

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.

Robert A. Hagemann, served as Senior Vice President and Chief Financial Officer of Quest Diagnostics Incorporated until he retired in 2013. Mr. Hagemann joined Quest's predecessor, Corning Life Sciences, Inc., in 1992, and held roles of increasing responsibility until he was named Chief Financial Officer of Quest in 1998. Prior to joining Corning, Mr. Hagemann held senior financial positions at Prime Hospitality, Inc. and Crompton & Knowles, Inc. He also held various positions in corporate accounting and audit at Merrill Lynch and Company and Ernst & Young.

Other Public Board Memberships

- Zimmer Holdings, Inc.
- Graphic Packaging Holding Company

Director since 2014
Age: 58

Qualifications. The Board nominated Mr. Hagemann as a director because of his past experience as Chief Financial Officer of a public company and other senior management experience in business development and strategy, supply chain operations and government contracting.

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

Director since 2007
Age: 60

Foods, Kraft Foods and the Quaker Oats Company. Mr. Nieto is the President of Nieto Advisory LLC, a consulting firm and is affiliated with Akoya Capital Partners.

Other Public Board Memberships

- AutoZone, Inc.

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

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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.

Other Public Board Memberships

- Kraft Foods Group
- A past director of Discover Financial Services (until May 2014)

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. The Board appointed Ms. Smith as Lead Independent Director because, in addition to her experience in executive leadership, Ms. Smith has significant corporate governance experience as a director of large public companies, including as a past director of Discover Financial Services and current director of Kraft Foods.

Robert E. Sanchez, is Chair and Chief Executive Officer of Ryder System, Inc. Mr. Sanchez was appointed Chair of Ryder's Board in May 2013. He was appointed President and Chief Executive Officer in January 2013, at which time he was also elected to Ryder's Board. Mr. Sanchez joined Ryder in 1993 and has served in positions of increasing responsibility, including a broad range of leadership positions in several of Ryder's business segments. Mr. Sanchez most recently served as Chief Operating Officer from February 2012 to December 2012. Prior to that position, he served as President of Global Fleet Management Solutions, Ryder's largest business segment, from September 2010 to February 2012. Mr. Sanchez also served as Executive Vice President and Chief Financial Officer from October 2007 to September 2010; as Executive Vice President of Operations, U.S. Fleet Management Solutions from October 2005 to October 2007; and as Senior Vice President and Chief Information Officer from January 2003 to October 2005. Mr. Sanchez has been a member of Ryder's Executive Leadership team since 2003.

Other Public Board Memberships

- Texas Instruments Incorporated

Other Relevant Experience

- Member of the Board of Directors of the Truck Renting and Leasing Association

Qualifications. The Board nominated Mr. Sanchez as a director because of his role as Ryder's President and Chief Executive Officer and his years of senior leadership experience at Ryder, including his experience as President and Chief Operating Officer, his leadership experience in several of Ryder's business segments and his oversight and experience in the areas of global operations, finance and information technology.

Director since 2005

Age: 55

Age: 49

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DIRECTORS CONTINUING IN OFFICE

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 Anixter Inc., a subsidiary of Anixter. 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: 56

Other Public Board Memberships

- Anixter International, Inc.

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

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: 69

Other Public Board Memberships

- Alpha Natural Resources, Inc.
- Kaiser Aluminum Corporation
- A past director of ATI (until May 2011)

Qualifications. The Board nominated Mr. Hassey as a director because of his past experience as a Board Chairman, President and Chief Executive Officer of a public company 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.

Michael F. Hilton, is President and Chief Executive Officer of Nordson Corporation, a position he has held since he joined Nordson in 2010. Nordson engineers, manufactures and markets products and systems used for dispensing adhesives, coatings, sealants, biomaterials and other materials in a wide variety of end markets. Prior to joining Nordson, Mr. Hilton served as Senior Vice President and General Manager of Air Products & Chemicals, Inc. from 2007 until 2010 with specific responsibility for leading the company's global Electronics and Performance Materials segment. Mr. Hilton joined Air Products in 1976 where he held roles of increasing responsibility in a variety of staff, management and operations positions. Air Products serves customers in industrial, energy, technology and healthcare markets worldwide with a unique portfolio of atmospheric Director Since 2012
Age: 60

gases, process and specialty gases, performance materials, equipment and services.

Other Public Board Memberships

- Nordson Corporation

Qualifications. The Board nominated Mr. Hilton as a director because of his experience as a Board Member, President and Chief Executive Officer of a public company and his past senior leadership and global operations experience with oversight of large and diverse businesses.

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Tamara L. Lundgren, is President and Chief Executive Officer of Schnitzer Steel Industries, Inc., a position she has held since 2008. Schnitzer Steel is one of the largest manufacturers and exporters of recycled ferrous metal products in the United States with \$2.5 billion in annual revenue and more than 120 operating facilities in the U.S., Puerto Rico and Canada. Ms. Lundgren joined Schnitzer Steel in 2005 as Chief Strategy Officer and subsequently served as Executive Vice President and Chief Operating Officer from 2006 until 2008. Prior to joining Schnitzer Steel, Ms. Lundgren was a managing director at JP Morgan Chase in London and managing director at Deutsche Bank AG in New York and London. Before joining Deutsche Bank, Ms. Lundgren was a partner at the law firm of Hogan & Hartson, LLP in Washington, D.C.

Director since 2012

Age: 57

Other Public Board Memberships

- Schnitzer Steel Industries, Inc.

Other Relevant Experience

- Director of the Federal Reserve Bank of San Francisco, Portland Branch
- Chairman of the U.S. Chamber of Commerce

Qualifications. The Board nominated Ms. Lundgren as a director because of her experience as a Board member, President and Chief Executive Officer of a public company and her experience in global operations, strategy, finance and corporate law.

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.

Other Public Board Memberships

- HNI Corporation
- DFA Investment Dimensions Group Inc.
- Dimensional Investment Group Inc.

Director since 2003

Age: 61

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: 67

Other Public Board Memberships

- Corning Incorporated
- NextEra Energy, 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 his expertise in government contracts.

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CORPORATE GOVERNANCE

We maintain a Corporate Governance page on our website 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 - 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 director independence standards)

Director qualifications and responsibilities

Board structure; director resignation policy

Director compensation

Management succession

Periodic Board evaluation

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. We also have a Code of Ethics applicable to our Chief Executive Officer, Chief Financial Officer and senior financial management, a copy of which is available without charge upon request. Any changes to these documents will be posted on our website. Any waivers to our Principles of Business Conduct for Board members or our executive officers granted by the Governance Committee will be posted on our website or 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 under the NYSE corporate governance listing standards.

To assist it in making independence determinations, our Board has adopted the following director independence standards, which are included as part of our Corporate Governance Guidelines. Specifically, the Board has 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 director independence. However, the Board will consider all relationships and transactions with our directors, even those that meet these standards, to determine whether the particular facts or circumstances of the relationship or transaction would impair the director's independence.

Prior Employment of Director. The director was employed by Ryder or was personally working on Ryder's audit as an employee or partner of Ryder independent auditor, 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 Ryder or was personally working on Ryder's audit as an employee or partner of Ryder's independent auditor, and over five years have passed since such employment, partner or auditing relationship ended; or (ii) an immediate family member is currently employed by Ryder in a non-officer position, or by Ryder's independent auditor not as a partner and not participating in the firm's audit, assurance or tax compliance practice.

Interlocking Directorships. An executive officer of Ryder 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 (or a director's immediate family member is an executive 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, Ryder for property or services, and the amount of such payments has not within any of such other company's three most recently completed

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fiscal years exceeded one percent (or \$1 million, whichever is greater) of such other company's consolidated gross revenues for such year.

Indebtedness Relationships. A director or an immediate family member is a partner, greater than 10% shareholder, director or officer of a company that is indebted to Ryder or to which Ryder is 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 Ryder contributes, and the contributions to such organization by Ryder 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. In connection with its evaluation of director independence, our Board identified and reviewed several transactions that occurred during 2014 between us and companies where our directors or family members of our directors serve as executive officers. Specifically, Mr. Eck, Mr. Hilton and Ms. Lundgren serve as executives of companies that lease vehicles or receive other services from us, and family members of Mr. Berra and Ms. Lundgren serve as executive 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 well below the threshold set forth in our 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 and contributions made by the Company to tax-exempt organizations where our directors serve as a trustee or director. Specifically, Ms. Lundgren serves on the board of a tax-exempt organization to which the Company makes or has made contributions. We reviewed this relationship and found that all contributions made by the Company were made in the ordinary course, at arm's length and consistent with our policies and procedures. Furthermore, this relationship was below the threshold set forth in our 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 this relationship does not impair Ms. Lundgren's independence.

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. Sanchez) is independent: John M. Berra, Robert J. Eck, Robert A. Hagemann, L. Patrick Hassey, Michael F. Hilton, Tamara L. Lundgren, Luis P. Nieto, Jr., Abbie J. Smith, E. Follin Smith and Hansel E. Tookes, II.

Shareholder Engagement; Communications with the Board

We regularly engage with our shareholders to better understand their perspectives on our Company, including their thoughts and priorities with respect to matters of executive compensation and corporate governance. In the Summer and Fall of 2014, we reached out to our largest shareholders (constituting over 50% of our outstanding shares) to request feedback on both our governance and compensation structure and profile. This regular dialogue has helped inform the Board's decisions. We have taken several actions in recent years as a direct result of our shareholder engagement approach, including: declassification of our Board, the elimination of most supermajority provisions, and continued enhancement of our corporate sustainability report. We also continue to facilitate direct shareholder communication with members of our Board where appropriate. For example, during 2014, Ms. E. Follin Smith met

with a shareholder at the shareholder's request to discuss the Company's governance policies and profile.

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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. 105th 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 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, via e-mail at 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 in person and on-line compliance training 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 six regular meetings and one special meeting in 2014. 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 2014. Our independent directors meet in outside directors session without management present as part of each regularly-scheduled Board meeting. Our Lead Independent Director presides over these outside directors 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, 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 2014 Annual Meeting.

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 proposing 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 Board members shall appoint a Lead Independent Director. The position of the Lead Independent Director is rotated periodically in accordance with our Corporate Governance Guidelines and is currently held by E. Follin Smith.

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 outside directors sessions of the independent directors;

• Serving as the liaison between the Chair/CEO 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;

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- Requesting and previewing information sent to the Board as necessary;
- Communicating with management regarding the form and substance of presentations for the Board;
- Developing meeting agendas for the Board in collaboration with the Chair and ensuring that topics requested by the independent directors are included; and
- Developing meeting schedules and agendas in collaboration with the Chair to ensure 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 outside directors session without management present as part of each regularly-scheduled Committee meeting. The table below provides current membership and 2014 meeting information for each of the Committees.

Name	Audit	Compensation	Corporate Governance & Nominating	Finance
John M. Berra		Member		Member
Robert J. Eck		Member		Member
Robert A. Hagemann	Member			Member
L. Patrick Hassey		Chair	Member	
Michael F. Hilton		Member		