

RYDER SYSTEM INC

FORM 8-K (Current report filing)

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**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**
Washington, D.C. 20549

FORM 8-K

**CURRENT REPORT
PURSUANT TO SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934**
Date of Report (Date of earliest event reported): February 7, 2014

RYDER SYSTEM, INC.

(Exact name of registrant as specified in its charter)

Florida

(State or other jurisdiction of incorporation)

1-4364

(Commission File Number)

59-0739250

(I.R.S. Employer Identification No.)

**11690 NW 105th Street
Miami, Florida**

(Address of Principal Executive Offices)

33178

(Zip Code)

(305) 500-3726

(Registrant's telephone number, including area code)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (*see* General Instruction A.2. below):

- ☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- ☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- ☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- ☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Item 5.02 Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers.

(e) Compensatory Arrangements of Certain Officers.

2014 Long-Term Incentive Awards

On February 7, 2014, our Board of Directors approved the following 2014 long-term incentive awards for Mr. Sanchez and each of our other named executive officers. Similar to last year, the long-term incentive award approved for each named executive officer was comprised of stock options, performance based restricted stock rights (PBRsRs) and performance based cash awards (PBCA).

<u>Named Executive Officer</u>	<u>Number of Options</u>	<u>Number of PBRsRs</u>	<u>Value of PBCA</u>
Robert E. Sanchez	93,415	19,600	\$700,008
Art A. Garcia	22,020	4,620	\$164,990
Dennis C. Cooke	25,625	5,375	\$192,035
John H. Williford	22,420	4,705	\$167,925
Robert D. Fatovic	16,280	3,415	\$122,087

The performance criteria, vesting criteria and terms and conditions for the stock options, PBRsRs and PBCA are the same as for the 2013 awards. The Terms and Conditions for the 2013 awards were previously filed with the Securities and Exchange Commission.

2014 Annual Cash Incentive Awards

On February 7, 2014, our Board of Directors adopted new terms and conditions for the annual cash incentive awards granted to our named executive officers (the "Awards"). The Awards are designed to continue to enable us to structure the annual cash incentives to executives as performance based compensation for purposes of Section 162(m) of the Internal Revenue Code of 1986, as amended, and thereby exclude these payments from the limitations on the deductibility of certain executive compensation otherwise imposed by Section 162(m). Under the terms of the Awards, a committee of outside directors (as defined in Section 162(m)) determines the executives who are eligible to participate, the target and actual awards granted (including the performance targets upon which the awards will be based), the level of satisfaction of the performance targets and the actual amount of the payout under the Awards. We intend that the payout under the 2014 annual cash incentive awards will be determined based on the same performance criteria used for the 2013 annual cash incentive awards.

The Form of Terms and Conditions for the 2014 annual cash incentive awards for the named executive officers are attached as Exhibit 10.4(v) to this Current Report on Form 8-K.

Item 9.01 Financial Statements and Exhibits .

(d) Exhibits

Exhibit No.	Description
10.4(v)	Form of Terms and Conditions applicable to 2014 annual cash incentive awards granted to named executive officers under the Ryder System, Inc. 2012 Equity and Incentive Compensation Plan.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Date: February 13, 2014

RYDER SYSTEM, INC.
(Registrant)

By: /s/ Robert D. Fatovic

Name: Robert D. Fatovic

Title: Executive Vice President, Chief Legal
Officer & Corporate Secretary

**ANNUAL CASH INCENTIVE AWARDS
GRANTED UNDER
RYDER SYSTEM, INC. 2012 EQUITY AND INCENTIVE COMPENSATION PLAN**

**2014 TERMS AND CONDITIONS
(EXECUTIVE AWARDS)**

The following terms and conditions apply to the 2014 annual incentive cash awards (the “Awards”) granted to certain individuals by Ryder System, Inc. (the “Company”) under the Ryder System, Inc. 2012 Equity and Incentive Compensation Plan (the “Plan”), a description of which is set forth in the relevant Guide to the Annual Incentive Compensation Program (the “Guide”) which references these terms and conditions. **No individual shall receive an Award unless the Company has notified the individual of the Award and delivered these Terms and Conditions and the Guide to the individual.** Certain terms of the Award, including the performance goals and target payout amounts, are also set forth in the Guide and the payout grids titled “Incentive Payout Components by Position” (“Payout Grid”) applicable to the Participant. The Compensation Committee of the Company’s Board of Directors (the “Committee”) shall administer the Awards in accordance with the Plan. Capitalized terms used herein and not defined shall have the meaning ascribed to such terms in the Plan or the Guide.

1. **General** . The Award represents the right to receive a cash payment based on the attainment of certain financial performance goals, on the terms and conditions set forth herein, in Schedule A attached hereto, in the Guide and in the Plan, the applicable terms, conditions and other provisions of which are incorporated by reference herein (collectively, the “Award Documents”). It is intended that any Awards granted to “Covered Employees” as that term is defined in Section 162(m) of the Internal Revenue Code of 1986, as amended, including any successor provisions and regulations (the “Code”), shall qualify as “performance-based compensation” for purposes of Section 162(m) of the Code.
 - (a) The Award Documents supersede any and all prior oral representations, promises or guarantees relating to short-term incentives or annual bonuses. All provisions of the Award Documents shall apply unless otherwise prohibited by law. In the event there is an express conflict between the provisions of the Plan and those set forth in the Guide or in these terms and conditions, the terms and conditions of the Plan shall govern. Unless otherwise approved by the Committee, individuals who have written agreements which specifically provide for annual incentive compensation other than that which is provided under the Award or who are participants in any other short-term incentive compensation plan of the Company or its subsidiaries and affiliates are not eligible to receive an Award hereunder. The Company may, in its sole discretion, provide discretionary or other bonuses to Company employees, whether or not they receive an Award.
 - (b) The terms and conditions contained herein may be amended by the Committee as permitted by the Plan; none of the terms and conditions of the Award may be amended or waived without the prior approval of the Committee. Any amendment or waiver not approved by the Committee will be void and have no force or effect. Any employee or officer of the Company who authorizes any such amendment or waiver without the prior approval of the Committee will be subject to disciplinary action up to and including forfeiture of an Award and/or termination of employment (unless otherwise prohibited by law). All decisions and determinations made by the Committee relating to the Awards shall be final and binding on the Participant, his or her beneficiaries and any other person having or claiming an interest under the Plan.

2. ***Financial Performance Goals; Performance Period*** . The Awards are intended to reward Participants for the attainment by the Company of certain performance goals during the period beginning on January 1, 2014 and ending on December 31, 2014 (the “Performance Period”). The amount payable pursuant to this Award shall be calculated in accordance with the attached Schedule A, subject to the additional terms and conditions of this Award and the Plan.
3. ***Payment*** . Subject to Sections 4 and 5 below and the provisions of the Guide and the Plan, amounts payable with respect to the Award will be payable in cash to the Participant following the determination of the Company’s performance, the calculation of the Award pursuant to Schedule A, and approval by the Committee (or the Board, as the case may be) of the payout. Payment shall be made during the 2015 calendar year, but in no event later than March 15, 2015 (the applicable date, the “Payment Date”), provided that the Participant is, on the Payment Date, and has been from the first day of the Performance Period through the Payment Date, continuously employed in good standing by the Company or a Subsidiary. No Participant shall have a vested or accrued right to any payment under the Award. For purposes of these terms and conditions, the Participant shall not be deemed to have terminated his or her employment with the Company and its Subsidiaries if he or she is then immediately thereafter employed by the Company or another Subsidiary. Notwithstanding anything to the contrary set forth herein, (i) the Company retains the right, in its sole and absolute discretion, to withhold payment and participation, from any Participant who violates or has violated any Company value, principle, agreement, plan, procedure, protocol, policy or the rules contained in the Award Documents even if there are no documented performance issues in the Participant’s personnel file and (ii) if the Company has any claim against the Participant for money or assets owed that have not been satisfied by the Participant, the amount otherwise payable pursuant to the Award shall be reduced by any such unpaid claims unless otherwise prohibited by law. The calculation of amounts payable pursuant to the Award with respect to Participants outside of the U.S. will be set forth in the Guide.
4. ***New Hire, Promotion or Transfer***. Participants who are newly hired, promoted, or transferred into or out of eligible positions, and those who move from one eligibility level to another, will receive a pro-rata incentive based on the terms in effect for his or her Management Level position, the portion of time spent in each position during the Performance Period, the annual rate of pay and the target incentive award for the eligible position(s).
5. ***Termination of Employment; Temporary Leave***. Except as specifically set forth below, the Award will terminate and no amounts will be paid under the Award following the termination of the Participant’s employment as follows:
 - (a) **Resignation by the Participant or Termination by the Company or a Subsidiary** : Notwithstanding anything herein to the contrary, (i) with respect to Participants who are entitled to severance benefits under the terms and conditions of any individual agreement or under the Company’s Executive Severance Plan, any amounts due will be calculated in accordance with such agreement or plan and (ii) with respect to Participants who are not otherwise entitled to severance benefits under the terms of any individual agreement or the Company’s Executive Severance Plan, if any, the Award will terminate and no amounts will be paid under the Award, provided that if a Participant’s employment is terminated by the Company after October 1, 2014 but before the Payment Date as a result of a reduction in force by the Company, or a location closing or loss of business, as determined by the Committee, in its sole and absolute discretion, the Participant shall be eligible to receive a payment hereunder on the Payment Date, if the Participant would have received a payment under the Award but for his or her termination. Payment made to a terminated employee pursuant to the preceding sentence shall only be made if the Participant has executed and delivered to the Company a release in favor of the Company in form and substance satisfactory to the Company, which has not been revoked, and shall not be made prior to the effective date of such release.
 - i. Notwithstanding the foregoing, if the Participant is terminated by the Company or a Subsidiary prior to the Payment Date and is subsequently re-employed by the Company or a Subsidiary

- prior to the Payment Date, such Participant shall be eligible to receive a pro-rata payment on the Payment Date based on the number of days during the Performance Period that the Participant was considered to be an active employee, as determined by the Company, provided that, any such payment shall be reduced by any amounts previously paid to the Participant in connection with his or her termination of employment pursuant to the preceding paragraph or otherwise in lieu of amounts earned under the Award.
- ii. In the event that the Participant voluntarily terminates his or her employment with the Company prior to the Payment Date, (i) if the Participant is re-employed by the Company or a Subsidiary within 90 days of the effective date of such termination, but in any event prior to the Payment Date, the Participant shall be eligible to receive a pro-rata payment on the Payment Date based on the number of days during the Performance Period that the Participant was considered to be an active employee, as determined by the Company, provided that, any such payment shall be reduced by any amounts previously paid to the Participant in connection with his or her termination of employment pursuant to the preceding paragraphs or otherwise in lieu of amounts earned under the Award; or (ii) unless otherwise provided for herein, if the Participant is re-employed by the Company or a Subsidiary more than 90 days after the effective date of such resignation, but in any event before the end of the Performance Period, the Participant shall be eligible to receive a pro-rata payment on the Payment Date based on the number of days during the Performance Period that the Participant was considered to be an active employee, as determined by the Company, after the Participant was re-employed.
- (a) Death or Disability (including Disability Retirement) : If the Participant's death or Disability occurs after the end of the Performance Period, the Participant (or his or her Beneficiary, in the event of death) shall receive all amounts otherwise payable to him or her under the Award on the Payment Date. If the death or Disability occurs during the Performance Period and the Participant would have received a payment under the Award but for his or her death or Disability, the Participant (or his or her Beneficiary, in the event of death) will be eligible to receive a pro-rata payment on the Payment Date based on the amount otherwise payable to the Participant and the number of days during the Performance Period that the Participant was considered to be an active employee, as determined by the Company.
- (b) Workers' Compensation or Approved Leave of Absence : Except as otherwise set forth herein, a Participant who takes an approved workers' compensation leave or an approved leave of absence during any portion of the Performance Period and is actively employed for at least 180 days during 2014, as determined by the Company, will be eligible to receive a payment on the Payment Date (to the extent the Participant would have received a payment under the Award but for his or her leave of absence), which will be pro-rated based on the number of days during the Performance Period that the Participant is considered to be an active employee, as determined by the Company.
- (c) Military Leave of Absence : A Participant who takes an approved military leave of absence will be eligible to receive a payment on the Payment Date (to the extent the Participant would have received a payment under the Award but for his or her military leave of absence) based on the Participant's full Eligible Base Salary (as defined on Schedule A) regardless of the number of days worked during the Performance Period.
- (d) Retirement : If the Participant's Retirement occurs after December 31, 2014 and before the Payment Date, the Participant shall receive all amounts due to him or her under the Award on the Payment Date. If the Participant's Retirement occurs on or prior to December 31, 2014, the Award will terminate and no amounts will be paid under the Award, unless Section 5(b) applies. As used herein, the term "Retirement" means termination of employment for any reason (other than for Cause or by reason of death or Disability) upon or following attainment of age 55 and completion of 10 years of service, or upon or following attainment of age 65 without regard to years of service. As used herein, the term "Cause" shall have the meaning set forth in any individual, valid, written agreement between the

Participant and the Company or any Subsidiary, or, if none exists, shall mean a determination of “Cause” under any applicable Severance Plan, as in effect on the date hereof.

6. ***Withholding Taxes; Section 409A.*** Payment of the Award will be taxable to the Participant as ordinary income, subject to wage-based withholding and reporting. The Company will satisfy this withholding obligation by reducing the cash to be delivered in an amount sufficient to satisfy the withholding obligations. This Section 6 shall only apply with respect to the Company’s U.S. federal, state and local income tax withholding obligations. The Company may satisfy any tax obligations it may have in any other jurisdiction in any manner it deems, in its sole and absolute discretion, to be necessary or appropriate. All payments made under the Award are intended to constitute short-term deferral amounts excludible from the requirements of Section 409A of the Code.
7. ***Change of Control .*** Notwithstanding anything herein to the contrary, in the event of a Change of Control of the Company during the Performance Period, (i) with respect to Participants who are entitled to Change of Control benefits under the terms of any individual agreement or any severance plan or arrangement, the amount payable pursuant to this Award will be calculated in accordance with such agreement or plan and (ii) with respect to Participants who are not otherwise entitled to Change of Control benefits under the terms of any individual agreement or any severance plan or arrangement, and whose employment is terminated in connection with or as a result of the Change of Control, upon approval by the Committee, the Participant will be entitled to receive a pro-rata payment based on the number of days during the Performance Period that the Participant is considered to be an active employee, as determined by the Company, assuming target performance. This payment shall be made no later than March 15, 2015.
8. ***Sale of Business .*** If a business unit is sold during the Performance Period, the Participants that are employees of such business unit will receive a pro-rata payment based on performance on the Payment Date. Such payment will be made over time or in one lump sum, as determined by the Committee, provided that in any event all payments will be made on or before March 15, 2015.
9. ***Statute of Limitations and Conflicts of Laws.*** All rights of action by, or on behalf of the Company or by any shareholder against any past, present, or future member of the Board of Directors, officer, or employee of the Company arising out of or in connection with the Award or the Award Documents, must be brought within three years from the date of the act or omission in respect of which such right of action arises. The Awards and the Award Documents shall be governed by the laws of the State of Florida, without giving effect to principles of conflict of laws, and construed accordingly.
10. ***No Employment Right .*** Neither the grant of the Award, nor any action taken hereunder, shall be construed as giving any employee or any Participant any right to be retained in the employ of the Company. The Company is under no obligation to grant Awards hereunder. Nothing contained in the Award Documents shall limit or affect in any manner or degree the normal and usual powers of management, exercised by the officers and the Board of Directors or committees thereof, to change the duties or the character of employment of any employee of the Company or to remove the individual from the employment of the Company at any time, all of which rights and powers are expressly reserved.
11. ***No Assignment .*** A Participant’s rights and interest under the Award may not be assigned or transferred, except as otherwise provided herein, and any attempted assignment or transfer shall be null and void and shall extinguish, in the Company’s sole discretion, the Company’s obligation under the Award to make any payment thereunder.
12. ***Unfunded Plan .*** Any amounts owed under the Award shall be unfunded. The Company shall not be required to establish any special or separate fund, or to make any other segregation of assets, to assure payment of any amounts payable under the Award.
13. ***Definitions .*** Capitalized terms used above that are not defined below have the meanings set forth in the Plan. For purposes of these Terms and Conditions, “Disability” means (i) the Participant is unable to

engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment that can be expected to result in death or can be expected to last for a continuous period of not less than 12 months; (ii) the Participant is, by reason of any medically determinable physical or mental impairment that can be expected to result in death or can be expected to last for a continuous period of not less than 12 months, receiving income replacement benefits for a period of not less than three months under an accident and health plan of the Company; or (iii) a determination by the Social Security Administration that a Participant is totally disabled.

SCHEDULE A to [EXECUTIVE NAME]'s
2014 Annual Cash Incentive AWARD
GRANTED UNDER
RYDER SYSTEM, INC. 2012 EQUITY AND INCENTIVE COMPENSATION PLAN

The following sets forth the method for calculating the payment amount applicable to the Award to which this Schedule A is attached. This Schedule A shall be subject to the Award Documents. Unless otherwise specified in this Schedule A, all defined terms have the meanings set forth in the Award.

- (a) The amount payable pursuant to the Award shall not exceed [X%] of the Company's Pretax Operating Earnings (the "Maximum Payment"), up to Pretax Operating Earnings of \$225 million, for the Performance Period. As soon as practicable after the end of the Performance Period, the Committee will determine the Company's Pretax Operating Earnings, to the extent applicable, in accordance with generally accepted accounting principles ("GAAP"), provided that, the Committee shall exclude, without duplication, the following items from actual results in determining Pretax Operating Earnings: (i) changes in accounting methods; (ii) non-vehicle asset impairments; (iii) non-recurring acquisition expenses and restructuring charges; (iv) multiemployer pension plan withdrawal liability; and (v) non-recurring or extraordinary income or expense, in each case, other than those included in the Company's 2014 business plan.
- (b) Once the Maximum Payment is calculated pursuant to paragraph (a), the Committee shall apply: (i) the performance metrics (the "EPS/OR Metrics"); (ii) the performance targets (the "EPS/OR Targets"); (iii) the weight given to each performance metric; (iv) the threshold, target and maximum payout amounts (expressed as a percentage of the Participant's Eligible Base Salary) payable if the EPS/OR Targets are achieved; and (v) any other requirements or limitations of the Award approved by the Committee, in each case as applicable to the Participant and specified in the Guide and the Payout Grid, to calculate the amount payable pursuant to this Award. The Committee may, in its sole discretion, increase or decrease the amount calculated pursuant to this paragraph (b), provided that such adjusted amount shall not exceed the Maximum Payment.
- (c) Once established, neither the EPS/OR Metrics, the EPS/OR Targets, nor the provisions of paragraph (a) above shall be changed during the Performance Period; provided that, with respect to the EPS/OR Metrics and the EPS/OR Targets, if the Committee determines that external changes or other unanticipated business conditions have materially affected the fairness of the EPS/OR Metrics or EPS/OR Targets, then the appropriate adjustments may be made (either up or down) during the Performance Period.
- (d) For purposes of the Award, Eligible Base Salary means the annual rate of pay for the Performance Period, excluding all other compensation paid to the Participant during the year, including but not limited to bonuses, incentives, commissions, car allowance, employee benefits, relocation expenses, and any imputed income for which the Participant may be eligible (all as more fully described in the Guide).
- (e) For purposes of this Schedule A, "Pretax Operating Earnings" means Comparable Earnings from Continuing Operations Before Income Tax, as reported in the Company's earnings press release for the fiscal year ending December 31, 2014.