

RYDER SYSTEM INC

FORM 10-Q (Quarterly Report)

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Address	11690 N.W. 105TH STREET MIAMI, FL 33178
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Industry	Rental & Leasing
Sector	Services
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**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM 10-Q**

**QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934
FOR THE QUARTERLY PERIOD ENDED MARCH 31, 2012
OR**

**TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934
FOR THE TRANSITION PERIOD FROM _____ TO _____
Commission File Number: 1-4364**



RYDER SYSTEM, INC.

(Exact name of registrant as specified in its charter)

Florida

59-0739250

(State or other jurisdiction of incorporation or organization)

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

**11690 N.W. 105th Street
Miami, Florida 33178**

(305) 500-3726

(Address of principal executive offices, including zip code)

(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. YES NO

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). YES NO

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer Accelerated filer Non-accelerated filer Smaller reporting company
(Do not check if a smaller reporting company)

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act) YES NO

The number of shares of Ryder System, Inc. Common Stock (\$0.50 par value per share) outstanding at March 31, 2012 was 51,273,569 .

RYDER SYSTEM, INC.
FORM 10-Q QUARTERLY REPORT
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PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

RYDER SYSTEM, INC. AND SUBSIDIARIES
CONSOLIDATED CONDENSED STATEMENTS OF COMPREHENSIVE INCOME
(unaudited)

	Three months ended March 31,	
	2012	2011
	(In thousands, except per share amounts)	
Lease and rental revenues	\$ 637,858	579,415
Services revenue	678,352	632,738
Fuel services revenue	220,066	213,223
Total revenues	1,536,276	1,425,376
Cost of lease and rental	455,630	408,515
Cost of services	577,948	537,857
Cost of fuel services	215,573	208,960
Other operating expenses	34,249	34,629
Selling, general and administrative expenses	196,019	173,109
Gains on vehicle sales, net	(21,991)	(12,349)
Interest expense	34,765	34,419
Miscellaneous income, net	(4,480)	(4,142)
Restructuring and other charges, net	865	768
	1,488,578	1,381,766
Earnings from continuing operations before income taxes	47,698	43,610
Provision for income taxes	12,822	17,753
Earnings from continuing operations	34,876	25,857
Loss from discontinued operations, net of tax	(555)	(732)
Net earnings	\$ 34,321	25,125
Earnings (loss) per common share — Basic		
Continuing operations	\$ 0.68	0.50
Discontinued operations	(0.01)	(0.01)
Net earnings	\$ 0.67	0.49
Earnings (loss) per common share — Diluted		
Continuing operations	\$ 0.68	0.50
Discontinued operations	(0.01)	(0.02)
Net earnings	\$ 0.67	0.48
Comprehensive income	\$ 61,812	52,424
Cash dividends declared per common share	\$ 0.29	0.27

See accompanying notes to consolidated condensed financial statements.

RYDER SYSTEM, INC. AND SUBSIDIARIES
CONSOLIDATED CONDENSED BALANCE SHEETS
(unaudited)

	March 31, 2012	December 31, 2011
	(Dollars in thousands, except per share amount)	
Assets:		
Current assets:		
Cash and cash equivalents	\$ 113,621	104,572
Receivables, net	789,256	754,644
Inventories	67,283	65,912
Prepaid expenses and other current assets	152,181	163,045
Total current assets	1,122,341	1,088,173
Revenue earning equipment, net of accumulated depreciation of \$3,523,771 and \$3,462,359, respectively	5,529,793	5,049,671
Operating property and equipment, net of accumulated depreciation of \$929,173 and \$911,717, respectively	625,504	624,180
Goodwill	377,829	377,306
Intangible assets	83,126	84,820
Direct financing leases and other assets	410,049	393,685
Total assets	\$ 8,148,642	7,617,835
Liabilities and shareholders' equity:		
Current liabilities:		
Short-term debt and current portion of long-term debt	\$ 586,872	274,366
Accounts payable	720,599	391,827
Accrued expenses and other current liabilities	454,277	507,630
Total current liabilities	1,761,748	1,173,823
Long-term debt	3,006,302	3,107,779
Other non-current liabilities	891,283	896,587
Deferred income taxes	1,117,929	1,121,493
Total liabilities	6,777,262	6,299,682
Shareholders' equity:		
Preferred stock of no par value per share — authorized, 3,800,917; none outstanding, March 31, 2012 or December 31, 2011	—	—
Common stock of \$0.50 par value per share — authorized, 400,000,000; outstanding, March 31, 2012 — 51,273,569; December 31, 2011 — 51,143,946	25,637	25,572
Additional paid-in capital	784,108	769,383
Retained earnings	1,101,309	1,090,363
Accumulated other comprehensive loss	(539,674)	(567,165)
Total shareholders' equity	1,371,380	1,318,153
Total liabilities and shareholders' equity	\$ 8,148,642	7,617,835

See accompanying notes to consolidated condensed financial statements.

RYDER SYSTEM, INC. AND SUBSIDIARIES
CONSOLIDATED CONDENSED STATEMENTS OF CASH FLOWS
(unaudited)

	Three months ended March 31,	
	2012	2011
	(In thousands)	
Cash flows from operating activities from continuing operations:		
Net earnings	\$ 34,321	25,125
Less: Loss from discontinued operations, net of tax	(555)	(732)
Earnings from continuing operations	<u>34,876</u>	<u>25,857</u>
Depreciation expense	226,608	205,937
Gains on vehicle sales, net	(21,991)	(12,349)
Share-based compensation expense	4,437	4,105
Amortization expense and other non-cash charges, net	9,101	7,724
Deferred income tax expense	14,356	12,781
Changes in operating assets and liabilities, net of acquisitions:		
Receivables	(26,520)	(51,090)
Inventories	(1,166)	(3,750)
Prepaid expenses and other assets	(5,644)	(8,174)
Accounts payable	9,448	31,408
Accrued expenses and other non-current liabilities	(57,229)	5,115
Net cash provided by operating activities from continuing operations	<u>186,276</u>	<u>217,564</u>
Cash flows from financing activities from continuing operations:		
Net change in commercial paper borrowings	(164,298)	(290,132)
Debt proceeds	369,920	349,867
Debt repaid, including capital lease obligations	(2,784)	(820)
Dividends on common stock	(14,853)	(13,945)
Common stock issued	13,156	5,222
Common stock repurchased	(11,920)	(12,036)
Excess tax benefits from share-based compensation	789	548
Debt issuance costs	(2,211)	(1,732)
Net cash provided by financing activities from continuing operations	<u>187,799</u>	<u>36,972</u>
Cash flows from investing activities from continuing operations:		
Purchases of property and revenue earning equipment	(470,969)	(313,218)
Sales of revenue earning equipment	91,341	66,150
Sales of operating property and equipment	2,898	5,030
Acquisitions	(2,076)	(83,776)
Collections on direct finance leases	15,475	14,828
Changes in restricted cash	(2,438)	(281)
Net cash used in investing activities from continuing operations	<u>(365,769)</u>	<u>(311,267)</u>
Effect of exchange rate changes on cash	<u>1,660</u>	<u>341</u>
Increase (decrease) in cash and cash equivalents from continuing operations	<u>9,966</u>	<u>(56,390)</u>
Cash flows from discontinued operations:		
Operating cash flows	(933)	(1,048)
Financing cash flows	—	11
Investing cash flows	—	—
Effect of exchange rate changes on cash	<u>16</u>	<u>14</u>

Decrease in cash and cash equivalents from discontinued operations	<u>(917)</u>	<u>(1,023)</u>
Increase (decrease) in cash and cash equivalents	9,049	(57,413)
Cash and cash equivalents at January 1	104,572	213,053
Cash and cash equivalents at March 31	<u>\$ 113,621</u>	<u>155,640</u>

See accompanying notes to consolidated condensed financial statements.

RYDER SYSTEM, INC. AND SUBSIDIARIES
CONSOLIDATED CONDENSED STATEMENT OF SHAREHOLDERS' EQUITY
(unaudited)

	Preferred Stock	Common Stock		Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Total
	Amount	Shares	Par				
	(Dollars in thousands, except per share amount)						
Balance at December 31, 2011	\$ —	51,143,946	\$ 25,572	769,383	1,090,363	(567,165)	1,318,153
Components of comprehensive income:							
Net earnings	—	—	—	—	34,321	—	34,321
Foreign currency translation adjustments	—	—	—	—	—	22,803	22,803
Amortization of pension and postretirement items, net of tax	—	—	—	—	—	4,688	4,688
Total comprehensive income							61,812
Common stock dividends declared — \$0.29 per share	—	—	—	—	(14,908)	—	(14,908)
Common stock issued under employee stock option and stock purchase plans ⁽¹⁾	—	352,533	177	12,957	—	—	13,134
Benefit plan stock sales ⁽²⁾	—	290	—	22	—	—	22
Common stock repurchases	—	(223,200)	(112)	(3,341)	(8,467)	—	(11,920)
Share-based compensation	—	—	—	4,437	—	—	4,437
Tax benefits from share-based compensation	—	—	—	650	—	—	650
Balance at March 31, 2012	\$ —	51,273,569	\$ 25,637	784,108	1,101,309	(539,674)	1,371,380

(1) Net of common shares delivered as payment for the exercise price or to satisfy the option holders' withholding tax liability upon exercise of options.

(2) Represents open-market transactions of common shares by the trustee of Ryder's deferred compensation plans.

See accompanying notes to consolidated condensed financial statements.

RYDER SYSTEM, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS
(unaudited)

(A) INTERIM FINANCIAL STATEMENTS

The accompanying unaudited Consolidated Condensed Financial Statements include the accounts of Ryder System, Inc. (Ryder) and all entities in which Ryder has a controlling voting interest (“subsidiaries”), and variable interest entities (VIEs) required to be consolidated in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). The accompanying unaudited Consolidated Condensed Financial Statements have been prepared in accordance with the accounting policies described in our 2011 Annual Report on Form 10-K and should be read in conjunction with the Consolidated Financial Statements and notes thereto. These financial statements do not include all of the information and footnotes required by U.S. GAAP for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair statement have been included and the disclosures herein are adequate. The operating results for interim periods are unaudited and are not necessarily indicative of the results that can be expected for a full year.

Prior year amounts have been reclassified to conform to the current period presentation. In the fourth quarter of 2011, we revised our Consolidated Condensed Statements of Comprehensive Income presentation to disaggregate our revenues and direct costs into three categories: full service lease and rental, services and fuel. In addition, we changed our business segments and our primary measure of segment operating performance. Prior to 2012, our business was divided into three business segments: Fleet Management Solutions (FMS), Supply Chain Solutions (SCS), and Dedicated Contract Carriage (DCC). In 2012, the SCS and DCC reportable business segments were combined as a result of aligning our internal reporting with how we operate our business. Our primary measurement of segment operating performance, “Earnings Before Taxes” (EBT) from continuing operations, was changed in 2012 to exclude the non-service components of pension costs in order to more accurately reflect the operating performance of the business segments.

(B) ACCOUNTING CHANGES

In June 2011, the Financial Accounting Standards Board (FASB) issued accounting guidance on the presentation of comprehensive income. Under this guidance, entities have the option to present the components of net income and other comprehensive income in either a single continuous statement of comprehensive income or in two separate but consecutive statements. The guidance was amended in December 2011 to defer the requirement to present the effects of reclassification adjustments out of accumulated other comprehensive income on the components of net income. We adopted this guidance in the first quarter of 2012 and have presented total comprehensive income in a single continuous statement which contains two sections, net earnings and comprehensive income. This accounting guidance only impacted presentation and did not have an impact on our consolidated financial position, results of operations or cash flows.

(C) ACQUISITIONS

Hill Hire plc — On June 8, 2011, we acquired all of the common stock of Hill Hire plc (Hill Hire), a U.K. based full service leasing, rental and maintenance company for a purchase price of \$251.5 million, net of cash acquired, all of which was paid in 2011. The acquisition included Hill Hire’s fleet of approximately 8,000 full service lease vehicles and 5,700 rental vehicles, and approximately 400 contractual customers. The acquired fleet included 9,700 trailers. The combined network operates under the Ryder name, complementing our FMS business segment market coverage in the U.K. During the three months ended March 31, 2012, purchase price adjustments totaled \$1.8 million and related to adjustments to the fair value of liabilities assumed and revenue earning equipment.

Pro Forma Information — The operating results of Hill Hire have been included in the consolidated condensed financial statements from the date of acquisition. The following table provides the unaudited pro forma revenues, net earnings and earnings per common share for the three months ended March 31, 2011 as if the results of the Hill Hire acquisition had been included in operations commencing January 1, 2010. This pro forma information is not necessarily indicative either of the combined results of operations that actually would have been realized had the acquisition been consummated during the period for which the pro forma information is presented, or of future results.

RYDER SYSTEM, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS — (Continued)
(unaudited)

	Three months ended March 31, 2011
	(In thousands, except per share amounts)
Revenue — As reported	\$ 1,425,376
Revenue — Pro forma	\$ 1,463,205
Net earnings — As reported	\$ 25,125
Net earnings — Pro forma	\$ 32,213
Net earnings per common share:	
Basic — As reported	\$ 0.49
Basic — Pro forma	\$ 0.63
Diluted — As reported	\$ 0.48
Diluted — Proforma	\$ 0.62

Other Acquisitions— During 2011, we completed three other acquisitions of full service leasing and fleet service companies, one of which included the assets of the seller’s dedicated contract carriage business. The combined networks operate under the Ryder name, complementing our FMS and SCS business segment market coverage throughout the United States. The purchase price of these acquisitions totaled \$113.8 million , of which \$1.2 million and \$79.6 million was paid during the three months ended March 31, 2012 and March 31, 2011 , respectively. Goodwill and customer relationship intangibles related to these acquisitions totaled \$28.4 million and \$11.9 million , respectively. The following table provides further information regarding each of these acquisitions:

Company Acquired	Date Acquired	Segment	Purchase Price	Vehicles	Contractual Customers
Carmenita Leasing, Inc.	January 10, 2011	FMS	\$9.0 million	190	60
The Scully Companies	January 28, 2011	FMS/SCS	\$91.0 million	2,100	200
B.I.T Leasing	April 1, 2011	FMS	\$13.8 million	490	130

During the three months ended March 31, 2012 and March 31, 2011 , we paid \$0.9 million and \$4.2 million , respectively, related to acquisitions completed in years prior to 2011.

(D) DISCONTINUED OPERATIONS

In 2009, we ceased SCS service operations in Brazil, Argentina, Chile and European markets. Accordingly, results of these operations, financial position and cash flows are separately reported as discontinued operations for all periods presented either in the Consolidated Condensed Financial Statements or notes thereto.

Summarized results of discontinued operations were as follows:

	Three months ended March 31,	
	2012	2011
	(In thousands)	
Pre-tax loss from discontinued operations	\$ (575)	(747)
Income tax benefit	20	15
Loss from discontinued operations, net of tax	\$ (555)	(732)

Results of discontinued operations in 2012 and 2011 included losses related to adverse legal developments and professional and administrative fees associated with our discontinued South American operations.

RYDER SYSTEM, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS — (Continued)
(unaudited)

The following is a summary of assets and liabilities of discontinued operations:

	March 31, 2012	December 31, 2011
	(In thousands)	
Total assets, primarily deposits	\$ 5,042	4,600
Total liabilities, primarily contingent accruals	\$ 7,459	6,502

(E) SHARE-BASED COMPENSATION PLANS

Share-based incentive awards are provided to employees under the terms of various share-based compensation plans (collectively, the “Plans”). The Plans are administered by the Compensation Committee of the Board of Directors. Awards under the Plans principally include at-the-money stock options, nonvested stock and cash awards.

The following table provides information on share-based compensation expense and income tax benefits recognized during the periods:

	Three months ended March 31,	
	2012	2011
	(In thousands)	
Stock option and stock purchase plans	\$ 2,364	2,247
Nonvested stock	2,073	1,858
Share-based compensation expense	4,437	4,105
Income tax benefit	(1,484)	(1,372)
Share-based compensation expense, net of tax	\$ 2,953	2,733

During the three months ended March 31, 2012 and 2011, approximately 460,000 and 700,000 stock options, respectively, were granted under the Plans. These awards generally vest evenly over a three year period from the date of grant and have contractual terms of seven years. The fair value of each option award at the date of grant was estimated using a Black-Scholes-Merton option-pricing valuation model. The weighted-average fair value per option granted during the three months ended March 31, 2012 and 2011 was \$14.07 and \$12.84, respectively.

During the three months ended March 31, 2012 and 2011, approximately 93,000 and 140,000 market-based restricted stock rights, respectively, were granted under the Plans. For the 2012 grant, the awards were segmented into three equal performance periods of one, two and three years. At the end of each performance period, 25% - 125% of the award may be earned based on Ryder's total shareholder return (TSR) compared to the target TSR of the S&P 500 over the applicable performance period. Employees will receive the grant of stock at the end of the three year period provided they continue to be employed with Ryder, subject to Compensation Committee approval. For grants prior to 2012, employees only receive the grant of stock if Ryder's cumulative average TSR at least meets the S&P 500 cumulative average TSR over an applicable three-year period. The fair value of the market-based restricted stock rights was estimated using a lattice-based option-pricing valuation model that incorporates a Monte-Carlo simulation. The fair value of the market-based awards was determined and fixed on the grant date and considers the likelihood of Ryder achieving the market-based condition. The weighted-average fair value per market-based restricted stock right granted during the three months ended March 31, 2012 and 2011 was \$43.39 and \$25.29, respectively.

During the three months ended March 31, 2012 and 2011, approximately 104,000 and 120,000 time-vested restricted stock rights, respectively, were granted under the plans. The time-vested restricted stock rights entitle the holder to shares of common stock when the awards vest at the end of a three-year period. The fair value of the time-vested awards is determined and fixed on the date of grant based on Ryder's stock price on the date of grant. The weighted-average fair value per time-vested restricted stock right granted during the three months ended March 31, 2012 and 2011 was \$53.62 and \$50.62, respectively.

During the three months ended March 31, 2012 and 2011, employees who received market-based restricted stock rights also received market-based cash awards. In addition, in 2012, employees who received time-vested restricted stock also received market-based cash awards. For the 2012 grant, the cash awards have the same vesting provisions as the market-based restricted stock rights. For grants prior to 2012, the awards have the same vesting provisions as the market-based restricted stock rights except that Ryder's TSR must at least meet the TSR of the 33rd percentile of the S&P 500. The cash awards are accounted for as liability awards under the share-based compensation accounting guidance as the awards are based upon the performance of

RYDER SYSTEM, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS — (Continued)
(unaudited)

our common stock and are settled in cash. As a result, the liability is adjusted to reflect fair value at the end of each reporting period. The fair value of the cash awards was estimated using a lattice-based option-pricing valuation model that incorporates a Monte-Carlo simulation.

The following table is a summary of compensation expense recognized for cash awards in addition to the share-based compensation expense reported in the previous table:

	Three months ended March 31,	
	2012	2011
	(In thousands)	
Cash awards	\$597	460

Total unrecognized pre-tax compensation expense related to all share-based compensation arrangements at March 31, 2012 was \$43.8 million and is expected to be recognized over a weighted-average period of 2.3 years .

(F) EARNINGS PER SHARE

We compute earnings per share using the two-class method. The two-class method of computing earnings per share is an earnings allocation formula that determines earnings per share for common stock and any participating securities according to dividends declared (whether paid or unpaid) and participation rights in undistributed earnings. Our nonvested stock granted prior to 2012 are considered participating securities since the share-based awards contain a non-forfeitable right to dividend equivalents irrespective of whether the awards ultimately vest. Under the two-class method, earnings per common share are computed by dividing the sum of distributed earnings and undistributed earnings allocated to common shareholders by the weighted average number of common shares outstanding for the period. In applying the two-class method, undistributed earnings are allocated to both common shares and participating securities based on the weighted average shares outstanding during the period.

The following table presents the calculation of basic and diluted earnings per common share from continuing operations:

	Three months ended March 31,	
	2012	2011
	(In thousands, except per share amounts)	
Earnings per share — Basic:		
Earnings from continuing operations	\$ 34,876	25,857
Less: Distributed and undistributed earnings allocated to nonvested stock	(462)	(405)
Earnings from continuing operations available to common shareholders — Basic	<u>\$ 34,414</u>	<u>25,452</u>
Weighted average common shares outstanding — Basic	<u>50,485</u>	<u>50,626</u>
Earnings from continuing operations per common share — Basic	<u>\$ 0.68</u>	<u>0.50</u>
Earnings per share — Diluted:		
Earnings from continuing operations	\$ 34,876	25,857
Less: Distributed and undistributed earnings allocated to nonvested stock	(460)	(403)
Earnings from continuing operations available to common shareholders — Diluted	<u>\$ 34,416</u>	<u>25,454</u>
Weighted average common shares outstanding — Basic	50,485	50,626
Effect of dilutive options	436	385
Weighted average common shares outstanding — Diluted	<u>50,921</u>	<u>51,011</u>
Earnings from continuing operations per common share — Diluted	<u>\$ 0.68</u>	<u>0.50</u>
Anti-dilutive equity awards and market-based restricted stock rights not included above	<u>1,453</u>	<u>1,442</u>

RYDER SYSTEM, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS — (Continued)
(unaudited)

(G) RESTRUCTURING AND OTHER CHARGES

Restructuring charges, net of \$0.9 million for the three months ended March 31, 2012 primarily represented exit costs associated with non-essential leased facilities assumed in the Hill Hire acquisition. Restructuring charges, net of \$0.8 million for the three months ended March 31, 2011 represented employee severance and benefit costs related to workforce reductions and termination costs associated with non-essential equipment contracts assumed in the Scully acquisition.

Activity related to restructuring reserves including discontinued operations were as follows:

	December 31, 2011		Cash Payments	Foreign Translation Adjustments	March 31, 2012
	Balance	Additions			Balance
	(In thousands)				
Employee severance and benefits	\$ 2,607	—	755	74	1,926
Contract termination costs	2,639	865	384	(97)	3,023
Total	<u>\$ 5,246</u>	<u>865</u>	<u>1,139</u>	<u>(23)</u>	<u>4,949</u>

At March 31, 2012, the majority of outstanding restructuring obligations are required to be paid over the next two years.

(H) DIRECT FINANCING LEASE RECEIVABLES

We lease revenue earning equipment to customers for periods typically ranging from three to seven years for trucks and tractors and up to ten years for trailers. The majority of our leases are classified as operating leases. However, some of our revenue earning equipment leases are classified as direct financing leases and, to a lesser extent, sales-type leases. The net investment in direct financing and sales-type leases consisted of:

	March 31, 2012	December 31, 2011
	(In thousands)	
Total minimum lease payments receivable	\$ 615,486	561,772
Less: Executory costs	(202,017)	(181,820)
Minimum lease payments receivable	413,469	379,952
Less: Allowance for uncollectibles	(807)	(903)
Net minimum lease payments receivable	412,662	379,049
Unguaranteed residuals	64,499	63,472
Less: Unearned income	(101,042)	(92,637)
Net investment in direct financing and sales-type leases	376,119	349,884
Current portion	(72,028)	(68,896)
Non-current portion	<u>\$ 304,091</u>	<u>280,988</u>

Our direct financing lease customers operate in a wide variety of industries, and we have no significant customer concentrations in any one industry. We assess credit risk for all of our customers including those who lease equipment under direct financing leases. Credit risk is assessed using an internally developed model which incorporates credit scores from third party providers and our own custom risk ratings and is updated on a monthly basis. The external credit scores are developed based on the customer's historical payment patterns and an overall assessment of the likelihood of delinquent payments. Our internal ratings are weighted based on the industry that the customer operates, company size, years in business, and other credit-related indicators (i.e. profitability, cash flow, liquidity, tangible net worth, etc.). Any one of the following factors may result in a customer being classified as high risk: i) the customer has a history of late payments; ii) the customer has open lawsuits, liens or judgments; iii) the customer has been in business less than 3 years; and iv) the customer operates in an industry with low barriers to entry. For those customers who are designated as high risk, we typically require deposits to be paid in advance in order to mitigate our credit risk. Additionally, our receivables are collateralized by the vehicle's fair value, which further mitigates our credit risk.

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The following table presents the credit risk profile by creditworthiness category of our direct financing lease receivables:

	March 31, 2012	December 31, 2011
	(In thousands)	
Very low risk to low risk	\$ 153,452	121,836
Moderate risk	198,689	190,070
Moderately high risk to high risk	61,328	68,046
	\$ 413,469	379,952

The following table is a rollforward of the allowance for credit losses on direct financing lease receivables for the three months ended March 31, 2012 :

	(In thousands)
Balance at December 31, 2011	\$ 903
Charged to earnings	783
Deductions	(879)
Balance at March 31, 2012	\$ 807

As of March 31, 2012 , the amount of direct financing lease receivables which were past due was not significant and there were no impaired receivables. Accordingly, we do not believe there is a material risk of default with respect to the direct financing lease receivables as of March 31, 2012 .

(I) REVENUE EARNING EQUIPMENT

	March 31, 2012			December 31, 2011		
	Cost	Accumulated Depreciation	Net Book Value ⁽¹⁾	Cost	Accumulated Depreciation	Net Book Value ⁽¹⁾
	(In thousands)					
Held for use:						
Full service lease	\$ 6,326,070	(2,527,246)	3,798,824	6,010,335	(2,518,830)	3,491,505
Commercial rental	2,268,130	(666,758)	1,601,372	2,175,003	(708,052)	1,466,951
Held for sale	459,364	(329,767)	129,597	326,692	(235,477)	91,215
Total	\$ 9,053,564	(3,523,771)	5,529,793	8,512,030	(3,462,359)	5,049,671

⁽¹⁾ Revenue earning equipment, net includes vehicles acquired under capital leases of \$59.4 million , less accumulated depreciation of \$15.1 million , at March 31, 2012 , and \$60.7 million , less accumulated depreciation of \$14.4 million , at December 31, 2011 .

At the end of 2011, we completed our annual review of residual values and useful lives of revenue earning equipment. Based on the results of our analysis, we adjusted the estimated residual values of certain classes of revenue earning equipment effective January 1, 2012. The change in estimated residual values increased pre-tax earnings for the three months ended March 31, 2012 by approximately \$4.5 million .

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(J) GOODWILL

The carrying amount of goodwill attributable to each reportable business segment with changes therein was as follows:

	Fleet Management Solutions	Supply Chain Solutions	Total
	(In thousands)		
Balance at January 1, 2012:			
Goodwill	\$ 216,559	189,968	406,527
Accumulated impairment losses	(10,322)	(18,899)	(29,221)
	<u>206,237</u>	<u>171,069</u>	<u>377,306</u>
Purchase accounting adjustments	72	97	169
Foreign currency translation adjustment	155	199	354
Balance at March 31, 2012:			
Goodwill	216,786	190,264	407,050
Accumulated impairment losses	(10,322)	(18,899)	(29,221)
	<u>\$ 206,464</u>	<u>171,365</u>	<u>377,829</u>

Purchase accounting adjustments primarily related to changes in the fair value of acquired revenue earning equipment. We did not recast the December 31, 2011 balance sheet as the adjustments are not material.

(K) ACCRUED EXPENSES AND OTHER LIABILITIES

	March 31, 2012			December 31, 2011		
	Accrued Expenses	Non-Current Liabilities	Total	Accrued Expenses	Non-Current Liabilities	Total
	(In thousands)					
Salaries and wages	\$ 62,043	—	62,043	121,087	—	121,087
Deferred compensation	1,508	22,943	24,451	1,405	21,285	22,690
Pension benefits	3,140	547,417	550,557	3,120	546,681	549,801
Other postretirement benefits	2,842	40,143	42,985	2,838	40,154	42,992
Insurance obligations, primarily self-insurance	119,453	163,660	283,113	120,045	157,390	277,435
Residual value guarantees	2,872	693	3,565	3,093	1,125	4,218
Accrued rent	13,952	8,138	22,090	4,088	14,686	18,774
Environmental liabilities	4,539	9,541	14,080	4,368	9,171	13,539
Asset retirement obligations	5,847	12,546	18,393	5,702	12,364	18,066
Operating taxes	87,163	—	87,163	81,820	—	81,820
Income taxes	3,197	70,011	73,208	4,160	74,147	78,307
Interest	25,973	—	25,973	30,410	—	30,410
Deposits, mainly from customers	54,621	7,546	62,167	50,951	7,544	58,495
Deferred revenue	17,182	138	17,320	20,698	476	21,174
Acquisition holdbacks	4,992	—	4,992	7,422	—	7,422
Other	44,953	8,507	53,460	46,423	11,564	57,987
Total	<u>\$ 454,277</u>	<u>891,283</u>	<u>1,345,560</u>	<u>507,630</u>	<u>896,587</u>	<u>1,404,217</u>

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(L) INCOME TAXES

Uncertain Tax Positions

We are subject to tax audits in numerous jurisdictions in the U.S. and foreign countries. Tax audits by their very nature are often complex and can require several years to complete. In the normal course of business, we are subject to challenges from the Internal Revenue Service (IRS) and other tax authorities regarding amounts of taxes due. These challenges may alter the timing or amount of taxable income or deductions, or the allocation of income among tax jurisdictions. As part of our calculation of the provision for income taxes on earnings, we recognize the tax benefit from uncertain tax positions that are at least more likely than not of being sustained upon audit based on the technical merits of the tax position. The tax benefit to be recognized is measured as the largest amount of benefit that is greater than fifty percent likely of being realized upon ultimate settlement. Such calculations require management to make estimates and judgments with respect to the ultimate outcome of a tax audit. Actual results could vary materially from these estimates.

The following is a summary of tax years that are no longer subject to examination:

Federal — audits of our U.S. federal income tax returns are closed through fiscal year 2007.

State — for the majority of states, tax returns are closed through fiscal year 2007.

Foreign — we are no longer subject to foreign tax examinations by tax authorities for tax years before 2004 in Canada, 2006 in Brazil, 2007 in Mexico and 2009 in the U.K., which are our major foreign tax jurisdictions. Refer to Note (T), "Other Matters," for further discussion on the resolution of a Brazil tax assessment in the first quarter of 2012.

At March 31, 2012 and December 31, 2011, the total amount of gross unrecognized tax benefits (excluding the federal benefit received from state positions) was \$70.3 million and \$69.2 million, respectively. Unrecognized tax benefits related to federal, state and foreign tax positions may decrease by \$13.9 million by March 31, 2013, if audits are completed or tax years close.

Like-Kind Exchange Program

We have a like-kind exchange program for certain of our revenue earning equipment operating in the U.S. Pursuant to the program, we dispose of vehicles and acquire replacement vehicles in a form whereby tax gains on disposal of eligible vehicles are deferred. To qualify for like-kind exchange treatment, we exchange through a qualified intermediary eligible vehicles being disposed of with vehicles being acquired, allowing us to generally carryover the tax basis of the vehicles sold ("like-kind exchanges"). The program results in a material deferral of federal and state income taxes. As part of the program, the proceeds from the sale of eligible vehicles are restricted for the acquisition of replacement vehicles and other specified applications. Due to the structure utilized to facilitate the like-kind exchanges, the qualified intermediary that holds the proceeds from the sales of eligible vehicles and the entity that holds the vehicles to be acquired under the program are required to be consolidated in the accompanying Consolidated Condensed Financial Statements in accordance with U.S. GAAP. At March 31, 2012 and December 31, 2011, these consolidated entities had total assets, primarily revenue earning equipment, and total liabilities, primarily accounts payable, of \$190.9 million and \$142.0 million, respectively.

Tax Law Changes

On January 13, 2011, the State of Illinois enacted changes to its tax system, which included an increase to the corporate income tax rate from 4.8% to 7.0%. The impact of this change resulted in a non-cash charge to deferred income taxes and a decrease to earnings for the three months ended March 31, 2011 of \$1.2 million.

Effective Tax Rate

Our effective income tax rate from continuing operations for the first quarter of 2012 was 26.9% compared with 40.7% in the same period of the prior year. The decrease in the effective tax rate from continuing operations was mainly due to a tax benefit of \$5.0 million (10.4% of earnings before tax) relating to the favorable resolution of a tax item from prior periods and a higher proportionate amount of earnings in lower rate jurisdictions. The 2011 tax rate included an unfavorable impact related to a tax law change in Illinois of \$1.2 million (2.8% of earnings before tax).

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(M) DEBT

	Weighted-Average Interest Rate		Maturities	March 31,	December 31,
	March 31, 2012	December 31, 2011		2012	2011
(In thousands)					
Short-term debt and current portion of long-term debt:					
Short-term debt	1.44%	1.45%	2012	\$ 4,451	5,091
Current portion of long-term debt, including capital leases				582,421	269,275
Total short-term debt and current portion of long-term debt				<u>586,872</u>	<u>274,366</u>
Long-term debt:					
U.S. commercial paper ⁽¹⁾	0.44%	0.40%	2016	239,968	415,936
Canadian commercial paper ⁽¹⁾	1.12%	—%	2016	12,026	—
Global revolving credit facility	1.71%	1.52%	2016	21,114	1,000
Unsecured U.S. notes — Medium-term notes ⁽¹⁾	4.28%	4.49%	2012-2025	2,834,647	2,484,712
Unsecured U.S. obligations, principally bank term loans	1.66%	1.78%	2012-2015	105,500	105,000
Unsecured foreign obligations	2.36%	2.71%	2014-2016	309,302	300,516
Capital lease obligations	4.23%	4.24%	2012-2018	46,493	48,047
Total before fair market value adjustment				<u>3,569,050</u>	<u>3,355,211</u>
Fair market value adjustment on notes subject to hedging ⁽²⁾				19,673	21,843
				<u>3,588,723</u>	<u>3,377,054</u>
Current portion of long-term debt, including capital leases				(582,421)	(269,275)
Long-term debt				<u>3,006,302</u>	<u>3,107,779</u>
Total debt				<u>\$ 3,593,174</u>	<u>3,382,145</u>

(1) We had unamortized original issue discounts of \$8.9 million and \$8.7 million at March 31, 2012 and December 31, 2011, respectively.

(2) The notional amount of executed interest rate swaps designated as fair value hedges was \$550 million at March 31, 2012 and December 31, 2011.

We can borrow up to \$900 million under a global revolving credit facility with a syndicate of twelve lending institutions led by Bank of America N.A., Bank of Tokyo-Mitsubishi UFJ, Ltd., BNP Paribas, Mizuho Corporate Bank, Ltd., Royal Bank of Canada, Royal Bank of Scotland Plc, U.S. Bank National Association and Wells Fargo Bank, N.A. This facility matures in June 2016 and is used primarily to finance working capital and provide support for the issuance of unsecured commercial paper in the U.S. and Canada. This facility can also be used to issue up to \$75 million in letters of credit (there were no letters of credit outstanding against the facility at March 31, 2012). At our option, the interest rate on borrowings under the credit facility is based on LIBOR, prime, federal funds or local equivalent rates. The agreement provides for annual facility fees, which range from 10.0 basis points to 32.5 basis points, and are based on Ryder's long-term credit ratings. The current annual facility fee is 15.0 basis points, which applies to the total facility size of \$900 million. The credit facility contains no provisions limiting its availability in the event of a material adverse change to Ryder's business operations; however, the credit facility does contain standard representations and warranties, events of default, cross-default provisions and certain affirmative and negative covenants. In order to maintain availability of funding, we must maintain a ratio of debt to consolidated tangible net worth, of less than or equal to 300%. Tangible net worth, as defined in the credit facility, includes 50% of our deferred federal income tax liability and excludes the book value of our intangibles. The ratio at March 31, 2012 was 259%. On April 20, 2012, we amended our debt to net worth covenant. As amended, our net worth is defined as shareholders' equity excluding any accumulated other comprehensive income or loss associated with pension and other post-retirement plans. Had this amendment been in place as of March 31, 2012, the ratio would have been 183%. At March 31, 2012, \$626.9 million was available under the credit facility, net of the support for commercial paper borrowings.

Our global revolving credit facility permits us to refinance short-term commercial paper obligations on a long-term basis. Settlement of short-term commercial paper obligations not expected to require the use of working capital are classified as long-term as we have both the intent and ability to refinance on a long-term basis. At March 31, 2012 and December 31, 2011, we

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classified \$252.0 million and \$415.9 million , respectively, of short-term commercial paper as long-term debt.

In February 2012, we issued \$350 million of unsecured medium-term notes maturing in March 2017. The proceeds from the notes were used to pay down commercial paper and for general corporate purposes. If the notes are downgraded following, and as a result of, a change in control, the note holder can require us to repurchase all or a portion of the notes at a purchase price equal to 101% of principal plus accrued and unpaid interest .

We have a trade receivables purchase and sale program, pursuant to which we sell certain of our domestic trade accounts receivable to a bankruptcy remote, consolidated subsidiary of Ryder, that in turn sells, on a revolving basis, an ownership interest in certain of these accounts receivable to a receivables conduit or committed purchasers. The subsidiary is considered a VIE and is consolidated based on our control of the entity's activities. We use this program to provide additional liquidity to fund our operations, particularly when it is cost effective to do so. The costs under the program may vary based on changes in interest rates. The available proceeds that may be received under the program are limited to \$175 million . If no event occurs which causes early termination, the 364-day program will expire on October 26, 2012. The program contains provisions restricting its availability in the event of a material adverse change to our business operations or the collectability of the collateralized receivables. At March 31, 2012 and December 31, 2011 , no amounts were outstanding under the program. Sales of receivables under this program will be accounted for as secured borrowings based on our continuing involvement in the transferred assets.

At March 31, 2012 and December 31, 2011 , we had letters of credit and surety bonds outstanding totaling \$271.3 million and \$271.0 million , respectively, which primarily guarantee the payment of insurance claims.

(N) FAIR VALUE MEASUREMENTS

The following tables present our assets and liabilities that are measured at fair value on a recurring basis and the levels of inputs used to measure fair value:

	Balance Sheet Location	Fair Value Measurements At March 31, 2012 Using			Total
		Level 1	Level 2	Level 3	
(In thousands)					
Assets:					
Interest rate swap	Prepaid expenses and other current assets	\$ —	7,080	—	7,080
Interest rate swaps	DFL and other assets	—	12,593	—	12,593
Investments held in Rabbi Trusts:					
Cash and cash equivalents		3,192	—	—	3,192
U.S. equity mutual funds		10,640	—	—	10,640
Foreign equity mutual funds		2,973	—	—	2,973
Fixed income mutual funds		4,161	—	—	4,161
Investments held in Rabbi Trusts	DFL and other assets	20,966	—	—	20,966
Total assets at fair value		\$ 20,966	19,673	—	40,639

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	Balance Sheet Location	Fair Value Measurements At December 31, 2011 Using			Total
		Level 1	Level 2	Level 3	
(In thousands)					
Assets:					
Interest rate swaps	DFL and other assets	\$ —	21,843	—	21,843
Investments held in Rabbi Trusts:					
Cash and cash equivalents		3,783	—	—	3,783
U.S. equity mutual funds		8,850	—	—	8,850
Foreign equity mutual funds		2,526	—	—	2,526
Fixed income mutual funds		3,537	—	—	3,537
Investments held in Rabbi Trusts	DFL and other assets	18,696	—	—	18,696
Total assets at fair value		\$ 18,696	21,843	—	40,539
Liabilities:					
Contingent consideration	Accrued expenses	\$ —	—	1,000	1,000
Total liabilities at fair value		\$ —	—	1,000	1,000

The following is a description of the valuation methodologies used for these items, as well as the level of inputs used to measure fair value:

Investments held in Rabbi Trusts — The investments primarily include mutual funds that invest in equity and fixed income securities. Shares of mutual funds were valued based on quoted market prices, which represents the net asset value of the shares and were therefore classified within Level 1 of the fair value hierarchy.

Interest rate swaps — The derivatives are pay-variable, receive-fixed interest rate swaps based on the LIBOR rate and are designated as fair value hedges. Fair value was based on a model-driven income approach using the LIBOR rate at each interest payment date, which was observable at commonly quoted intervals for the full term of the swaps. Therefore, our interest rate swaps were classified within Level 2 of the fair value hierarchy.

Contingent consideration — Fair value was based on the income approach and uses significant inputs that are not observable in the market. These inputs are based on our expectations as to what amount we will pay based on contractual provisions. Therefore, the liability was classified within Level 3 of the fair value hierarchy.

The following tables present our assets and liabilities that are measured at fair value on a nonrecurring basis and the levels of inputs used to measure fair value:

	Fair Value Measurements At March 31, 2012 Using			Total Losses ⁽²⁾
	Level 1	Level 2	Level 3	Three months ended
(In thousands)				
Assets held for sale:				
Revenue earning equipment: ⁽¹⁾				
Trucks	\$ —	—	7,321	\$ 2,381
Tractors	—	—	3,514	471
Trailers	—	—	624	507
Total assets at fair value	\$ —	—	11,459	\$ 3,359

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	Fair Value Measurements At March 31, 2011 Using			Total Losses ⁽²⁾
	Level 1	Level 2	Level 3	Three months ended
	(In thousands)			
Assets held for sale:				
Revenue earning equipment ⁽¹⁾				
Trucks	\$ —	—	10,155	\$ 1,689
Tractors	—	—	4,274	689
Trailers	—	—	646	661
Total assets at fair value	<u>\$ —</u>	<u>—</u>	<u>15,075</u>	<u>\$ 3,039</u>

(1) Represents the portion of all revenue earning equipment held for sale that is recorded at fair value, less costs to sell.

(2) Total losses represent fair value adjustments for all vehicles held for sale throughout the period for which fair value was less than carrying value.

Revenue earning equipment held for sale is stated at the lower of carrying amount or fair value less costs to sell. Losses to reflect changes in fair value are presented within "Other operating expenses" in the Consolidated Condensed Statements of Comprehensive Income. For revenue earning equipment held for sale, we stratify our fleet by vehicle type (tractors, trucks and trailers), weight class, age and other relevant characteristics and create classes of similar assets for analysis purposes. Fair value was determined based upon recent market prices obtained from our own sales experience for sales of each class of similar assets and vehicle condition. Therefore, our revenue earning equipment held for sale was classified within Level 3 of the fair value hierarchy.

Fair value of total debt (excluding capital lease obligations) at March 31, 2012 and December 31, 2011 was approximately \$3.70 billion and \$3.51 billion, respectively. For publicly-traded debt, estimates of fair value were based on market prices. Since our publicly-traded debt is not actively traded, the fair value measurement was classified within Level 2 of the fair value hierarchy. For other debt, fair value was estimated based on a model-driven approach using rates currently available to us for debt with similar terms and remaining maturities. Therefore, the fair value measurement of our other debt was classified within Level 2 of the fair value hierarchy. The carrying amounts reported in the Consolidated Condensed Balance Sheets for cash and cash equivalents, accounts receivable and accounts payable approximate fair value because of the immediate or short-term maturities of these financial instruments.

(O) DERIVATIVES

Interest Rate Swaps

As of March 31, 2012, we have interest rate swaps outstanding which are designated as fair value hedges whereby we receive fixed interest rate payments in exchange for making variable interest rate payments. The differential to be paid or received is accrued and recognized as interest expense. The following table provides a detail of the swaps outstanding and the related hedged items as of March 31, 2012:

Issuance date	Maturity date	Face value of medium-term notes	Aggregate notional amount of interest rate swaps	Fixed interest rate	Weighted-average variable interest rate on hedged debt as of March 31,	
					2012	2011
(Dollars in thousands)						
May 2011	June 2017	\$350,000	\$150,000	3.50%	1.84%	NA
February 2011	March 2015	\$350,000	\$150,000	3.15%	1.70%	1.42%
February 2008	March 2013	\$250,000	\$250,000	6.00%	2.88%	2.59%

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Changes in the fair value of our interest rate swaps are offset by changes in the fair value of the debt instrument. Accordingly, there is no ineffectiveness related to the interest rate swaps. The location and amount of gains (losses) on interest rate swap agreements designated as fair value hedges and related hedged items reported in the Consolidated Condensed Statements of Comprehensive Income were as follows:

Fair Value Hedging Relationship	Location of Gain (Loss) Recognized in Income	Three months ended March 31,	
		2012	2011
		(In thousands)	
Derivatives: Interest rate swaps	Interest expense	\$ (2,170)	(1,149)
Hedged items: Fixed-rate debt	Interest expense	2,170	1,149
Total		\$ —	—

Refer to Note (N), "Fair Value Measurements," for disclosures of the fair value and line item caption of derivative instruments recorded on the Consolidated Condensed Balance Sheets.

(P) SHARE REPURCHASE PROGRAMS

In December 2011, our Board of Directors authorized a share repurchase program intended to mitigate the dilutive impact of shares issued under our various employee stock, stock option and employee stock purchase plans. Under the December 2011 program, management is authorized to repurchase shares of common stock in an amount not to exceed the number of shares issued to employees under the Company's various employee stock, stock option and employee stock purchase plans from December 1, 2011 through December 13, 2013. The December 2011 program limits aggregate share repurchases to no more than 2 million shares of Ryder common stock. Share repurchases of common stock are made periodically in open-market transactions and are subject to market conditions, legal requirements and other factors. Management established prearranged written plans for the Company under Rule 10b5-1 of the Securities Exchange Act of 1934 as part of the December 2011 program, which allow for share repurchases during Ryder's quarterly blackout periods as set forth in the trading plan. For the three months ended March 31, 2012, we repurchased and retired 223,200 shares under this program at an aggregate cost of \$11.9 million.

In December 2009, our Board of Directors authorized a two-year anti-dilutive share repurchase program. The December 2009 program limited aggregate share repurchases to no more than 2 million shares of Ryder common stock. For the three months ended March 31, 2011, we repurchased and retired 250,000 shares under this program at an aggregate cost of \$12.0 million.

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(Q) EMPLOYEE BENEFIT PLANS

Components of net periodic benefit cost were as follows:

	Pension Benefits		Postretirement Benefits	
	Three months ended March 31,			
	2012	2011	2012	2011
	(In thousands)			
Pension Benefits				
Company-administered plans:				
Service cost	\$ 3,907	3,767	\$ 320	347
Interest cost	23,689	24,490	514	669
Expected return on plan assets	(24,057)	(25,859)	—	—
Amortization of:				
Transition obligation	—	(8)	—	—
Net actuarial loss (gain)	7,861	5,129	(3)	106
Prior service credit	(569)	(570)	(58)	(58)
	10,831	6,949	773	1,064
Union-administered plans	1,614	1,341	—	—
Net periodic benefit cost	\$ 12,445	8,290	\$ 773	1,064
Company-administered plans:				
U.S.	\$ 9,848	7,100	\$ 552	883
Non-U.S.	983	(151)	221	181
	10,831	6,949	773	1,064
Union-administered plans	1,614	1,341	—	—
	\$ 12,445	8,290	\$ 773	1,064

Pension Contributions

During the three months ended March 31, 2012 , we contributed \$3.6 million to our pension plans. In 2012, we expect to contribute approximately \$81 million to our pension plans.

Savings Plans

Employees who do not actively participate in pension plans and are not covered by union-administered plans are generally eligible to participate in enhanced savings plans. Plans provide for (i) a company contribution even if employees do not make contributions, (ii) a company match of employee contributions of eligible pay, subject to tax limits and (iii) a discretionary company match. During the three months ended March 31, 2012 and 2011 , we recognized total savings plan costs of \$8.4 million and \$8.2 million , respectively.

(R) SUPPLEMENTAL CASH FLOW INFORMATION

Supplemental cash flow information was as follows:

	Three months ended March 31,	
	2012	2011
	(In thousands)	
Interest paid	\$ 37,325	31,429
Income taxes paid	\$ 4,183	5,110
Changes in accounts payable related to purchases of revenue earning equipment	\$ 316,457	134,806

Operating and revenue earning equipment acquired under capital leases	\$	59	1,153
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(S) SEGMENT REPORTING

Our operating segments are aggregated into reportable business segments based upon similar economic characteristics, products, services, customers and delivery methods. Prior to 2012, we operated in three reportable business segments: (1) FMS, which provides full service leasing, contract maintenance, contract-related maintenance and commercial rental of trucks, tractors and trailers to customers, principally in the U.S., Canada and the U.K.; (2) SCS, which provides comprehensive supply chain consulting including distribution and transportation services in North America and Asia; and (3) DCC, which provides vehicles and drivers as part of a dedicated transportation solution in the U.S. In 2012, the SCS and DCC reportable business segments were combined as a result of aligning our internal reporting with how we operate our business. As a result of this alignment, DCC is not considered an operating segment under the authoritative guidance as discrete financial information is no longer available.

Our primary measurement of segment financial performance, defined as EBT from continuing operations, includes an allocation of Central Support Services (CSS) and excludes non-service pension costs and restructuring and other charges, net as described in Note (G), "Restructuring and Other Charges." CSS represents those costs incurred to support all business segments, including human resources, finance, corporate services, public affairs, information technology, health and safety, legal and corporate communications. Beginning in 2012, we adjusted our segment financial performance measurement to also exclude the non-service components of pension costs in order to more accurately reflect the operating performance of the business segments. Prior year segment EBT has been recast to conform to the current year presentation. The objective of the EBT measurement is to provide clarity on the profitability of each business segment and, ultimately, to hold leadership of each business segment and each operating segment within each business segment accountable for their allocated share of CSS costs. Certain costs are considered to be overhead not attributable to any segment and remain unallocated in CSS. Included among the unallocated overhead remaining within CSS are the costs for investor relations, public affairs and certain executive compensation.

Our FMS segment leases revenue earning equipment and provides fuel, maintenance and other ancillary services to the SCS segment. Inter-segment revenue and EBT are accounted for at rates similar to those executed with third parties. EBT related to inter-segment equipment and services billed to customers (equipment contribution) are included in both FMS and SCS and then eliminated (presented as "Eliminations").

The following tables set forth financial information for each of our business segments and provides a reconciliation between segment EBT and earnings from continuing operations before income taxes for the three months ended March 31, 2012 and 2011. Segment results are not necessarily indicative of the results of operations that would have occurred had each segment been an independent, stand-alone entity during the periods presented.

RYDER SYSTEM, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS — (Continued)
(unaudited)

	FMS	SCS	Eliminations	Total
For the three months ended March 31, 2012				
Revenue from external customers	\$ 964,363	571,913	—	1,536,276
Inter-segment revenue	107,028	—	(107,028)	—
Total revenue	<u>\$ 1,071,391</u>	<u>571,913</u>	<u>(107,028)</u>	<u>1,536,276</u>
Segment EBT	<u>\$ 50,683</u>	<u>21,871</u>	<u>(6,481)</u>	66,073
Unallocated CSS				(9,506)
Non-service pension costs				(8,004)
Restructuring and other charges, net				(865)
Earnings from continuing operations before income taxes				<u>\$ 47,698</u>
Segment capital expenditures ^{(1), (2)}	<u>\$ 463,606</u>	<u>\$ 2,837</u>	<u>—</u>	466,443
Unallocated CSS				4,526
Capital expenditures paid				<u>\$ 470,969</u>
For the three months ended March 31, 2011				
Revenue from external customers	\$ 889,616	535,760	—	1,425,376
Inter-segment revenue	90,500	—	(90,500)	—
Total revenue	<u>\$ 980,116</u>	<u>535,760</u>	<u>(90,500)</u>	<u>1,425,376</u>
Segment EBT	<u>\$ 42,376</u>	<u>20,175</u>	<u>(4,904)</u>	57,647
Unallocated CSS				(8,742)
Non-service pension costs				(4,527)
Restructuring and other charges, net				(768)
Earnings from continuing operations before income taxes				<u>\$ 43,610</u>
Segment capital expenditures ^{(1), (2)}	<u>\$ 301,972</u>	<u>7,099</u>	<u>—</u>	309,071
Unallocated CSS				4,147
Capital expenditures paid				<u>\$ 313,218</u>

(1) Excludes revenue earning equipment acquired under capital leases.

(2) Excludes acquisition payments of \$2.1 million and \$83.8 million during the three months ended March 31, 2012 and 2011, respectively.

RYDER SYSTEM, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS — (Continued)
(unaudited)

(T) OTHER MATTERS

We are a party to various claims, complaints and proceedings arising in the ordinary course of business including but not limited to those relating to litigation matters, environmental matters, risk management matters (e.g. vehicle liability, workers' compensation, etc.) and administrative assessments primarily associated with operating taxes. We are also subject to various claims, tax assessments and administrative proceedings associated with our discontinued operations. We have established loss provisions for matters in which losses are probable and can be reasonably estimated. It is not possible at this time for us to determine fully the effect of all unasserted claims and assessments on our consolidated financial condition, results of operations or liquidity; however, to the extent possible, where unasserted claims can be estimated and where such claims are considered probable we have recorded a liability. Litigation is subject to many uncertainties, and the outcome of any individual litigated matter is not predictable with assurance. It is possible that certain of the actions, claims, inquiries or proceedings could be decided unfavorably to Ryder. To the extent that these matters pertain to our discontinued operations, additional adjustments and expenses may be recorded through discontinued operations in future periods as further relevant information becomes available. Although the final resolution of any such matters could have a material effect on our consolidated operating results for the particular reporting period in which an adjustment of the estimated liability is recorded, we believe that any resulting liability should not materially affect our consolidated financial position.

In Brazil, we were assessed \$15.7 million, including penalties and interest, related to tax due on the sale of our outbound auto carriage business in 2001. On November 11, 2010, the Administrative Tax Court dismissed the assessment. The tax authority filed a motion to review the decision before the Administrative Tax Court. On December 6, 2011, the Administrative Tax Court upheld our position. In the first quarter of 2012, the tax authority decided not to file a final special appeal. The case was dismissed.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

OVERVIEW

The following discussion should be read in conjunction with the unaudited Consolidated Condensed Financial Statements and notes thereto included under Item 1. In addition, reference should be made to our audited Consolidated Financial Statements and notes thereto and related Management's Discussion and Analysis of Financial Condition and Results of Operations included in the 2011 Annual Report on Form 10-K.

Ryder System, Inc. (Ryder) is a global leader in transportation and supply chain management solutions. Prior to 2012, our business was divided into three business segments: Fleet Management Solutions (FMS), which provides full service leasing, contract maintenance, contract-related maintenance and commercial rental of trucks, tractors and trailers to customers principally in the U.S., Canada and the U.K.; Supply Chain Solutions (SCS), which provides comprehensive supply chain consulting including distribution and transportation services in North America and Asia; and Dedicated Contract Carriage (DCC), which provides vehicles and drivers as part of a dedicated transportation solution in the U.S. In 2012, the SCS and DCC reportable business segments were combined as a result of aligning our internal reporting with how we operate our business. While this change did not impact our consolidated results, segment data for prior periods have been recast to be consistent with the current year presentation.

We operate in highly competitive markets. Our customers select us based on numerous factors including service quality, price, technology and service offerings. As an alternative to using our services, customers may choose to provide these services for themselves, or may choose to obtain similar or alternative services from other third-party vendors. Our customer base includes enterprises operating in a variety of industries including automotive, electronics, transportation, grocery, lumber and wood products, food service and home furnishing.

Total revenue increased 8% in the first quarter of 2012 to \$1.54 billion. The increase in total revenue was driven by organic growth, the benefit of acquisitions, and fuel services. Operating revenue increased 9% in the first quarter of 2012 to \$1.23 billion primarily due to organic growth and acquisitions.

Earnings from continuing operations before taxes (EBT) increased 9% in the first quarter of 2012 to \$47.7 million. The increase in EBT was primarily driven by the Hill Hire acquisition, improved used vehicle sales results and organic growth in commercial rental as well as in the SCS business segment. Acquisitions accounted for 17% of year-over-year EBT growth in the first quarter of 2012.

Earnings from continuing operations and earnings per diluted common share (EPS) from continuing operations in the first quarter of 2012 increased 35% to \$34.9 million and 36% to \$0.68 per diluted common share, respectively. Earnings from continuing operations in 2012 included an income tax benefit of \$5.0 million, or \$0.10 per diluted common share, relating to the favorable resolution of a tax item from prior periods. Earnings from continuing operations in 2012 and 2011 also included acquisition-related restructuring charges of \$0.6 million, or \$0.01 per diluted common share and \$0.5 million, or \$0.01 per diluted common share, respectively. Excluding these items, comparable earnings and EPS from continuing operations both increased 16% to \$30.6 million and \$0.59 per diluted common share, respectively. We believe that comparable earnings from continuing operations and comparable earnings per diluted common share from continuing operations measures provide useful information to investors because they exclude significant items that are unrelated to our ongoing business operations.

Net earnings and EPS increased 37% in the first quarter of 2012 to \$34.3 million and 40% to \$0.67 per diluted common share, respectively. Net earnings in the first quarter of 2012 and 2011 were negatively impacted by losses from discontinued operations of \$0.6 million, or \$0.01 per diluted common share, and \$0.7 million, or \$0.02 per diluted common share, respectively. EPS growth in the first quarter of 2012 exceeded the earnings growth reflecting the impact of the share repurchase program.

**ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION
AND RESULTS OF OPERATIONS - (Continued)**

ACQUISITIONS

We completed the following acquisitions in 2011, under which we acquired companies' fleets and contractual customers. The acquisitions operate under Ryder's name and complement our existing market coverage and service network. The results of these acquisitions have been included in our consolidated results since the dates of acquisition. See Note (C), "Acquisitions," for further discussion.

Company Acquired	Date Acquired	Segment	Vehicles	Contractual Customers	Market
Hill Hire plc	June 8, 2011	FMS	13,700	400	U.K.
B.I.T Leasing	April 1, 2011	FMS	490	130	California
The Scully Companies	January 28, 2011	FMS/SCS	2,100	200	Western U.S.
Carmenita Leasing Inc.	January 10, 2011	FMS	190	60	California

CONSOLIDATED RESULTS

	Three months ended March 31,		Change
	2012	2011	2012/2011
	(In thousands, except per share amounts)		
Total revenue	\$ 1,536,276	1,425,376	8%
Operating revenue ⁽¹⁾	1,228,924	1,129,070	9
<hr/>			
Pre-tax earnings from continuing operations	\$ 47,698	43,610	9%
Earnings from continuing operations	34,876	25,857	35
Net earnings	34,321	25,125	37
<hr/>			
Earnings per common share — Diluted			
Continuing operations	\$ 0.68	0.50	36%
Net earnings	0.67	0.48	40

(1) We use operating revenue, a non-GAAP financial measure, to evaluate the operating performance of our businesses and as a measure of sales activity. FMS fuel services revenue, which is directly impacted by fluctuations in market fuel prices, is excluded from the operating revenue computation as fuel is largely a pass-through to our customers for which we realize minimal changes in profitability during periods of steady market fuel prices. However, profitability may be positively or negatively impacted by rapid changes in market fuel prices during a short period of time as customer pricing for fuel services is established based on market fuel costs. Subcontracted transportation is deducted from total revenue to arrive at operating revenue as subcontracted transportation is typically a pass-through to our customers. We realize minimal changes in profitability as a result of fluctuations in subcontracted transportation. Refer to the section titled "Non-GAAP Financial Measures" for a reconciliation of total revenue to operating revenue.

Revenue and Cost of revenue by source

Total revenue increased 8% in the first quarter of 2012 to \$1.54 billion . Operating revenue (revenue excluding FMS fuel and all subcontracted transportation) increased 9% in the first quarter of 2012 to \$1.23 billion . The following table summarizes the components of the change in revenue on a percentage basis versus the prior year:

	Three months ended March 31, 2012	
	Total	Operating
Organic including price and volume	4%	5%
Acquisitions	3	4
FMS fuel	1	—
Total increase	8%	9%

See “Operating Results by Business Segment” for a further discussion of the revenue impact from acquisitions and organic

**ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION
AND RESULTS OF OPERATIONS - (Continued)**

growth.

The changes in the individual revenue and expense components of net earnings are discussed in more detail below.

Lease and Rental

	Three months ended March 31,		Change
	2012	2011	2012/2011
	(Dollars in thousands)		
Lease and rental revenues	\$ 637,858	\$ 579,415	10%
Cost of lease and rental	455,630	408,515	12
Gross margin	182,228	170,900	7
Gross margin %	29%	29%	

Lease and rental revenues represent full service lease and commercial rental product offerings within our FMS business segment. Revenues increased 10% in the first quarter of 2012 to \$637.9 million primarily driven by acquisitions, higher prices on lease replacement vehicles and organic full service lease and rental fleet growth. The increase in full service lease pricing on new and replacement vehicles was driven by higher costs on new engine technology. The increase in organic rental revenue was driven by higher pricing (up 5%) and improved rental demand.

Cost of lease and rental represents the direct costs related to lease and rental revenues. These costs are comprised of depreciation of revenue earning equipment, maintenance costs (primarily repair parts and labor), and other fixed costs such as licenses, insurance and operating taxes. Cost of lease and rental excludes interest costs from vehicle financing. Cost of lease and rental increased 12% in the first quarter of 2012 to \$455.6 million due to the growth in the fleet and higher maintenance costs to service a slightly older lease fleet, including higher vehicle outsourcing activity.

Lease and rental gross margin increased 7% to \$182.2 million in the first quarter of 2012 due to acquisitions and improved rental performance as a result of a 5% increase in rental power pricing and higher rental demand. The benefit of the lease fleet growth and increased lease pricing was offset by higher maintenance costs to service a slightly older lease fleet, including higher vehicle outsourcing activity. Lease and rental gross margin as a percentage of revenue remained at 29% in the first quarter of 2012.

Services

	Three months ended March 31,		Change
	2012	2011	2012/2011
	(Dollars in thousands)		
Services revenue	\$ 678,352	\$ 632,738	7%
Cost of services	577,948	537,857	7
Gross margin	100,404	94,881	6
Gross margin %	15%	15%	

Services revenue represents all the revenues associated with our SCS business segment as well as contract maintenance, contract-related maintenance and fleet support services associated with our FMS business segment. Services revenue increased 7% in the first quarter of 2012 to \$678.4 million primarily driven by higher freight volumes and new business in our SCS business segment.

Cost of services represent the direct costs related to services revenue and is primarily comprised of salaries and employee-related costs, SCS subcontracted transportation (purchased transportation from third parties) and maintenance costs. Cost of services increased 7% in the first quarter of 2012 to \$577.9 million due to an increase in revenue. Subcontracted transportation costs, which are passed through to customers, increased \$4.2 million in the first quarter of 2012.

Services gross margin increased 6% to \$100.4 million in the first quarter of 2012. Services gross margin as a percentage of revenue remained at 15% in the first quarter of 2012.

**ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION
AND RESULTS OF OPERATIONS - (Continued)**

Fuel

	Three months ended March 31,		Change
	2012	2011	2012/2011
	(Dollars in Thousands)		
Fuel services revenue	\$ 220,066	\$ 213,223	3%
Cost of fuel services	215,573	208,960	3
Gross margin	4,493	4,263	5
Gross margin %	2%	2%	

Fuel services revenue increased 3% in the first quarter of 2012 to \$220.1 million due to higher fuel prices passed through to customers.

Cost of fuel services includes the direct costs associated with providing our customers with fuel. These costs include fuel, salaries and employee-related costs of fuel island attendants and depreciation of our fueling facilities and equipment. Cost of fuel increased 3% in the first quarter of 2012 to \$215.6 million due to an increase in fuel prices.

Fuel services gross margin increased 5% to \$4.5 million in the first quarter of 2012 . Fuel is largely a pass-through to customers for which we realize minimal changes in margin during periods of steady market fuel prices. However, fuel services margin is impacted by sudden increases or decreases in market fuel prices during a short period of time as customer pricing for fuel is established based on market fuel costs.

	Three months ended March 31,		Change
	2012	2011	2012/2011
	(In Thousands)		
Other operating expenses	\$34,249	34,629	(1)%

Other operating expenses includes costs related to our owned and leased facilities within the FMS business segment such as depreciation, rent, insurance, utilities and taxes. These facilities are utilized to provide maintenance to our lease, rental, contract maintenance and fleet support services customers. Other operating expenses also include the costs associated with used vehicle sales such as writedowns of used vehicles to fair market value and facilities costs. Other operating expenses as a percentage of lease and rental revenue decreased in the first quarter of 2012 due to lower maintenance costs on our FMS facilities partially offset by higher writedowns on vehicles held for sale of \$0.3 million in the first quarter of 2012 .

	Three months ended March 31,		Change
	2012	2011	2012/2011
	(Dollars in thousands)		
Selling, general and administrative expenses (SG&A)	\$196,019	173,109	13%
Percentage of total revenue	13%	12%	

SG&A expenses increased 13% to \$196.0 million in the first quarter of 2012 . SG&A expenses as a percent of total revenue rose to 13% in the first quarter of 2012 . Salaries and employee-related costs, which primarily impact SG&A expenses, increased 8% in the first quarter of 2012 compared to 2011 because of an increase in headcount from acquisitions and organic growth as well as higher commissions from new sales activity. Pension expense, which primarily impacts SG&A expenses, increased \$4.2 million in the first quarter of 2012 . The increase in pension expense primarily reflects lower than expected pension asset returns in 2011 and lower assumed returns in 2012.

	Three months ended March 31,		Change
	2012	2011	2012/2011
	(Dollars in thousands)		
Gains on vehicle sales, net	\$(21,991)	(12,349)	78%

Gains on vehicle sales, net increased in the first quarter of 2012 by 78% to \$22.0 million due to higher pricing (up 10%),

**ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION
AND RESULTS OF OPERATIONS - (Continued)**

and to a lesser extent, more vehicles sold.

	Three months ended March 31,		Change
	2012	2011	2012/2011
	(Dollars in thousands)		
Interest expense	\$34,765	34,419	1%
Effective interest rate	4.0%	5.0%	

Interest expense increased 1% in the first quarter of 2012 to \$34.8 million reflecting higher average outstanding debt partially offset by a lower effective interest rate. The increase in average outstanding debt reflects funding for 2011 acquisitions and increased capital spending. The lower effective interest rate in 2012 compared to 2011 reflects the replacement of higher interest rate debt with debt issuances at lower rates as well as an increased percentage of variable rate debt.

	Three months ended March 31,	
	2012	2011
	(In thousands)	
Miscellaneous income, net	\$(4,480)	(4,142)

Miscellaneous income, net consists of investment income on securities used to fund certain benefit plans, interest income, gains from sales of operating property, foreign currency transaction gains and other non-operating items. Miscellaneous income, net increased in the first quarter of 2012 primarily due to higher income on investment securities partially offset by lower gains on sales of facilities.

	Three months ended March 31,	
	2012	2011
	(In thousands)	
Restructuring and other charges, net	\$865	768

Refer to Note (G), "Restructuring and Other Charges," for a discussion of the restructuring and other charges recognized during the the first quarter of 2012 and 2011.

	Three months ended March 31,		Change
	2012	2011	2012/2011
	(Dollars in thousands)		
Provision for income taxes	\$12,822	17,753	(28)%
Effective tax rate from continuing operations	26.9%	40.7%	

Our effective income tax rate from continuing operations for the first quarter of 2012 was 26.9% compared with 40.7% in the same period of the prior year. The decrease in the effective tax rate from continuing operations was mainly due to a tax benefit of \$5.0 million relating to the favorable resolution of a tax item from prior periods and a higher proportionate amount of earnings in lower rate jurisdictions. The 2011 tax rate included an unfavorable impact of \$1.2 million related to a tax law change in Illinois.

	Three months ended March 31,	
	2012	2011
	(In thousands)	
Loss from discontinued operations, net of tax	\$(555)	(732)

Refer to Note (D), "Discontinued Operations," in the Notes to Consolidated Condensed Financial Statements for a discussion of losses from discontinued operations.

**ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION
AND RESULTS OF OPERATIONS - (Continued)**

OPERATING RESULTS BY BUSINESS SEGMENT

	Three months ended March 31,		Change
	2012	2011	2012/2011
	(Dollars in thousands)		
Revenue:			
Fleet Management Solutions	\$ 1,071,391	980,116	9%
Supply Chain Solutions	571,913	535,760	7
Eliminations	(107,028)	(90,500)	18
Total	<u>\$ 1,536,276</u>	<u>1,425,376</u>	8%
Operating Revenue:			
Fleet Management Solutions	\$ 792,743	719,011	10%
Supply Chain Solutions	484,626	452,677	7
Eliminations	(48,445)	(42,618)	14
Total	<u>\$ 1,228,924</u>	<u>1,129,070</u>	9%
EBT:			
Fleet Management Solutions	\$ 50,683	42,376	20%
Supply Chain Solutions	21,871	20,175	8
Eliminations	(6,481)	(4,904)	32
	<u>66,073</u>	<u>57,647</u>	15
Unallocated Central Support Services	(9,506)	(8,742)	9
Non-service pension costs	(8,004)	(4,527)	77
Restructuring and other charges, net	(865)	(768)	13
Earnings from continuing operations before income taxes	<u>\$ 47,698</u>	<u>43,610</u>	9%

As part of management's evaluation of segment operating performance, we define the primary measurement of our segment financial performance as "Earnings Before Taxes" (EBT) from continuing operations, which includes an allocation of Central Support Services (CSS), and excludes non-service pension costs and restructuring and other charges, net, as described in Note (G), "Restructuring and Other Charges" in the Notes to Consolidated Condensed Financial Statements. CSS represents those costs incurred to support all business segments, including human resources, finance, corporate services and public affairs, information technology, health and safety, legal and corporate communications. In 2012, the EBT measurement was adjusted to exclude the non-service components of pension costs in order to more accurately reflect the operating performance of the business segments. All prior period segment results have been recast to present results on a comparable basis. This change had no impact on our consolidated results.

The objective of the EBT measurement is to provide clarity on the profitability of each business segment and, ultimately, to hold leadership of each business segment and each operating segment within each business segment accountable for their allocated share of CSS costs. Segment results are not necessarily indicative of the results of operations that would have occurred had each segment been an independent, stand-alone entity during the periods presented. Certain costs are considered to be overhead not attributable to any segment and remain unallocated in CSS. Included within the unallocated overhead remaining within CSS are the costs for investor relations, public affairs and certain executive compensation.

Inter-segment revenue and EBT are accounted for at rates similar to those executed with third parties. EBT related to inter-segment equipment and services billed to customers (equipment contribution) are included in both FMS and SCS and then eliminated (presented as "Eliminations" in the table above).

**ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION
AND RESULTS OF OPERATIONS - (Continued)**

The following table provides a reconciliation of items excluded from our segment EBT measure to their classification within our Consolidated Condensed Statements of Comprehensive Income:

Description	Consolidated Condensed Statements of Comprehensive Income Line Item	Three months ended March 31,	
		2012	2011
(In thousands)			
Restructuring and other charges, net	Restructuring ⁽¹⁾	\$ (865)	(768)
Non-service pension costs	SG&A	(8,004)	(4,527)
		<u>(8,869)</u>	<u>(5,295)</u>

(1) Restructuring refers to "Restructuring and Other Charges, net" on our Consolidated Condensed Statements of Comprehensive Income.

Fleet Management Solutions

	Three months ended March 31,		Change
	2012	2011	2012/2011
(Dollars in thousands)			
Full service lease	\$ 510,558	483,310	6%
Contract maintenance	39,921	38,075	5
Contractual revenue	550,479	521,385	6
Contract-related maintenance	53,604	44,696	20
Commercial rental	171,248	135,657	26
Other	17,412	17,273	1
Operating revenue ⁽¹⁾	792,743	719,011	10
Fuel services revenue	278,648	261,105	7
Total revenue	<u>\$ 1,071,391</u>	<u>980,116</u>	9%
Segment EBT	<u>\$ 50,683</u>	<u>42,376</u>	20%
Segment EBT as a % of total revenue	<u>4.7%</u>	<u>4.3%</u>	40 bps
Segment EBT as a % of operating revenue ⁽¹⁾	<u>6.4%</u>	<u>5.9%</u>	50 bps

(1) We use operating revenue, a non-GAAP financial measure, to evaluate the operating performance of our FMS business segment and as a measure of sales activity. Fuel services revenue, which is directly impacted by fluctuations in market fuel prices, is excluded from our operating revenue computation as fuel is largely a pass-through to customers for which we realize minimal changes in profitability during periods of steady market fuel prices. However, profitability may be positively or negatively impacted by rapid changes in market fuel prices during a short period of time as customer pricing for fuel services is established based on market fuel costs.

Total revenue increased 9% in the first quarter of 2012 to \$1.10 billion . Operating revenue (revenue excluding fuel) increased 10 % in the first quarter of 2012 to \$792.7 million . The following table summarizes the components of the change in revenue on a percentage basis versus the prior year:

	Three Months Ended March 31, 2012	
	Total	Operating
Organic including price and volume	3%	4%
Acquisitions	4	6
FMS fuel	2	—
Total increase	<u>9%</u>	<u>10%</u>

Full service lease revenue increased 6% in the first quarter of 2012 reflecting the impact of acquisitions, higher prices on replacement vehicles and organic fleet growth. The higher pricing on new and replacement vehicles was driven by higher costs on new technology. We expect favorable full service lease comparisons to continue throughout the year primarily due to organic

**ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION
AND RESULTS OF OPERATIONS - (Continued)**

growth, and, in the second quarter, due to the impact of acquisitions. Commercial rental revenue increased 26% in the first quarter of 2012 reflecting higher pricing (up 5%), improved global market demand, as well as acquisitions. We expect favorable commercial rental revenue comparisons to continue throughout the year driven by higher pricing. Fuel services revenue increased 7% in the first quarter of 2012 due to higher prices passed through to customers.

The following table provides commercial rental statistics on our global fleet:

	Three months ended March 31,		Change
	2012	2011	2012/2011
	(Dollars in thousands)		
Rental revenue from non-lease customers	\$ 91,745	82,213	12%
Rental revenue from lease customers ⁽¹⁾	\$ 79,503	53,444	49%
Average commercial rental power fleet size — in service ^{(2), (3)}	29,900	24,500	22%
Commercial rental utilization — power fleet	68.9%	72.5%	(360) bps

(1) Represents revenue from rental vehicles provided to our existing full service lease customers, generally during peak periods in their operations.

(2) Number of units rounded to nearest hundred and calculated using quarterly average unit counts.

(3) Fleet size excluding trailers.

FMS EBT increased 20% in the first quarter of 2012 to \$50.7 million primarily due to the impact of the Hill Hire acquisition closed in June 2011, organic growth of the contractual lease and maintenance fleets, improved used vehicle sales results and better commercial rental performance. The increase in EBT was partially offset by increased maintenance costs to service a slightly older lease fleet, including higher outsourcing activity, and higher commission expense related to new sales. Acquisitions increased FMS EBT by 18% . Commercial rental performance improved 18% as a result of acquisitions, higher pricing and increased market demand on a 31% larger average fleet, including trailers. The increase in the average fleet reflects organic growth of 13% and an acquisition-related impact of 18% . While total demand increased, the significantly larger fleet resulted in power utilization that was 68.9% for the first quarter of 2012 , down from 72.5% in the year earlier period. Used vehicle sales results improved primarily due to 10% higher pricing on stronger volumes, partially offset by increased carrying costs on a larger inventory.

**ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION
AND RESULTS OF OPERATIONS - (Continued)**

Our global fleet of owned and leased revenue earning equipment and contract maintenance vehicles is summarized as follows (number of units rounded to the nearest hundred):

	March 31, 2012	December 31, 2011	March 31, 2011	Change	
				Mar. 2012/Dec. 2011	Mar. 2012/Mar. 2011
End of period vehicle count					
By type:					
Trucks ⁽¹⁾	70,300	68,400	65,500	3%	7%
Tractors ⁽²⁾	58,400	55,700	50,800	5	15
Trailers ^{(3), (4)}	43,700	43,300	33,400	1	31
Other	2,300	2,500	3,100	(8)	(26)
Total	<u>174,700</u>	<u>169,900</u>	<u>152,800</u>	3%	14%
By ownership:					
Owned	171,300	166,500	149,200	3%	15%
Leased	3,400	3,400	3,600	—	(6)
Total	<u>174,700</u>	<u>169,900</u>	<u>152,800</u>	3%	14%
By product line:					
Full service lease ⁽⁴⁾	121,700	121,000	111,800	1%	9%
Commercial rental ⁽⁴⁾	41,300	39,600	33,200	4	24
Service vehicles and other	3,000	3,000	2,800	—	7
Active units	166,000	163,600	147,800	1	12
Held for sale ⁽⁴⁾	8,700	6,300	5,000	38	74
Total	<u>174,700</u>	<u>169,900</u>	<u>152,800</u>	3%	14%
Customer vehicles under contract maintenance	<u>35,600</u>	<u>35,300</u>	<u>33,200</u>	1%	7%
Quarterly average vehicle count					
By product line:					
Full service lease	121,500	120,300	111,600	1%	9%
Commercial rental	40,500	39,800	30,900	2	31
Service vehicles and other	3,000	3,000	2,800	—	7
Active units	165,000	163,100	145,300	1	14
Held for sale	7,400	5,700	5,200	30	42
Total	<u>172,400</u>	<u>168,800</u>	<u>150,500</u>	2	15
Customer vehicles under contract maintenance	<u>35,400</u>	<u>35,100</u>	<u>33,300</u>	1%	6%

(1) Generally comprised of Class 1 through Class 6 type vehicles with a Gross Vehicle Weight (GVW) up to 26,000 pounds.

(2) Generally comprised of over the road on highway tractors and are primarily comprised of Classes 7 and 8 type vehicles with a GVW of over 26,000 pounds.

(3) Generally comprised of dry, flatbed and refrigerated type trailers.

(4) March 31, 2012 and December 31, 2011 includes 9,400 (6,100 full service lease and 3,300 commercial rental) and 9,500 (6,100 full service lease and 3,400 commercial rental), respectively, of trailers acquired as part of the Hill Hire acquisition.

NOTE: Amounts were computed using a 6-point average based on monthly information.

**ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION
AND RESULTS OF OPERATIONS - (Continued)**

The following table provides a breakdown of our non-revenue earning equipment included in our global fleet count (number of units rounded to nearest hundred):

	March 31, 2012	December 31, 2011	March 31, 2011	Change	
				Mar. 2012/ Dec. 2011	Mar. 2012/ Mar. 2011
Not yet earning revenue (NYE)	3,600	2,600	2,200	38%	64%
No longer earning revenue (NLE):					
Units held for sale	8,700	6,300	5,000	38	74
Other NLE units	3,500	2,600	2,400	35	46
Total	15,800	11,500	9,600	37%	65%

NYE units represent new vehicles on hand that are being prepared for deployment to a lease customer or into the rental fleet. Preparations include activities such as adding lift gates, paint, decals, cargo area and refrigeration equipment. NYE units increased compared to March 2011 primarily reflecting the replacement and growth of the lease fleet. NYE units increased compared to December 2011 reflecting the seasonal refresh and modest growth of the rental fleet. NLE units represent vehicles held for sale and vehicles for which no revenue has been earned in the previous 30 days. NLE units increased compared to year-end due to increased lease replacement activity, and to a lesser extent, outsourcing of the rental fleet. We expect NLE levels to continue at the current level throughout the year as lease replacement activity continues.

Supply Chain Solutions

	Three months ended March 31,		Change 2012/2011
	2012	2011	
	(Dollars in thousands)		
Operating revenue:			
Automotive	\$ 139,695	122,727	14%
High-Tech	80,341	80,416	—
Retail & CPG	178,763	167,071	7
Industrial and other	85,827	82,463	4
Total operating revenue ⁽¹⁾	484,626	452,677	7
Subcontracted transportation	87,287	83,083	5
Total revenue	\$ 571,913	535,760	7%
Segment EBT	\$ 21,871	20,175	8%
Segment EBT as a % of total revenue	3.8%	3.8%	—
Segment EBT as a % of operating revenue ⁽¹⁾	4.5%	4.5%	—
Memo:			
Dedicated services total revenue	\$ 328,345	287,925	14%
Dedicated services operating revenue ⁽²⁾	\$ 282,076	249,631	13%
Average fleet	11,500	10,900	6%
Fuel costs ⁽³⁾	\$ 66,813	53,784	24%

(1) In SCS transportation management arrangements, we may act as a principal or as an agent in purchasing transportation on behalf of our customer. We record revenue on a gross basis when acting as principal and we record revenue on a net basis when acting as an agent. As a result, total revenue may fluctuate depending on our role in subcontracted transportation arrangements yet our profitability remains unchanged as we typically realize minimal profitability from subcontracting transportation. We deduct subcontracted transportation expense from total revenue to arrive at operating revenue. We use operating revenue and EBT as a percent of operating revenue, non-GAAP financial measures, to evaluate the operating performance of our SCS business segment and as a measure of sales activity and profitability.

(2) Operating revenue excludes dedicated subcontracted transportation.

(3) Fuel costs are largely a pass-through to customers and therefore have a direct impact on revenue.

**ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION
AND RESULTS OF OPERATIONS - (Continued)**

Total revenue increased 7% in the first quarter of 2012 to \$571.9 million . Operating revenue (revenue excluding subcontracted transportation) increased 7% in the first quarter of 2012 to \$ 484.6 million . Revenue improved in automotive, retail, and consumer packaged goods industries due to higher volumes and new business, including increased dedicated services volumes. Total and operating revenue also benefited from the Scully Companies acquisition in January of 2011. We expect favorable revenue comparisons to continue throughout the year due to higher overall freight volumes and new business. The following table summarizes the components of the change in revenue on a percentage basis versus the prior year:

	Three months ended March 31, 2012	
	Total	Operating
Organic including price and volume	4	3
Subcontracted transportation	1	—
Fuel cost pass-throughs	2	3
Acquisitions	1	1
Foreign exchange	(1)	—
Total increase	7%	7%

SCS EBT increased 8% in the first quarter of 2012 to \$21.9 million due to higher volumes and new business in the automotive, retail and consumer packaged goods industries.

Central Support Services

	Three months ended March 31,		Change
	2012	2011	2012/2011
	(Dollars in thousands)		
Human resources	\$ 5,385	4,657	16%
Finance	12,813	12,236	5
Corporate services and public affairs	3,347	3,150	6
Information technology	15,940	15,392	4
Health and safety	2,115	1,608	32
Other	8,583	8,275	4
Total CSS	48,183	45,318	6
Allocation of CSS to business segments	(38,677)	(36,576)	(6)
Unallocated CSS	\$ 9,506	8,742	9%

Total CSS costs increased 6% in the first quarter of 2012 to \$48.2 million primarily due to planned higher headcount and investments in information technology initiatives. Unallocated CSS costs increased 9% in the first quarter of 2012 due to higher headcount.

**ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION
AND RESULTS OF OPERATIONS - (Continued)**

FINANCIAL RESOURCES AND LIQUIDITY

Cash Flows

The following is a summary of our cash flows from operating, financing and investing activities from continuing operations:

	Three months ended March 31,	
	2012	2011
	(In thousands)	
Net cash provided by (used in):		
Operating activities	\$ 186,276	217,564
Financing activities	187,799	36,972
Investing activities	(365,769)	(311,267)
Effect of exchange rate changes on cash	1,660	341
Net change in cash and cash equivalents	\$ 9,966	(56,390)

A detail of the individual items contributing to the cash flow changes is included in the Consolidated Condensed Statements of Cash Flows.

Cash provided by operating activities from continuing operations decreased to \$186.3 million in the three months ended March 31, 2012 compared with \$217.6 million in 2011 because of an increase in working capital needs. The increase in working capital was driven by planned cash payments specific to the first quarter. Cash provided by financing activities increased to \$187.8 million in the three months ended March 31, 2012 compared to \$37.0 million in 2011 due to higher borrowing needs to fund capital spending. Cash used in investing activities increased to \$365.8 million in the three months ended March 31, 2012 compared with \$311.3 million in 2011 due to the refreshment and growth of the full service lease fleet.

We refer to the sum of operating cash flows, proceeds from the sales of revenue earning equipment and operating property and equipment, collections on direct finance leases and other investing cash inflows from continuing operations as "total cash generated." We refer to the net amount of cash generated from operating and investing activities (excluding changes in restricted cash and acquisitions) from continuing operations as "free cash flow." Although total cash generated and free cash flow are non-GAAP financial measures, we consider them to be important measures of comparative operating performance. We also believe total cash generated to be an important measure of total cash inflows generated from our ongoing business activities. We believe free cash flow provides investors with an important perspective on the cash available for debt service and for shareholders after making capital investments required to support ongoing business operations. Our calculation of free cash flow may be different from the calculation used by other companies and therefore comparability may be limited.

The following table shows the sources of our free cash flow computation:

	Three months ended March 31,	
	2012	2011
	(In thousands)	
Net cash provided by operating activities from continuing operations	\$ 186,276	217,564
Sales of revenue earning equipment	91,341	66,150
Sales of operating property and equipment	2,898	5,030
Collections on direct finance leases	15,475	14,828
Total cash generated	295,990	303,572
Purchases of property and revenue earning equipment	(470,969)	(313,218)
Free cash flow	\$ (174,979)	(9,646)

Free cash flow decreased \$165.3 million to negative \$175.0 million in 2012 primarily due to higher vehicle spending. We expect our full year free cash flow in 2012 to be consistent with our previous forecast of negative \$430 million .

**ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION
AND RESULTS OF OPERATIONS - (Continued)**

The following table provides a summary of capital expenditures:

	Three months ended March 31,	
	2012	2011
	(In thousands)	
Revenue earning equipment: ⁽¹⁾		
Full service lease	\$ 435,900	112,260
Commercial rental	335,203	317,279
	771,103	429,539
Operating property and equipment	16,323	18,485
Total capital expenditures	787,426	448,024
Changes in accounts payable related to purchases of revenue earning equipment	(316,457)	(134,806)
Cash paid for purchases of property and revenue earning equipment	\$ 470,969	313,218

(1) Capital expenditures exclude non-cash additions of approximately \$0.1 million and \$1.2 million during the three months ended March 2012 and 2011, respectively, in assets held under capital leases resulting from the extension of existing operating leases and other additions.

Capital expenditures (accrual basis) increased 76% in the three months ended March 31, 2012 to \$787.4 million reflecting investments to refresh and grow the full service lease fleet. We anticipate full-year 2012 accrual basis capital expenditures to be consistent with our previous forecast of \$2.15 billion.

Financing and Other Funding Transactions

We utilize external capital primarily to support working capital needs and growth in our asset-based product lines. The variety of debt financing alternatives typically available to fund our capital needs include commercial paper, long-term and medium-term public and private debt, asset-backed securities, bank term loans, leasing arrangements and bank credit facilities. Our principal sources of financing are issuances of commercial paper and medium-term notes.

Our ability to access unsecured debt in the capital markets is impacted by both our short-term and long-term debt ratings. These ratings are intended to provide guidance to investors in determining the credit risk associated with particular Ryder securities based on current information obtained by the rating agencies from us or from other sources. Lower ratings generally result in higher borrowing costs as well as reduced access to unsecured capital markets. A significant downgrade of our short-term debt ratings would impair our ability to issue commercial paper and likely require us to rely on alternative funding sources. A significant downgrade would not affect our ability to borrow amounts under our revolving credit facility described below.

Our debt ratings at March 31, 2012 were as follows:

	Short-term	Long-term	Outlook
Moody's Investors Service	P2	Baa1	Stable (affirmed February 2012)
Standard & Poor's Ratings Services	A2	BBB+	Stable (affirmed August 2011)
Fitch Ratings	F2	A -	Stable (affirmed March 2012)

We believe that our operating cash flows, together with our access to commercial paper markets and other available debt financing, will be adequate to meet our operating, investing and financing needs in the foreseeable future. However, there can be no assurance that unanticipated volatility and disruption in commercial paper markets would not impair our ability to access these markets on terms commercially acceptable to us or at all. If we cease to have access to commercial paper and other sources of unsecured borrowings, we would meet our liquidity needs by drawing upon contractually committed lending agreements as described below and/or by seeking other funding sources.

At March 31, 2012, we had the following amounts available to fund operations under the following facilities:

**ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION
AND RESULTS OF OPERATIONS - (Continued)**

	(In millions)
Global revolving credit facility	\$627
Trade receivables program	\$175

We have a \$900 million global revolving credit facility with a syndicate of twelve lending institutions which matures in June 2016 and is used primarily to finance working capital and provide support for the issuance of unsecured commercial paper in the U.S. and Canada. In order to maintain availability of funding, we must maintain a ratio of debt to consolidated tangible net worth, of less than or equal to 300% . Tangible net worth, as defined in the credit facility, includes 50% of our deferred federal income tax liability and excludes the book value of our intangibles. The ratio at March 31, 2012 was 259% . On April 20, 2012, we amended our debt to net worth covenant. As amended, our net worth is defined as shareholders' equity excluding any accumulated other comprehensive income or loss associated with pension and other post-retirement plans. Had this amendment been in place as of March 31, 2012 , the ratio would have been 183% .

We also have a \$175 million trade receivables purchase and sale program, pursuant to which we ultimately sell certain ownership interests in certain of our domestic trade accounts receivable to a receivables conduit or committed purchasers. We use this program to provide additional liquidity to fund our operations, particularly when it is cost effective to do so. The program expires on October 26, 2012. The program contains provisions restricting its availability in the event of a material adverse change to our business operations or the collectability of the collateralized receivables.

On February 25, 2010, Ryder filed an automatic shelf registration statement on Form S-3 with the SEC. The registration is for an indeterminate number of securities and is effective for three years. Under this universal shelf registration statement, we have the capacity to offer and sell from time to time various types of securities, including common stock, preferred stock and debt securities, subject to market demand and ratings status. Refer to Note M, "Debt," in the Notes to Consolidated Condensed Financial Statements for further discussion around the global revolving credit facility, the trade receivables program, the issuance of medium-term notes under this shelf registration statement and debt maturities.

The following table shows the movements in our debt balance:

	Three months ended March 31,	
	2012	2011
	(In thousands)	
Debt balance at January 1	\$ 3,382,145	2,747,002
Cash-related changes in debt:		
Net change in commercial paper borrowings	(164,298)	(290,132)
Proceeds from issuance of medium-term notes	349,444	349,867
Proceeds from issuance of other debt instruments	20,476	—
Other debt repaid, including capital lease obligations	(2,784)	(820)
Net change from discontinued operations	—	11
	202,838	58,926
Non-cash changes in debt:		
Fair market value adjustment on notes subject to hedging	(2,170)	(1,149)
Addition of capital lease obligations	59	1,153
Changes in foreign currency exchange rates and other non-cash items	10,302	3,184
Total changes in debt	211,029	62,114
Debt balance at March 31	\$ 3,593,174	2,809,116

In accordance with our funding philosophy, we attempt to balance the aggregate average remaining re-pricing life of our debt with the aggregate average remaining re-pricing life of our assets. We utilize both fixed-rate and variable-rate debt to achieve this match and generally target a mix of 25% to 45% variable-rate debt as a percentage of total debt outstanding. The variable-rate portion of our total obligations (including notional value of swap agreements) was 34% and 40% at March 31, 2012 and December 31, 2011 , respectively.

**ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION
AND RESULTS OF OPERATIONS - (Continued)**

Ryder's leverage ratios and a reconciliation of on-balance sheet debt to total obligations were as follows:

	<u>March 31, 2012</u>	<u>% to Equity</u>	<u>December 31, 2011</u>	<u>% to Equity</u>
	(Dollars in thousands)			
On-balance sheet debt	\$ 3,593,174	262%	3,382,145	257%
Off-balance sheet debt—PV of minimum lease payments and guaranteed residual values under operating leases for vehicles ⁽¹⁾	<u>63,203</u>		<u>63,960</u>	
Total obligations	<u>\$ 3,656,377</u>	267%	<u>3,446,105</u>	261%

(1) Present value (PV) does not reflect payments Ryder would be required to make if we terminated the related leases prior to the scheduled expiration dates.

On-balance sheet debt to equity consists of balance sheet debt divided by total equity. Total obligations to equity represents balance sheet debt plus the present value of minimum lease payments and guaranteed residual values under operating leases for vehicles, discounted based on our incremental borrowing rate at lease inception, all divided by total equity. Although total obligations is a non-GAAP financial measure, we believe that total obligations is useful as it provides a more complete analysis of our existing financial obligations and helps better assess our overall leverage position. Our leverage ratios increased in 2012 due to increased capital spending to refresh and grow the full service lease fleet.

Off-Balance Sheet Arrangements

We periodically enter into sale-leaseback transactions in order to lower the total cost of funding our operations, to diversify our funding among different classes of investors and to diversify our funding among different types of funding instruments. These sale-leaseback transactions are often executed with third-party financial institutions. In general, these sale-leaseback transactions results in a reduction in revenue earning equipment and debt on the balance sheet, as proceeds from the sale of revenue earning equipment are primarily used to repay debt. Accordingly, sale-leaseback transactions will result in reduced depreciation and interest expense and increased equipment rental expense. These leases contain limited guarantees by us of the residual values of the leased vehicles (residual value guarantees) that are conditioned upon disposal of the leased vehicles prior to the end of their lease term. The amount of future payments for residual value guarantees will depend on the market for used vehicles and the condition of the vehicles at time of disposal. We did not enter into any sale-leaseback transactions during the three months ended March 31, 2012 or 2011 .

Pension Information

The funded status of our pension plans is dependent upon many factors, including returns on invested assets and the level of certain market interest rates. We review pension assumptions regularly and we may from time to time make voluntary contributions to our pension plans, which exceed the amounts required by statute. In 2012 , we expect to contribute approximately \$81 million to our pension plans. During the three months ended March 31, 2012 , we contributed \$3.6 million to our pension plans. Changes in interest rates and the market value of the securities held by the plans during 2012 could materially change, positively or negatively, the funded status of the plans and affect the level of pension expense and contributions in 2012 and beyond. See Note (Q), "Employee Benefit Plans," in the Notes to Consolidated Condensed Financial Statements for additional information.

Share Repurchases and Cash Dividends

See Note (P), "Share Repurchase Programs," in the Notes to Consolidated Condensed Financial Statements for a discussion of share repurchases.

In February 2012 , our Board of Directors declared a quarterly cash dividend of \$0.29 per share of common stock.

**ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION
AND RESULTS OF OPERATIONS - (Continued)**

NON-GAAP FINANCIAL MEASURES

This Quarterly Report on Form 10-Q includes information extracted from consolidated condensed financial information but not required by generally accepted accounting principles (GAAP) to be presented in the financial statements. Certain of this information are considered "non-GAAP financial measures" as defined by SEC rules. Specifically, we refer to comparable earnings from continuing operations, comparable EPS from continuing operations, operating revenue, FMS operating revenue, FMS EBT as a % of operating revenue, SCS operating revenue, SCS EBT as a % of operating revenue, dedicated services operating revenue, total cash generated, free cash flow, total obligations and total obligations to equity. We provide a reconciliation of each of these non-GAAP financial measures to the most comparable GAAP measure and an explanation why management believes that presentation of the non-GAAP financial measure provides useful information to investors within the management's discussion and analysis and in the table below. Non-GAAP financial measures should be considered in addition to, but not as a substitute for or superior to, other measures of financial performance prepared in accordance with GAAP.

The following table provides a reconciliation of total revenue to operating revenue which was not provided within the MD&A discussion:

	Three months ended March 31,	
	2012	2011
	(In thousands)	
Total revenue	1,536,276	1,425,376
FMS fuel services and SCS subcontracted transportation ⁽¹⁾	(365,935)	(344,188)
Fuel eliminations	58,583	47,882
Operating revenue	<u>\$ 1,228,924</u>	<u>1,129,070</u>

⁽¹⁾ Includes intercompany fuel sales.

**ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION
AND RESULTS OF OPERATIONS - (Continued)**

FORWARD-LOOKING STATEMENTS

Forward-looking statements (within the meaning of the Federal Private Securities Litigation Reform Act of 1995) are statements that relate to expectations, beliefs, projections, future plans and strategies, anticipated events or trends concerning matters that are not historical facts. These statements are often preceded by or include the words "believe," "expect," "intend," "estimate," "anticipate," "will," "may," "could," "should" or similar expressions. This Quarterly Report on Form 10-Q contains forward-looking statements including, but not limited to, statements regarding:

- our expectations as to anticipated revenue and earnings in each business segment, as well as future economic conditions and market demand, including increased demand and favorable revenue in each business segment, higher overall freight volume and increased revenue from recent acquisitions and new business;
- our expectations regarding commercial rental pricing trends and fleet utilization;
- our expectations of the long-term residual values of revenue earning equipment;
- our ability to sell certain revenue earning vehicles throughout the year;
- the anticipated levels of NLE vehicles in inventory throughout the year;
- our expectations of free cash flow, operating cash flow, total cash generated and capital expenditures for the remainder of 2012;
- the adequacy of our accounting estimates and reserves for pension expense, employee benefit plan obligations, depreciation and residual value guarantees, restructuring, accounting changes and income taxes;
- the adequacy of our fair value estimates of employee incentive awards under our share-based compensation plans, contingent consideration and total debt;
- our beliefs regarding the default risk of our direct financing lease receivables
- our ability to fund all of our operating, investing and financial needs for the foreseeable future through internally generated funds and outside funding sources;
- the anticipated impact of foreign exchange rate movements;
- the anticipated impact of fuel price fluctuations;
- our expectations as to return on pension plan assets, future pension expense and estimated contributions;
- our expectations regarding the completion and ultimate resolution of tax audits;
- our expectations regarding the scope, anticipated outcomes and the adequacy of our loss provisions with respect to certain claims, proceedings and lawsuits;
- the anticipated deferral of tax gains on disposal of eligible revenue earning equipment pursuant to our vehicle like-kind exchange program;
- our expectations regarding the impact of recently adopted or implemented accounting pronouncements;
- our ability to access commercial paper and other available debt financing in the capital markets; and
- our expectations regarding the future use and availability of funding sources.

These statements, as well as other forward-looking statements contained in this Quarterly Report, are based on our current plans and expectations and are subject to risks, uncertainties and assumptions. We caution readers that certain important factors could cause actual results and events to differ significantly from those expressed in any forward-looking statements. These risk factors include, but are not limited to, the following:

- **Market Conditions:**

- Changes in general economic and financial conditions in the U.S. and worldwide leading to decreased demand for our services, lower profit margins, increased levels of bad debt and reduced access to credit
- Decrease in freight demand or setbacks in the recent recovery of the freight recession which would impact both our transactional and variable-based contractual business
- Changes in our customers' operations, financial condition or business environment that may limit their need for, or ability to purchase, our services
- Changes in market conditions affecting the commercial rental market or the sale of used vehicles
- Volatility in automotive and high-tech volumes and shifting customer demand in the automotive and high-tech industries

**ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION
AND RESULTS OF OPERATIONS - (Continued)**

- • Competition:

 - Changes in current financial, tax or regulatory requirements that could negatively impact the leasing market
 - Advances in technology may require increased investments to remain competitive, and our customers may not be willing to accept higher prices to cover the cost of these investments
 - Competition from other service providers, some of which have greater capital resources or lower capital costs
 - Continued consolidation in the markets in which we operate which may create large competitors with greater financial resources
 - Our inability to maintain current pricing levels due to economic conditions, demand for services, customer acceptance or competition
- Profitability:
 - Our inability to obtain adequate profit margins for our services
 - Lower than expected sales volumes or customer retention levels
 - Our inability to integrate acquisitions as projected, achieve planned synergies, anticipate costs and liabilities or retain customers of companies we acquire
 - Lower full service lease sales activity
 - Loss of key customers in our SCS business segments
 - Our inability to adapt our product offerings to meet changing consumer preferences on a cost-effective basis
 - The inability of our legacy information technology systems to provide timely access to data
 - Sudden changes in fuel prices and fuel shortages
 - Higher prices for vehicles, diesel engines and fuel as a result of exhaust emissions standards enacted over the last few years
 - Our inability to successfully implement our asset management initiatives
 - Our key assumptions and pricing structure of our SCS contracts prove to be invalid
 - Increased unionizing, labor strikes, work stoppages and driver shortages
 - Difficulties in attracting and retaining drivers due to driver shortages, which may result in higher costs to procure drivers and higher turnover rates affecting our customers
 - Our inability to manage our cost structure
 - Our inability to limit our exposure for customer claims
 - Unfavorable or unanticipated outcomes in legal proceedings

**ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION
AND RESULTS OF OPERATIONS - (Continued)**

- Financing Concerns:

- Higher borrowing costs and possible decreases in available funding sources caused by an adverse change in our debt ratings
- Unanticipated interest rate and currency exchange rate fluctuations
- Negative funding status of our pension plans caused by lower than expected returns on invested assets and unanticipated changes in interest rates
- Withdrawal liability as a result of our participation in multi-employer plans
- Instability in U.S. and worldwide credit markets, resulting in higher borrowing costs and/or reduced access to credit

- Accounting Matters:

- Impact of unusual items resulting from ongoing evaluations of business strategies, asset valuations, acquisitions, divestitures and our organizational structure
- Reductions in residual values or useful lives of revenue earning equipment
- Increases in compensation levels, retirement rate and mortality resulting in higher pension expense; regulatory changes affecting pension estimates, accruals and expenses
- Increases in healthcare costs resulting in higher insurance costs
- Changes in accounting rules, assumptions and accruals
- Impact of actual insurance claim and settlement activity compared to historical loss development factors used to project future development

- Other risks detailed from time to time in our SEC filings

New risk factors emerge from time to time and it is not possible for management to predict all such risk factors or to assess the impact of such risk factors on our business. As a result, no assurance can be given as to our future results or achievements. You should not place undue reliance on the forward-looking statements contained herein, which speak only as of the date of this Quarterly Report. We do not intend, or assume any obligation, to update or revise any forward-looking statements contained in this Quarterly Report, whether as a result of new information, future events or otherwise.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

There have been no material changes to Ryder's exposures to market risks since December 31, 2011. Please refer to the 2011 Annual Report on Form 10-K for a complete discussion of Ryder's exposures to market risks.

ITEM 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

As of the end of the first quarter of 2012, we carried out an evaluation, under the supervision and with the participation of management, including Ryder's Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of Ryder's disclosure controls and procedures (as defined in Rule 13a-15(e) under the Securities Exchange Act of 1934). Based upon that evaluation, the Chief Executive Officer and Chief Financial Officer concluded that as of the end of the first quarter of 2012, Ryder's disclosure controls and procedures (as defined in Rule 13a-15(e) under the Securities Exchange Act of 1934) were effective.

Changes in Internal Controls over Financial Reporting

During the three months ended March 31, 2012, there were no changes in Ryder's internal control over financial reporting that have materially affected or are reasonably likely to materially affect such internal control over financial reporting.

PART II. OTHER INFORMATION

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

The following table provides information with respect to purchases we made of our common stock during the three months ended March 31, 2012:

	Total Number of Shares Purchased ⁽¹⁾	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Programs	Maximum Number of Shares That May Yet Be Purchased Under the Anti-Dilutive Program ⁽²⁾
January 1 through January 31, 2012	1,970	\$ 55.92	—	2,000,000
February 1 through February 29, 2012	143,482	53.38	140,000	1,860,000
March 1 through March 31, 2012	85,930	53.35	83,200	1,776,800
Total	231,382	\$ 53.39	223,200	

(1) During the three months ended March 31, 2012, we purchased an aggregate of 8,182 shares of our common stock in employee-related transactions. Employee-related transactions may include: (i) shares of common stock delivered as payment for the exercise price of options exercised or to satisfy the option holders' tax withholding liability associated with our share-based compensation programs and (ii) open-market purchases by the trustee of Ryder's deferred compensation plans relating to investments by employees in our stock, one of the investment options available under the plans.

(2) In December 2011, our Board of Directors authorized a share repurchase program intended to mitigate the dilutive impact of shares issued under our various employee stock, stock option and employee stock purchase plans. Under the December 2011 program, management is authorized to repurchase shares of common stock in an amount not to exceed the number of shares issued to employees under the Company's various employee stock, stock option and employee stock purchase plans from December 1, 2011 through December 13, 2013. The December 2011 program limits aggregate share repurchases to no more than 2 million shares of Ryder common stock. Share repurchases of common stock are made periodically in open-market transactions and are subject to market conditions, legal requirements and other factors. Management established prearranged written plans for the Company under Rule 10b5-1 of the Securities Exchange Act of 1934 as part of the December 2011 program, which allow for share repurchases during Ryder's quarterly blackout periods as set forth in the trading plan. For the three months ended March 31, 2012, we repurchased and retired 223,200 shares under this program at an aggregate cost of \$11.9 million.

ITEM 5. OTHER INFORMATION

Item 1.01 Entry into a Material Definitive Agreement

On April 20, 2012, we amended our global revolving credit facility dated June 8, 2011 with a syndicate of twelve lending institutions to revise the debt to net worth covenant. As amended, our net worth is defined as shareholder equity excluding any accumulated other comprehensive income or loss associated with our pension and other post-retirement plans. The amendment is attached to this quarterly report on Form 10-Q.

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

Item 5.02(e)

2012 Long Term Incentive Awards

On February 10, 2012, the Compensation Committee of our Board of Directors (and the independent directors of our Board of Directors, with respect to Mr. Swienton) approved the 2012 long-term incentive awards for Mr. Swienton and each of Robert E. Sanchez, President and Chief Operating Officer, John H. Williford, President - Global Supply Chain Solutions, Art A. Garcia, Executive Vice President and Chief Financial Officer and Robert D. Fatovic, Executive Vice President and Chief Legal Officer and Corporate Secretary. As was the case with the 2011 Long-Term Incentive Awards, the long-term incentive value approved for each named executive officer was awarded 45% in stock options, 35% in performance-based restricted stock rights (PBRs) and 20% in performance-based restricted cash awards (PBCAs).

The stock options continue to vest in three equal annual installments commencing on the first anniversary of the grant date and expire seven years from the grant date. However, the PBRs and PBCAs are different from those granted in 2011 as described below.

The performance for the PBRs and the PBCAs will be measured in three equal performance periods of one, two and three years and will be earned based on our total shareholder return in each performance period (e.g., one-third will be earned based on performance from January 1, 2012 through December 31, 2012; one-third will be earned based on performance from January 1, 2012 through December 31, 2013; and one-third will be earned based on performance from January 1, 2012 through December 31, 2014). All awards that have been earned will only vest at the end of the entire three year period the employee is employed with the company, subject to the approval of the Compensation Committee of our Board of Directors. Total Shareholder Return (TSR) performance will be measured relative to the TSR for the companies in the S&P 500 Composite Index measured at the end of each performance period.

For each performance period, three performance targets will be set: (i) a threshold level at which 25% of the award will be earned if our TSR meets or exceeds the TSR of the 33rd percentile of the S&P Composite Index at the end of the performance period; (ii) a target level at which 100% of the award will be earned if our TSR meets or exceeds the TSR of the 50th percentile of the S&P Composite Index at the end of the performance period; and (iii) a maximum level at which 125% of the award will be earned if our TSR meets or exceeds the TSR of the 66th percentile of the S&P Composite Index at the end of the performance period. PBRs and PBCAs will be earned proportionally from the threshold performance level to the target performance level and from the target performance level to the maximum performance level.

Dividend equivalents on the PBRs will accrue and be paid only with respect to PBRs that actually vest at the end of the three year performance cycle.

The terms and conditions for the 2012 Long-Term Incentive Awards are attached to this Quarterly Report on Form 10-Q.

Increase to Target Payout Opportunity

On February 10, 2012, the independent directors of our Board of Directors approved an increase in the performance incentive plan opportunity under the Company's 2012 Performance Incentive Plan for Gregory T. Swienton, our Chairman and Chief Executive Officer, from 145% of base salary to 175% of base salary, with a maximum equal to two times the applicable performance incentive plan opportunity.

ITEM 6. EXHIBITS

- 10.1(a) Terms and Conditions applicable to the 2012 Non-Qualified Stock Options granted under the Ryder System, Inc. 2005 Equity Compensation Plan.
- 10.1(b) Terms and Conditions applicable to the 2012 Non-Qualified Stock Options granted to the Company's Chief Executive Officer under the Ryder System, Inc. 2005 Equity Compensation Plan.
- 10.2(a) Terms and Conditions applicable to the 2012 Performance-Based Restricted Stock Rights granted under the Ryder System, Inc. 2005 Equity Compensation Plan.
- 10.2(b) Terms and Conditions applicable to the 2012 Performance-Based Restricted Stock Rights granted to the Company's Chief Executive Officer under the Ryder System, Inc. 2005 Equity Compensation Plan.
- 10.3(a) Terms and Conditions applicable to the 2012 Performance-Based Cash Awards granted under the Ryder System, Inc. 2005 Equity Compensation Plan.
- 10.3(b) Terms and Conditions applicable to the 2012 Performance-Based Cash Awards granted to the Company's Chief Executive Officer under the Ryder System, Inc. 2005 Equity Compensation Plan.
- 10.4 Terms and Conditions applicable to the 2012 Restricted Stock Rights granted under the Ryder System, Inc. 2005 Equity Compensation Plan.
- 10.14(a) Amendment No. 1 dated as of April 20, 2012 to Global Revolving Credit Agreement, by and among Ryder System, Inc., certain Ryder System, Inc. subsidiaries, and the lenders and agents named therein.
- 31.1 Certification of Gregory T. Swienton pursuant to Rule 13a-14(a) or Rule 15d-14(a).
- 31.2 Certification of Art A. Garcia pursuant to Rule 13a-14(a) or Rule 15d-14(a).
- 32 Certification of Gregory T. Swienton and Art A. Garcia pursuant to Rule 13a-14(b) or Rule 15d-14(b) and 18 U.S.C. Section 1350.

SIGNATURES

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 thereunto duly authorized.

RYDER SYSTEM, INC.
(Registrant)

Date: April 24, 2012

By: /s/ Art A. Garcia
Art A. Garcia
Executive Vice President and Chief Financial Officer
(Principal Financial Officer and
Duly Authorized Officer)

Date: April 24, 2012

By: /s/ Cristina A. Gallo-Aquino
Cristina A. Gallo-Aquino
Vice President and Controller
(Principal Accounting Officer)

**NON-QUALIFIED STOCK OPTIONS
ISSUED UNDER
RYDER SYSTEM, INC. 2005 EQUITY COMPENSATION PLAN**

2012 TERMS AND CONDITIONS

The following terms and conditions apply to the non-qualified stock option (“Option”) granted by Ryder System, Inc. (the “Company”) under the Ryder System, Inc. 2005 Equity Compensation Plan (the “Plan”) during the 2012 calendar year, as specified in the Stock Option Award Notification (the “Notification”), to which these terms and conditions are appended. Certain terms of the Option, including the number of Shares subject to the Option, the exercise price, the vesting schedule and the expiration date, are set forth in the Notification. The terms and conditions contained herein may be amended by the Compensation Committee of the Company’s Board of Directors (the “Committee”) as permitted by the Plan. Capitalized terms used herein and not defined shall have the meaning ascribed to such terms in the Plan or in the Notification.

1. **General** . The Option represents the right to purchase Shares on the terms and conditions set forth herein and in the Plan, the applicable terms, conditions and other provisions of which are incorporated by reference herein. A copy of the Plan and the documents that constitute the "Prospectus" for the Plan under the Securities Act of 1933, have been delivered to the Participant prior to or along with delivery of the Notification. In the event there is an express conflict between the provisions of the Plan and those set forth in these terms and conditions, the terms and conditions of the Plan shall govern.
 2. **Exercisability of Option** . Subject to Sections 4 and 5 below, the Option shall vest and become exercisable pursuant to the vesting schedule set forth in the Notification and shall remain exercisable until the expiration date set forth in the Notification, or such other expiration date designated by the Committee pursuant to Section 7 of the Plan (the “Expiration Date”).
 3. **Exercise Procedures**. The Option, to the extent exercisable, may be exercised by delivering to the Company’s stock administrator, notice of intent to exercise in the manner designated by the stock administrator on behalf of the Company which may vary based on the Participant’s position with the Company. Payment of the aggregate exercise price and applicable withholding taxes shall be made in the manner designated by the stock administrator on behalf of the Company.
 4. **Termination of Option; Forfeiture**. Notwithstanding the vesting and expiration dates set forth in the Notification, the Option will terminate upon or following the termination of the Participant’s employment with the Company and its Subsidiaries as described below. For purposes of these terms and conditions, a Participant shall not be deemed to have terminated his or her employment with the Company and its Subsidiaries if he or she is then employed by the Company or another Subsidiary without a break in service.
 - (a) **Resignation by the Participant or Termination by the Company or a Subsidiary other than for Cause** : The unvested portion of the Option will immediately terminate on the Participant’s last day of employment. The vested portion of the Option will terminate at 12:01 a.m. on the 91st day following the Participant’s last day of employment (but not later than the Expiration Date), provided that if the Participant dies during such 90 day period, such portion of the Option will terminate no earlier than 12:01a.m. on the first anniversary of the date of death (but not later than the Expiration Date) and provided
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further that, if, upon such termination, the Participant is entitled to severance benefits in the form of salary continuation, then the vested portion of the Option will terminate at 12:01 a.m. on the 91st day following the date that salary continuation is no longer payable to the Participant (but not later than the Expiration Date).

Notwithstanding the foregoing, if the Participant is terminated by the Company or a Subsidiary and is subsequently re-employed by the Company or a Subsidiary prior to 12:01 a.m. on the 91st day following the later of (i) the last day of employment or (ii) if applicable, the date that salary continuation is no longer payable to the Participant, but in either case, not later than the Expiration Date, then the vested, but unexercised, portion of the Options will remain exercisable until the Expiration Date, unless terminated earlier pursuant hereto.

In the event that the Participant voluntarily terminates his or her employment with the Company or a Subsidiary and is subsequently re-employed by the Company or a Subsidiary prior to 12:01 a.m. on the 91st day following the Participant's last day of employment (but not later than the Expiration Date), then the vested, but unexercised, portion of the Options will remain exercisable until the Expiration Date, unless terminated earlier pursuant hereto.

- (b) Retirement : If a Participant's employment terminates for any reason (other than for Cause, death or Disability) at a time when he or she is eligible for Retirement, then the unvested portion of the Option will immediately terminate on the Participant's last day of employment, and the vested portion of the Option will terminate upon the Expiration Date.
 - (c) Termination due to Death : The unvested portion of the Option will immediately terminate on the date of death, and the vested portion of the Option will expire upon the Expiration Date. Following the Participant's death, the right to exercise such vested portion will pass to the Participant's Beneficiary.
 - (d) Termination due to Disability : The unvested portion of the Option that would otherwise have become vested during the three (3) years following Disability will continue to vest as scheduled (without regard to subsequent status changes). The vested portion of the Option, including the portion that becomes vested pursuant to the preceding sentence, will expire upon the Expiration Date.
 - (e) Termination for Cause : Notwithstanding the foregoing provisions of this Section 4, the entire Option, including the vested portion, will terminate immediately upon the Participant's termination of employment. To the extent the Participant exercised any portion of the Option during the one year period immediately prior to the date of such termination of employment for Cause, the Company shall have the right to reclaim and receive from the Participant all Shares delivered to the Participant upon such exercise, or to the extent the Participant has transferred such Shares, the after-tax equivalent value thereof (as of the date the Shares were transferred by the Participant) in cash, and in each case upon receipt thereof, the Company shall return the exercise price paid by the Participant.
 - (f) Proscribed Activity : If, during the Proscribed Period but prior to a Change in Control, the Participant engages in a Proscribed Activity, then any portion of the Option still outstanding shall terminate and the Company shall have the right to reclaim and receive from the Participant all Shares delivered to the Participant upon the exercise of the Option during the one year period immediately prior to, or at any time following, the date of the Participant's termination of employment, or to the extent the Participant has transferred
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such Shares, the after-tax equivalent value thereof (as of the date the Shares were transferred by the Participant) in cash, and in each case upon receipt thereof, the Company shall return the exercise price paid by the Participant.

5. ***Change in Control.*** Notwithstanding anything contained herein to the contrary, unless otherwise determined by the Committee prior to a Change in Control, the Option will become fully vested and exercisable immediately prior to a Change in Control, and, to the extent the Option is not cancelled upon such Change in Control pursuant to Section 7 of the Plan, it shall remain outstanding until the Expiration Date, but subject to earlier termination under the circumstances described in Section 4(e) and (f) above. For purposes of this Section 5, the term Option shall refer only to those Options that are outstanding at the time of the Change in Control and not to any unvested Options that are terminated pursuant to Section 4 above, provided that, if (i) the Participant's employment was terminated by the Company other than for Cause or Disability during the 12 month period prior to the Change in Control, (ii) during such 12 month period, the Participant does not engage in a Proscribed Activity, and (iii) the Committee determines, in its sole and absolute discretion, that the decision related to such termination was made in contemplation of the Change in Control, within 30 days following the Change in Control, with respect to any portion of the Option which the Participant forfeited upon the Participant's termination of employment, the Participant shall receive a lump sum cash payment per Share equal to the positive difference, if any, between the Fair Market Value of a Share on the date that the Change in Control occurs, and the exercise price per Share subject to the Option.
 6. ***U.S. Federal, State and Local Income Withholding.*** The Option will be treated as a non-qualified stock option, and therefore will be treated as wages and subject to withholding taxes and reporting. The Option may not be exercised unless the Participant makes arrangements satisfactory to the Company to ensure that its withholding tax obligations will be satisfied. 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.
 7. ***Definitions .***
 - (a) "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 of grant of the Option. Notwithstanding the foregoing, unless otherwise set forth in any individual, valid, written agreement between the Participant and the Company or any Subsidiary, during the one year period following a Change in Control, in no event shall a failure to meet performance expectations constitute Cause unless such failure was willful.
 - (b) "Change in Control" occurs when:
 - (i) any individual, entity or group (within the meaning of Section 13(d)(3) or 14(d)(2) of the Securities Exchange Act of 1934, as amended (the "1934 Act")) (a "Person") becomes the beneficial owner, directly or indirectly, of thirty percent (30%) or more of the combined voting power of the Company's outstanding voting securities ordinarily having the right to vote for the election of directors of the Company; provided, however, that for purposes of this subparagraph (i), the following acquisitions shall not constitute a Change of Control: (A) any acquisition by any employee benefit plan or plans (or related trust) of the Company
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and its subsidiaries and affiliates or (B) any acquisition by any corporation pursuant to a transaction which complies with clauses (A), (B) and (C) of subparagraph (iii) below; or

- (ii) the individuals who, as of January 1, 2007, constituted the Board of Directors of the Company (the “Board” generally and as of January 1, 2007 the “Incumbent Board”) cease for any reason to constitute at least a majority of the Board, provided that any person becoming a director subsequent to January 1, 2007 whose election, or nomination for election, was approved by a vote of the persons comprising at least a majority of the Incumbent Board (other than an election or nomination of an individual whose initial assumption of office is in connection with an actual or threatened election contest, as such terms are used in Rule 14a-11 of Regulation 14A promulgated under the 1934 Act (as in effect on January 23, 2000)) shall be, for purposes of this Plan, considered as though such person were a member of the Incumbent Board; or
 - (iii) there is a reorganization, merger or consolidation of the Company (a “Business Combination”), in each case, unless, following such Business Combination, (A) all or substantially all of the individuals and entities who were the beneficial owners, respectively, of the Company’s outstanding Shares and outstanding voting securities ordinarily having the right to vote for the election of directors of the Company immediately prior to such Business Combination beneficially own, directly or indirectly, more than fifty percent (50%) of, respectively, the then outstanding shares of common stock and the combined voting power of the then outstanding voting securities ordinarily having the right to vote for the election of directors, as the case may be, of the corporation resulting from such Business Combination (including, without limitation, a corporation which as a result of such transaction owns the Company or all or substantially all of the Company’s assets either directly or through one or more subsidiaries) in substantially the same proportions as their ownership, immediately prior to such Business Combination, of the Company’s outstanding Shares and outstanding voting securities ordinarily having the right to vote for the election of directors of the Company, as the case may be, (B) no Person (excluding any corporation resulting from such Business Combination or any employee benefit plan or plans (or related trust) of the Company or such corporation resulting from such Business Combination and their subsidiaries and affiliates) beneficially owns, directly or indirectly, 30% or more of the combined voting power of the then outstanding voting securities of the corporation resulting from such Business Combination and (C) at least a majority of the members of the board of directors of the corporation resulting from such Business Combination were members of the Incumbent Board at the time of the execution of the initial agreement, or of the action of the Board, providing for such Business Combination; or
 - (iv) there is a liquidation or dissolution of the Company approved by the shareholders; or
 - (v) there is a sale of all or substantially all of the assets of the Company.
- (c) “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
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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 3 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.

(d) “Proscribed Activity” means any of the following:

- (i) the Participant’s breach or violation of (A) any written agreement between the Participant and the Company or any of its Subsidiaries, including any agreement relating to nondisclosure, noncompetition, nonsolicitation and/or nondisparagement, or (B) any legal obligation it may have to the Company;
 - (ii) the Participant’s direct or indirect unauthorized use or disclosure of confidential information or trade secrets of the Company or any Subsidiary, including, but not limited to, such matters as costs, profits, markets, sales, products, product lines, key personnel, pricing policies, operational methods, customers, customer requirements, suppliers, plans for future developments, and other business affairs and methods and other information not readily available to the public;
 - (iii) the Participant’s direct or indirect engaging or becoming a partner, director, officer, principal, employee, consultant, investor, creditor or stockholder in/for any business, proprietorship, association, firm or corporation not owned or controlled by the Company or its Subsidiaries which is engaged or proposes to engage in a business competitive directly or indirectly with the business conducted by the Company or its Subsidiaries in any geographic area where such business of the Company or its Subsidiaries is conducted, provided that the Participant’s investment in one percent (1%) or less of the outstanding capital stock of any corporation whose stock is listed on a national securities exchange shall not be treated as a Proscribed Activity;
 - (iv) the Participant’s direct or indirect, either on the Participant’s own account or for any person, firm or company, soliciting, interfering with or inducing, or attempting to induce, any employee of the Company or any of its Subsidiaries to leave his or her employment or to breach his or her employment agreement;
 - (v) the Participant’s direct or indirect taking away, interfering with relations with, diverting or attempting to divert from the Company or any Subsidiary any business with any customer of the Company or any Subsidiary, including (A) any customer that has been solicited or serviced by the Company within one (1) year prior to the date of termination of Participant’s employment with the Company and (B) any customer with which the Participant has had contact or association, or which was under the supervision of Participant, or the identity of which was learned by the Participant as a result of Participant’s employment with the Company;
 - (vi) the Participant’s making of any remarks disparaging the conduct or character of the Company or any of its Subsidiaries, or their current or former agents, employees, officers, directors, successors or assigns; or
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- (vii) the Participant's failure to cooperate with the Company or any Subsidiary, for no additional compensation (other than reimbursement of expenses), in any litigation or administrative proceedings involving any matters with which the Participant was involved during the Participant's employment with the Company or any Subsidiary.
 - (e) "Proscribed Period" means the period beginning on the date of termination of Participant's employment and ending on the later of (A) the one year anniversary of such termination date or (B) if the Participant is entitled to severance benefits in the form of salary continuation, the date on which salary continuation is no longer payable to the Participant.
 - (f) "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; provided that, Retirement shall not be deemed to occur unless such termination of service constitutes a separation from service, as defined by Section 409A of the Code.
8. ***Other Benefits*** . No amount accrued or paid under this Award shall be deemed compensation for purposes of computing a Participant's benefits under any retirement plan of the Company or its Subsidiaries, nor affect any benefits under any other benefit plan now or subsequently in effect under which the availability or amount of benefits is related to the Participant's level of compensation.

**NON-QUALIFIED STOCK OPTIONS
ISSUED UNDER
RYDER SYSTEM, INC. 2005 EQUITY COMPENSATION PLAN**

2012 TERMS AND CONDITIONS
CEO

The following terms and conditions apply to the non-qualified stock option (“Option”) granted by Ryder System, Inc. (the “Company”) under the Ryder System, Inc. 2005 Equity Compensation Plan (the “Plan”) during the 2012 calendar year, as specified in the Stock Option Award Notification (the “Notification”), to which these terms and conditions are appended. Certain terms of the Option, including the number of Shares subject to the Option, the exercise price, the vesting schedule and the expiration date, are set forth in the Notification. The terms and conditions contained herein may be amended by the Compensation Committee of the Company’s Board of Directors (the “Committee”) as permitted by the Plan. Capitalized terms used herein and not defined shall have the meaning ascribed to such terms in the Plan or in the Notification.

1. **General** . The Option represents the right to purchase Shares on the terms and conditions set forth herein and in the Plan, the applicable terms, conditions and other provisions of which are incorporated by reference herein. A copy of the Plan and the documents that constitute the "Prospectus" for the Plan under the Securities Act of 1933, have been delivered to the Participant prior to or along with delivery of the Notification. In the event there is an express conflict between the provisions of the Plan and those set forth in these terms and conditions, the terms and conditions of the Plan shall govern.
 2. **Exercisability of Option** . Subject to Sections 4 and 5 below, the Option shall vest and become exercisable pursuant to the vesting schedule set forth in the Notification and shall remain exercisable until the expiration date set forth in the Notification, or such other expiration date designated by the Committee pursuant to Section 7 of the Plan (the “Expiration Date”).
 3. **Exercise Procedures**. The Option, to the extent exercisable, may be exercised by delivering to the Company’s stock administrator, notice of intent to exercise in the manner designated by the stock administrator on behalf of the Company which may vary based on the Participant’s position with the Company. Payment of the aggregate exercise price and applicable withholding taxes shall be made in the manner designated by the stock administrator on behalf of the Company.
 4. **Termination of Option; Forfeiture**. Notwithstanding the vesting and expiration dates set forth in the Notification, the Option will terminate upon or following the termination of the Participant’s employment or service with the Company and its Subsidiaries as described below. For purposes of these terms and conditions, the Participant shall not be deemed to have terminated his employment with the Company and its Subsidiaries if he is then employed by the Company or another Subsidiary without a break in service.
 - (a) Resignation by the Participant or Termination by the Company or a Subsidiary other than for Cause : The unvested portion of the Option will immediately terminate on
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the Participant's last day of employment. The vested portion of the Option will terminate at 12:01 a.m. on the 91st day following the Participant's last day of employment (but not later than the Expiration Date), provided that if the Participant dies during such 90 day period, such portion of the Option will terminate no earlier than 12:01a.m. on the first anniversary of the date of death (but not later than the Expiration Date) and provided further that, if, upon such termination, the Participant is entitled to severance benefits in the form of salary continuation, then the vested portion of the Option will terminate at 12:01 a.m. on the 91st day following the date that salary continuation is no longer payable to the Participant (but not later than the Expiration Date).

Notwithstanding the foregoing, if the Participant is terminated by the Company or a Subsidiary and is subsequently re-employed by the Company or a Subsidiary prior to 12:01 a.m. on the 91st day following the later of (i) the last day of employment or (ii) if applicable, the date that salary continuation is no longer payable to the Participant, but in either case, not later than the Expiration Date, then the vested, but unexercised, portion of the Options will remain exercisable until the Expiration Date, unless terminated earlier pursuant hereto.

In the event that the Participant voluntarily terminates his employment with the Company or a Subsidiary and is subsequently re-employed by the Company or a Subsidiary prior to 12:01 a.m. on the 91st day following the Participant's last day of employment (but not later than the Expiration Date), then the vested, but unexercised, portion of the Options will remain exercisable until the Expiration Date, unless terminated earlier pursuant hereto.

- (b) Retirement : If the Participant's employment terminates for any reason (other than for Cause, death or Disability) at a time when he is eligible for Retirement, then the unvested portion of the Option will immediately terminate on the Participant's last day of employment, and the vested portion of the Option will terminate upon the Expiration Date.

Notwithstanding the foregoing, if the Participant, immediately following Retirement, continues to provide service to the Company as a paid consultant or advisor, then the unvested portion of the Option shall continue to vest and become exercisable pursuant to the vesting schedule set forth in the Notification until such time as the Participant is no longer a paid consultant or advisor. The remaining unvested portion of the Option at that time will immediately terminate and the vested portion of the Option will terminate upon the Expiration Date.

- (c) Termination due to Death : The unvested portion of the Option will immediately terminate on the date of death, and the vested portion of the Option will expire upon the Expiration Date. Following the Participant's death, the right to exercise such vested portion will pass to the Participant's Beneficiary.
- (d) Termination due to Disability : The unvested portion of the Option that would otherwise have become vested during the three (3) years following Disability will continue to vest as scheduled (without regard to subsequent status changes). The vested portion of the Option, including the portion that becomes vested pursuant to
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the preceding sentence, will expire upon the Expiration Date.

- (e) **Termination for Cause** : Notwithstanding the foregoing provisions of this Section 4, the entire Option, including the vested portion, will terminate immediately upon the Participant's termination of employment. To the extent the Participant exercised any portion of the Option during the one year period immediately prior to the date of such termination of employment for Cause, the Company shall have the right to reclaim and receive from the Participant all Shares delivered to the Participant upon such exercise, or to the extent the Participant has transferred such Shares, the after-tax equivalent value thereof (as of the date the Shares were transferred by the Participant) in cash, and in each case upon receipt thereof, the Company shall return the exercise price paid by the Participant.
- (f) **Proscribed Activity** : If, during the Proscribed Period but prior to a Change in Control, the Participant engages in a Proscribed Activity, then any portion of the Option still outstanding shall terminate and the Company shall have the right to reclaim and receive from the Participant all Shares delivered to the Participant upon the exercise of the Option during the one year period immediately prior to, or at any time following, the date of the Participant's termination of employment or service, or to the extent the Participant has transferred such Shares, the after-tax equivalent value thereof (as of the date the Shares were transferred by the Participant) in cash, and in each case upon receipt thereof, the Company shall return the exercise price paid by the Participant.

5. **Change in Control.** Notwithstanding anything contained herein to the contrary, unless otherwise determined by the Committee prior to a Change in Control, the Option will become fully vested and exercisable immediately prior to a Change in Control, and, to the extent the Option is not cancelled upon such Change in Control pursuant to Section 7 of the Plan, it shall remain outstanding until the Expiration Date, but subject to earlier termination under the circumstances described in Section 4(e) and (f) above. For purposes of this Section 5, the term Option shall refer only to those Options that are outstanding at the time of the Change in Control and not to any unvested Options that are terminated pursuant to Section 4 above, provided that, if (i) the Participant's employment or service was terminated by the Company other than for Cause or Disability during the 12 month period prior to the Change in Control, (ii) during such 12 month period, the Participant does not engage in a Proscribed Activity, and (iii) the Committee determines, in its sole and absolute discretion, that the decision related to such termination was made in contemplation of the Change in Control, within 30 days following the Change in Control, with respect to any portion of the Option which the Participant forfeited upon the Participant's termination of employment or service, the Participant shall receive a lump sum cash payment per Share equal to the positive difference, if any, between the Fair Market Value of a Share on the date that the Change in Control occurs, and the exercise price per Share subject to the Option.

6. **U.S. Federal, State and Local Income Withholding.** The Option will be treated as a non-qualified stock option, and therefore will be treated as wages and subject to withholding taxes and reporting. The Option may not be exercised unless the Participant makes arrangements satisfactory to the Company to ensure that its withholding tax obligations will be satisfied. 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.

7. **Definitions .**

- (a) “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 of grant of the Option. Notwithstanding the foregoing, unless otherwise set forth in any individual, valid, written agreement between the Participant and the Company or any Subsidiary, during the one year period following a Change in Control, in no event shall a failure to meet performance expectations constitute Cause unless such failure was willful.
 - (b) “Change in Control” occurs when:
 - (i) any individual, entity or group (within the meaning of Section 13(d)(3) or 14(d)(2) of the Securities Exchange Act of 1934, as amended (the “1934 Act”)) (a “Person”) becomes the beneficial owner, directly or indirectly, of thirty percent (30%) or more of the combined voting power of the Company’s outstanding voting securities ordinarily having the right to vote for the election of directors of the Company; provided, however, that for purposes of this subparagraph (i), the following acquisitions shall not constitute a Change of Control: (A) any acquisition by any employee benefit plan or plans (or related trust) of the Company and its subsidiaries and affiliates or (B) any acquisition by any corporation pursuant to a transaction which complies with clauses (A), (B) and (C) of subparagraph (iii) below; or
 - (ii) the individuals who, as of January 1, 2007, constituted the Board of Directors of the Company (the “Board” generally and as of January 1, 2007 the “Incumbent Board”) cease for any reason to constitute at least a majority of the Board, provided that any person becoming a director subsequent to January 1, 2007 whose election, or nomination for election, was approved by a vote of the persons comprising at least a majority of the Incumbent Board (other than an election or nomination of an individual whose initial assumption of office is in connection with an actual or threatened election contest, as such terms are used in Rule 14a-11 of Regulation 14A promulgated under the 1934 Act (as in effect on January 23, 2000)) shall be, for purposes of this Plan, considered as though such person were a member of the Incumbent Board; or
 - (iii) there is a reorganization, merger or consolidation of the Company (a “Business Combination”), in each case, unless, following such Business Combination, (A) all or substantially all of the individuals and entities who were the beneficial owners, respectively, of the Company’s outstanding Shares and outstanding voting securities ordinarily having the right to vote for the election of directors of the Company immediately prior to such Business Combination beneficially own, directly or indirectly, more than
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fifty percent (50%) of, respectively, the then outstanding shares of common stock and the combined voting power of the then outstanding voting securities ordinarily having the right to vote for the election of directors, as the case may be, of the corporation resulting from such Business Combination (including, without limitation, a corporation which as a result of such transaction owns the Company or all or substantially all of the Company's assets either directly or through one or more subsidiaries) in substantially the same proportions as their ownership, immediately prior to such Business Combination, of the Company's outstanding Shares and outstanding voting securities ordinarily having the right to vote for the election of directors of the Company, as the case may be, (B) no Person (excluding any corporation resulting from such Business Combination or any employee benefit plan or plans (or related trust) of the Company or such corporation resulting from such Business Combination and their subsidiaries and affiliates) beneficially owns, directly or indirectly, 30% or more of the combined voting power of the then outstanding voting securities of the corporation resulting from such Business Combination and (C) at least a majority of the members of the board of directors of the corporation resulting from such Business Combination were members of the Incumbent Board at the time of the execution of the initial agreement, or of the action of the Board, providing for such Business Combination; or

- (iv) there is a liquidation or dissolution of the Company approved by the shareholders; or
 - (v) there is a sale of all or substantially all of the assets of the Company.
- (c) "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 3 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.
- (d) "Proscribed Activity" means any of the following:
- (i) the Participant's breach or violation of (A) any written agreement between the Participant and the Company or any of its Subsidiaries, including any agreement relating to nondisclosure, noncompetition, nonsolicitation and/or nondisparagement, or (B) any legal obligation it may have to the Company;
 - (ii) the Participant's direct or indirect unauthorized use or disclosure of confidential information or trade secrets of the Company or any Subsidiary, including, but not limited to, such matters as costs, profits, markets, sales, products, product lines, key personnel, pricing policies, operational
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methods, customers, customer requirements, suppliers, plans for future developments, and other business affairs and methods and other information not readily available to the public;

- (iii) the Participant's direct or indirect engaging or becoming a partner, director, officer, principal, employee, consultant, investor, creditor or stockholder in/for any business, proprietorship, association, firm or corporation not owned or controlled by the Company or its Subsidiaries which is engaged or proposes to engage in a business competitive directly or indirectly with the business conducted by the Company or its Subsidiaries in any geographic area where such business of the Company or its Subsidiaries is conducted, provided that the Participant's investment in one percent (1%) or less of the outstanding capital stock of any corporation whose stock is listed on a national securities exchange shall not be treated as a Proscribed Activity;
 - (iv) the Participant's direct or indirect, either on the Participant's own account or for any person, firm or company, soliciting, interfering with or inducing, or attempting to induce, any employee of the Company or any of its Subsidiaries to leave his or her employment or to breach his or her employment agreement;
 - (v) the Participant's direct or indirect taking away, interfering with relations with, diverting or attempting to divert from the Company or any Subsidiary any business with any customer of the Company or any Subsidiary, including (A) any customer that has been solicited or serviced by the Company within one (1) year prior to the date of termination of Participant's employment or service with the Company and (B) any customer with which the Participant has had contact or association, or which was under the supervision of Participant, or the identity of which was learned by the Participant as a result of Participant's employment or service with the Company;
 - (vi) the Participant's making of any remarks disparaging the conduct or character of the Company or any of its Subsidiaries, or their current or former agents, employees, officers, directors, successors or assigns; or
 - (vii) the Participant's failure to cooperate with the Company or any Subsidiary, for no additional compensation (other than reimbursement of expenses), in any litigation or administrative proceedings involving any matters with which the Participant was involved during the Participant's employment or service with the Company or any Subsidiary .
- (e) "Proscribed Period" means the period beginning on the date of termination of Participant's employment or service and ending on the later of (A) the one year anniversary of such termination date or (B) if the Participant is entitled to severance benefits in the form of salary continuation, the date on which salary continuation is no longer payable to the Participant.
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(f) "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; provided that, Retirement shall not be deemed to occur unless such termination of service constitutes a separation from service, as defined by Section 409A of the Code.

8. ***Other Benefits*** . No amount accrued or paid under this Award shall be deemed compensation for purposes of computing the Participant's benefits under any retirement plan of the Company or its Subsidiaries, nor affect any benefits under any other benefit plan now or subsequently in effect under which the availability or amount of benefits is related to the Participant's level of compensation.

**PERFORMANCE-BASED RESTRICTED STOCK RIGHTS
ISSUED UNDER
RYDER SYSTEM, INC. 2005 EQUITY COMPENSATION PLAN**

2012 TERMS AND CONDITIONS

The following terms and conditions apply to the performance-based restricted stock rights (the “PBRSRs”) granted by Ryder System, Inc. (the “Company”) under the Ryder System, Inc. 2005 Equity Compensation Plan (the “Plan”), as specified in the Performance-Based Restricted Stock Rights Award Notification (the “Notification”), to which these terms and conditions are appended. Certain terms of the PBRSRs including the number of shares of Ryder common stock underlying the PBRSRs, are set forth in the Notification. The Compensation Committee of the Company’s Board of Directors (the “Committee”) shall administer the PBRSRs in accordance with the Plan. Capitalized terms used herein and not defined shall have the meaning ascribed to such terms in the Plan or in the Notification.

1. **General** . Each PBRSR represents the right to receive one Share on a future date based upon the attainment of certain financial performance goals and continued employment, on the terms and conditions set forth herein, in the Notification and in the Plan, the applicable terms, conditions and other provisions of which are incorporated by reference herein (collectively, the “Award Documents”). A copy of the Plan and the documents that constitute the “Prospectus” for the Plan under the Securities Act of 1933, have been delivered to the Participant prior to or along with delivery of the Notification. In the event there is an express conflict between the provisions of the Plan and those set forth in any other Award Document, the terms and conditions of the Plan shall govern. It is intended that the PBRSRs qualify as “performance-based compensation” for purposes of Section 162(m) of the Internal Revenue Code of 1986, as amended (the “Code”), including any successor provisions and regulations.

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 PBRSRs 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 his or her PBRSRs and/or termination of employment (unless otherwise prohibited by law). All decisions and determination made by the Committee relating to the PBRSRs 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** .

The Company’s TSR Percentile (as defined in Section 12) will be measured with respect to each Performance Period, and the right to the PBRSRs will accrue based on the following schedule:

<u>Company’s TSR Percentile</u>	<u>Accrual Percentage</u>
66th or greater	125%
50th	100%
33rd	25%
less than 33rd	—%

If the Company's TSR Percentile falls between the measuring points on the foregoing schedule, the Accrual Percentage for such Performance Period will be determined proportionally between the measuring points. Any fractional PBR SR resulting from the vesting of the PBR SRs shall be rounded down to the nearest whole number.

3. ***Delivery of Shares*** . Provided that the Participant remained continuously employed through the end of the Three-Year Performance Period (but subject to Section 4 below), the number of Shares equal to the number of Accrued PBR SRs, net of the number of Shares necessary to satisfy applicable withholding taxes, will be transferred to an account held in the name of the Participant by the Company's independent stock plan administrator and the Participant will receive notice of such transfer together with all relevant account details. Such transfer will occur as soon as practicable after the Committee has approved the Company's TSR Percentile for the Third Performance Period on or following January 1, 2015, provided that in no event shall the transfer be made after March 15, 2015, unless administratively impracticable to do so.
 4. ***Termination of PBR SRs; Forfeiture***. The PBR SRs will be cancelled upon the termination of the Participant's employment with the Company and its Subsidiaries as described below.
 - (a) Resignation by the Participant or Termination by the Company or a Subsidiary : Except as provided in subsection (b) below, upon any termination of a Participant's employment with the Company and its Subsidiaries prior to the end of the Three-Year Performance Period, all outstanding PBR SRs, whether or not accrued, will be forfeited and the Participant will not have any right to delivery of Shares. In addition, even if a Participant remains employed through the end of the Three-Year Performance Period, if the Participant's employment is subsequently terminated by the Company or a Subsidiary for Cause, the right to any undelivered Shares shall be forfeited, and the Company shall have the right to reclaim and receive from the Participant any Shares delivered to the Participant pursuant to Section 3 within the one year period before the date of the Participant's termination of employment, or to the extent the Participant has transferred such Shares, the equivalent after-tax value thereof (as of the date the Shares were transferred by the Participant) in cash.
 - (b) Termination by reason of Death, Disability or Retirement : If a Participant's employment terminates due to death, Disability or Retirement prior to the end of the Three-Year Performance Period, the Participant (or his or her Beneficiary, in the event of death) will be entitled to receive a pro-rata number of Shares that would have been delivered pursuant to Section 3 had the Participant remained employed through the end of the Three-Year Performance Period, based on the number of days during the Three-Year Performance Period that the Participant is considered to be an active employee as determined by the Company, payable at the time and manner specified in Section 3 above.
 - (c) Proscribed Activity : If, during the Proscribed Period but prior to a Change of Control, the Participant engages in a Proscribed Activity, then the Company shall have the right to reclaim and receive from the Participant all Shares delivered to the Participant pursuant to Section 3 during the one year period immediately prior to, or at any time following, the date of the Participant's termination of employment, or to the extent the Participant has transferred such Shares, the after-tax equivalent value thereof (as of the date the Shares were transferred by the Participant) in cash.
 5. ***Change of Control*** . Notwithstanding anything contained herein to the contrary, unless otherwise
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determined by the Committee prior to a Change of Control which occurs during the Performance Period, immediately prior to any such Change of Control, each Participant shall be entitled to delivery of a number of Shares equal to the sum of (a) with respect to each completed Performance Period, the number of Accrued PBRs at the time of the Change of Control, and (b) with respect to each uncompleted Performance Period, the number of PBRs that would have become Accrued PBRs at the end of each such Performance Period had the Company's TSR Percentile been at the 50th percentile. Upon the occurrence of a Change of Control, all Shares subject to Accrued PBRs, will be delivered to the Participant in accordance with Section 3 above; provided that such Change of Control constitutes a change "in ownership" or "effective control" or a change in the "ownership of a substantial portion of the assets" of the Company under Section 409A of the Code and the rulings and regulations issued thereunder (any such transaction, a "409A Compliant CIC"). In the event that such Change of Control does not constitute a 409A Compliant CIC (any such transaction, a "Non-409A Compliant CIC"), to the extent that the Accrued PBRs are no longer subject to a substantial risk of forfeiture, each Accrued PBR will be converted into a right to receive a cash payment equal to the Fair Market Value of a Share on the date on which the Change of Control occurs. Such cash payment will be distributed to the Participant on the earlier of the otherwise applicable distribution date set forth in Section 3 above and the Participant's separation from service (as defined by Section 409A of the Code).

To the extent (i) a Participant's employment was terminated by the Company other than for Cause or Disability within the 12 months prior to the date on which the Change of Control occurred, (ii) during such 12 month period the Participant did not engage in a Proscribed Activity, and (iii) the Committee determines, in its sole and absolute discretion, that the decision related to such termination was made in contemplation of the Change of Control, then upon the Change of Control, the Participant will become entitled to a cash payment equal to the product of: the Fair Market Value of a Share on the date of the Change of Control and the number of Shares to which the Participant would otherwise have been entitled pursuant to the preceding paragraph on the date of the Change of Control if the Participant's employment had continued until the date of the Change of Control. In the event of a 409A Compliant CIC, such cash payment will be made in a lump sum on the date on which the Change of Control occurs. In the event a Non-409A Compliant CIC occurs, the cash payment will be distributed to the Participant on the first anniversary of the Participant's separation from service.

In the event of a Non-409A Compliant CIC, then immediately prior to or in connection with the consummation of the Change of Control, the Company shall pay into one or more trust(s) (the "Trust(s)") established between the Company and any financial institution with assets in excess of \$100 million selected by the Company prior to the Change of Control, as trustee (the "Trustee"), such amounts as are required in order to fully pay the amounts payable pursuant to this Section 5 or as are otherwise required pursuant to the terms of the Trust(s), with payment to be made in cash or cash equivalents. Thereafter, all amounts payable pursuant to this Section 5 shall be paid out of the Trust(s); provided, however, that the Company shall retain liability for and pay the applicable Participant any amounts or provide for such other benefits due the Participant under the Plan for which there are insufficient funds in the Trust(s), for which no funding of the Trust(s) is required, or in the event that the Trustee fails to make timely payment.

6. ***Rights as a Shareholder; Dividend Equivalents.*** The Participant will not have the rights of a shareholder of the Company with respect to Shares subject to the PBRs until such Shares are actually delivered to the Participant. At the time Shares are delivered to the Participant pursuant to Section 3, the Company will make a cash payment equal to the product of (i) the number of Accrued PBRs, and (ii) the aggregate dividends paid on a Share during the Three-Year Performance Period.
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7. ***U.S. Federal, State and Local Income Tax Withholding.*** The PBRSRs will not be taxable until the Shares are delivered. The Shares when delivered will be taxable to the Participant at their then Fair Market Value as ordinary income, subject to wage-based withholding and reporting. The Company will first satisfy this withholding obligation by reducing the performance-based cash, if any, to be paid at the time of such delivery in an amount sufficient to satisfy the withholding obligations. If, after the Company has reduced all of the performance-based cash, there are still withholding tax obligations due, the Company will reduce the number of Shares to be delivered to the Participant in an amount sufficient to satisfy the balance of the withholding obligations due (based on the Fair Market Value of the Shares on the vesting date for the related PBRSRs). The payment of cash dividend equivalents will be taxable to the Participant as ordinary income when paid, subject to wage-based withholding and reporting. This Section 7 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.
 8. ***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 PBRSRs 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 PBRSRs 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.
 9. ***No Employment Right .*** Neither the grant of the PBRSRs 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 PBRSRs 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.
 10. ***No Assignment .*** A Participant's rights and interest under the PBRSRs 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 PBRSRs or the Award Documents.
 11. ***Unfunded Plan .*** Any shares or other amounts owed under the PBRSRs 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 delivery or payment of any earned amounts.
 12. ***Definitions .***
 - (a) "Accrual Percentage" means the percentage of the PBRSRs that accrue at the end of each Performance Period pursuant to Section 2.
 - (b) "Accrued PBRSRs" means the sum, for each Performance Period, of the Accrual Percentage for each Performance Period times one-third of the number of PBRSRs subject to an Award as set forth in the Notification.
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- (c) “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 of grant of the PBRsRs. Notwithstanding the foregoing, unless otherwise set forth in any individual, valid, written agreement between the Participant and the Company or any Subsidiary, during the one year period following a Change of Control, in no event shall a failure to meet performance expectations constitute Cause unless such failure was willful.
- (d) “Change of Control” occurs when:
- (i) any individual, entity or group (within the meaning of Section 13(d)(3) or 14(d)(2) of the Securities Exchange Act of 1934, as amended (the “1934 Act”)) (a “Person”) becomes the beneficial owner, directly or indirectly, of 30% or more of the combined voting power of the Company’s outstanding voting securities ordinarily having the right to vote for the election of directors of the Company; provided, however, that for purposes of this subparagraph (i), the following acquisitions shall not constitute a Change of Control: (A) any acquisition by any employee benefit plan or plans (or related trust) of the Company and its subsidiaries and affiliates or (B) any acquisition by any corporation pursuant to a transaction which complies with clauses (A), (B) and (C) of subparagraph (iii) below;
 - (ii) the individuals who, as of January 1, 2007, constituted the Board of Directors of the Company (the “Board” generally and as of January 1, 2007 the “Incumbent Board”) cease for any reason to constitute at least a majority of the Board, provided that any person becoming a director subsequent to January 1, 2007 whose election, or nomination for election, was approved by a vote of the persons comprising at least a majority of the Incumbent Board (other than an election or nomination of an individual whose initial assumption of office is in connection with an actual or threatened election contest, as such terms are used in Rule 14a-11 of Regulation 14A promulgated under the 1934 Act) (as in effect on January 23, 2000)) shall be, for purposes of this Plan, considered as though such person were a member of the Incumbent Board;
 - (iii) there is a reorganization, merger or consolidation of the Company (a “Business Combination”), in each case, unless, following such Business Combination, (A) all or substantially all of the individuals and entities who were the beneficial owners, respectively, of the Company’s outstanding Shares and outstanding voting securities ordinarily having the right to vote for the election of directors of the Company immediately prior to such Business Combination beneficially own, directly or indirectly, more than 50% of, respectively, the then outstanding shares of common stock and the combined voting power of the then outstanding voting securities ordinarily having the right to vote for the election of directors, as the case may be, of the corporation resulting from such Business Combination (including, without limitation, a corporation which as a result of such transaction owns the Company or all or substantially all of the Company’s assets either directly or through one or more subsidiaries) in substantially the same proportions as their ownership, immediately prior to such Business Combination, of the Company’s outstanding Shares and outstanding voting securities ordinarily having the right
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to vote for the election of directors of the Company, as the case may be, (B) no Person (excluding any corporation resulting from such Business Combination or any employee benefit plan or plans (or related trust) of the Company or such corporation resulting from such Business Combination and their subsidiaries and affiliates) beneficially owns, directly or indirectly, 30% or more of the combined voting power of the then outstanding voting securities of the corporation resulting from such Business Combination and (C) at least a majority of the members of the board of directors of the corporation resulting from such Business Combination were members of the Incumbent Board at the time of the execution of the initial agreement, or of the action of the Board, providing for such Business Combination;

- (iv) there is a liquidation or dissolution of the Company approved by the shareholders; or
 - (v) there is a sale of all or substantially all of the assets of the Company.
- (e) “Company TSR” means the Company’s Total Shareholder Return for a Performance Period
- (f) “Company’s TSR Percentile” means, for any Performance Period, the percentile measured on the last trading day of the Performance Period in which the Company TSR falls as compared to the Total Shareholder Return of the companies included in the S&P 500 Composite Index as of the last trading day of such Performance Period. The Company’s TSR Percentile will be approved by the Committee as soon as practicable following the end of each Performance Period.
- (g) “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.
- (h) “First Performance Period” means the period from January 1, 2012 through December 31, 2012.
- (i) “Performance Period” means the First Performance Period, the Second Performance Period, or Third Performance Period, as applicable.
- (j) “Proscribed Activity” means any of the following:
- (i) the Participant’s breach of any written agreement between the Participant and the Company or any of its Subsidiaries, including any agreement relating to nondisclosure, noncompetition, nonsolicitation and/or nondisparagement;
 - (ii) the Participant’s direct or indirect unauthorized use or disclosure of confidential information or trade secrets of the Company or any Subsidiary, including, but not limited to, such matters as costs, profits, markets, sales, products, product lines,
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key personnel, pricing policies, operational methods, customers, customer requirements, suppliers, plans for future developments, and other business affairs and methods and other information not readily available to the public;

- (iii) the Participant's direct or indirect engaging or becoming a partner, director, officer, principal, employee, consultant, investor, creditor or stockholder in/for any business, proprietorship, association, firm or corporation not owned or controlled by the Company or its Subsidiaries which is engaged or proposes to engage in a business competitive directly or indirectly with the business conducted by the Company or its Subsidiaries in any geographic area where such business of the Company or its Subsidiaries is conducted, provided that the Participant's investment in 1% or less of the outstanding capital stock of any corporation whose stock is listed on a national securities exchange shall not be treated as a Proscribed Activity;
 - (iv) the Participant's direct or indirect, either on the Participant's own account or for any person, firm or company, soliciting, interfering with or inducing, or attempting to induce, any employee of the Company or any of its Subsidiaries to leave his or her employment or to breach his or her employment agreement;
 - (v) the Participant's direct or indirect taking away, interfering with relations with, diverting or attempting to divert from the Company or any Subsidiary any business with any customer of the Company or any Subsidiary, including (A) any customer that has been solicited or serviced by the Company within one year prior to the date of termination of Participant's employment with the Company and (B) any customer with which the Participant has had contact or association, or which was under the supervision of Participant, or the identity of which was learned by the Participant as a result of Participant's employment with the Company;
 - (vi) the Participant's making of any remarks disparaging the conduct or character of the Company or any of its Subsidiaries, or their current or former agents, employees, officers, directors, successors or assigns; or
 - (vii) the Participant's failure to cooperate with the Company or any Subsidiary, for no additional compensation (other than reimbursement of expenses), in any litigation or administrative proceedings involving any matters with which the Participant was involved during the Participant's employment with the Company or any Subsidiary.
- (k) "Proscribed Period" means the period beginning on the date of termination of Participant's employment and ending on the later of (A) the one year anniversary of such termination date or (B) if the Participant is entitled to severance benefits in the form of salary continuation, the date on which salary continuation is no longer payable to the Participant.
- (l) "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; provided that, Retirement shall not be deemed to occur unless such termination of service constitutes a separation from service, as defined by Section 409A of the Code.
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- (m) “Second Performance Period” means the period from January 1, 2012 through December 31, 2013.
- (n) “Third Performance Period” means the period from January 1, 2012 through December 31, 2014.
- (o) “Three-Year Performance Period” means the period from January 1, 2012 through December 31, 2014.
- (p) “Total Shareholder Return” means the percentage change in the closing stock price from the immediately preceding trading day prior to the first day of the Performance Period through the last day of the applicable Performance Period (or immediately preceding trading day if such day is not a trading day) assuming reinvestment of dividends on the ex-dividend date.

13. ***Other Benefits*** . No amount accrued or paid under the PBRSRs shall be deemed compensation for purposes of computing a Participant’s benefits under any retirement plan of the Company or its Subsidiaries, nor affect any benefits under any other benefit plan now or subsequently in effect under which the availability or amount of benefits is related to the Participant’s level of compensation.

**PERFORMANCE-BASED RESTRICTED STOCK RIGHTS
ISSUED UNDER
RYDER SYSTEM, INC. 2005 EQUITY COMPENSATION PLAN**

2012 TERMS AND CONDITIONS

CEO

The following terms and conditions apply to the performance-based restricted stock rights (the “PBRSRs”) granted by Ryder System, Inc. (the “Company”) under the Ryder System, Inc. 2005 Equity Compensation Plan (the “Plan”), as specified in the Performance-Based Restricted Stock Rights Award Notification (the “Notification”), to which these terms and conditions are appended. Certain terms of the PBRSRs including the number of shares of Ryder common stock underlying the PBRSRs, are set forth in the Notification. The Compensation Committee of the Company’s Board of Directors (the “Committee”) shall administer the PBRSRs in accordance with the Plan. Capitalized terms used herein and not defined shall have the meaning ascribed to such terms in the Plan or in the Notification.

1. **General** . Each PBRSR represents the right to receive one Share on a future date based upon the attainment of certain financial performance goals and continued employment or service, on the terms and conditions set forth herein, in the Notification and in the Plan, the applicable terms, conditions and other provisions of which are incorporated by reference herein (collectively, the “Award Documents”). A copy of the Plan and the documents that constitute the “Prospectus” for the Plan under the Securities Act of 1933, have been delivered to the Participant prior to or along with delivery of the Notification. In the event there is an express conflict between the provisions of the Plan and those set forth in any other Award Document, the terms and conditions of the Plan shall govern. It is intended that the PBRSRs qualify as “performance-based compensation” for purposes of Section 162 (m) of the Internal Revenue Code of 1986, as amended (the “Code”), including any successor provisions and regulations.

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 PBRSRs 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 his or her PBRSRs and/or termination of employment (unless otherwise prohibited by law). All decisions and determination made by the Committee relating to the PBRSRs shall be final and binding on the Participant, his beneficiaries and any other person having or claiming an interest under the Plan.

2. **Financial Performance Goals** .

The Company’s TSR Percentile (as defined in Section 12) will be measured with respect to each Performance Period, and the right to the PBRSRs will accrue based on the following schedule:

<u>Company's TSR Percentile</u>	<u>Accrual Percentage</u>
66th or greater	125%
50th	100%
33rd	25%
less than 33rd	—%

If the Company's TSR Percentile falls between the measuring points on the foregoing schedule, the Accrual Percentage for such Performance Period will be determined proportionally between the measuring points. Any fractional PBR SR resulting from the vesting of the PBR SRs shall be rounded down to the nearest whole number.

3. ***Delivery of Shares*** . Provided that the Participant remained continuously employed through the end of the Three-Year Performance Period (but subject to Section 4 below), the number of Shares equal to the number of Accrued PBR SRs, net of the number of Shares necessary to satisfy applicable withholding taxes, will be transferred to an account held in the name of the Participant by the Company's independent stock plan administrator and the Participant will receive notice of such transfer together with all relevant account details. Such transfer will occur as soon as practicable after the Committee has approved the Company's TSR Percentile for the Third Performance Period on or following January 1, 2015, provided that in no event shall the transfer be made after March 15, 2015, unless administratively impracticable to do so.

 4. ***Termination of PBR SRs; Forfeiture***. The PBR SRs will be cancelled upon the termination of the Participant's employment with the Company and its Subsidiaries as described below.
 - (a) Resignation by the Participant or Termination by the Company or a Subsidiary : Except as provided in subsection (b) below, upon any termination of the Participant's employment with the Company and its Subsidiaries prior to the end of the Three-Year Performance Period, all outstanding PBR SRs, whether or not accrued, will be forfeited and the Participant will not have any right to delivery of Shares. In addition, even if the Participant remains employed through the end of the Three-Year Performance Period, if the Participant's employment is subsequently terminated by the Company or a Subsidiary for Cause, the right to any undelivered Shares shall be forfeited, and the Company shall have the right to reclaim and receive from the Participant any Shares delivered to the Participant pursuant to Section 3 within the one year period before the date of the Participant's termination of employment, or to the extent the Participant has transferred such Shares, the equivalent after-tax value thereof (as of the date the Shares were transferred by the Participant) in cash.

 - (b) Termination by reason of Death, Disability or Retirement : If the Participant's employment terminates due to death, Disability or Retirement prior to the end of the Three-Year Performance Period, the Participant (or his or her Beneficiary, in the event of death) will be entitled to receive a pro-rata number of Shares that would have been delivered pursuant to Section 3 had the Participant remained employed through the end of the Three-Year Performance Period, based on the number of days during the Three-Year Performance Period that the Participant is considered to be an active employee as determined by the Company, payable at the time and manner specified in Section 3 above.
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Notwithstanding the foregoing, if the Participant's employment terminates due to Retirement and the Participant, immediately following Retirement, continues to provide service to the Company as a paid consultant or advisor, then the Participant will be entitled to receive a pro-rata number of Shares that would have been delivered pursuant to Section 3 had the Participant remained employed through the end of the Three-Year Performance Period, based on the number of days during the Three-Year Performance Period that the Participant was either an active employee or a paid consultant or advisor, as determined by the Company, payable at the time and manner specified in Section 3 above.

- (c) Proscribed Activity : If, during the Proscribed Period but prior to a Change of Control, the Participant engages in a Proscribed Activity, then the Company shall have the right to reclaim and receive from the Participant all Shares delivered to the Participant pursuant to Section 3 during the one year period immediately prior to, or at any time following, the date of the Participant's termination of employment, or to the extent the Participant has transferred such Shares, the after-tax equivalent value thereof (as of the date the Shares were transferred by the Participant) in cash.

5. **Change of Control** . Notwithstanding anything contained herein to the contrary, unless otherwise determined by the Committee prior to a Change of Control which occurs during the Performance Period, immediately prior to any such Change of Control, each Participant shall be entitled to delivery of a number of Shares equal to the sum of (a) with respect to each completed Performance Period, the number of Accrued PBRs at the time of the Change of Control, and (b) with respect to each uncompleted Performance Period, the number of PBRs that would have become Accrued PBRs at the end of each such Performance Period had the Company's TSR Percentile been at the 50th percentile. Upon the occurrence of a Change of Control, all Shares subject to Accrued PBRs, will be delivered to the Participant in accordance with Section 3 above; provided that such Change of Control constitutes a change "in ownership" or "effective control" or a change in the "ownership of a substantial portion of the assets" of the Company under Section 409A of the Code and the rulings and regulations issued thereunder (any such transaction, a "409A Compliant CIC"). In the event that such Change of Control does not constitute a 409A Compliant CIC (any such transaction, a "Non-409A Compliant CIC"), to the extent that the Accrued PBRs are no longer subject to a substantial risk of forfeiture, each Accrued PBR will be converted into a right to receive a cash payment equal to the Fair Market Value of a Share on the date on which the Change of Control occurs. Such cash payment will be distributed to the Participant on the earlier of the otherwise applicable distribution date set forth in Section 3 above and the Participant's separation from service (as defined by Section 409A of the Code).

To the extent (i) the Participant's employment or service was terminated by the Company other than for Cause or Disability within the 12 months prior to the date on which the Change of Control occurred, (ii) during such 12 month period the Participant did not engage in a Proscribed Activity, and (iii) the Committee determines, in its sole and absolute discretion, that the decision related to such termination was made in contemplation of the Change of Control, then upon the Change of Control, the Participant will become entitled to a cash payment equal to the product of: the Fair Market Value of a Share on the date of the Change of Control and the number of Shares to which the Participant would otherwise have been entitled pursuant to the preceding

paragraph on the date of the Change of Control if the Participant's employment or service had continued until the date of the Change of Control. In the event of a 409A Compliant CIC, such cash payment will be made in a lump sum on the date on which the Change of Control occurs. In the event a Non-409A Compliant CIC occurs, the cash payment will be distributed to the Participant on the first anniversary of the Participant's separation from service.

In the event of a Non-409A Compliant CIC, then immediately prior to or in connection with the consummation of the Change of Control, the Company shall pay into one or more trust(s) (the "Trust(s)") established between the Company and any financial institution with assets in excess of \$100 million selected by the Company prior to the Change of Control, as trustee (the "Trustee"), such amounts as are required in order to fully pay the amounts payable pursuant to this Section 5 or as are otherwise required pursuant to the terms of the Trust(s), with payment to be made in cash or cash equivalents. Thereafter, all amounts payable pursuant to this Section 5 shall be paid out of the Trust(s); provided, however, that the Company shall retain liability for and pay the Participant any amounts or provide for such other benefits due the Participant under the Plan for which there are insufficient funds in the Trust(s), for which no funding of the Trust(s) is required, or in the event that the Trustee fails to make timely payment.

6. ***Rights as a Shareholder; Dividend Equivalents.*** The Participant will not have the rights of a shareholder of the Company with respect to Shares subject to the PBRs until such Shares are actually delivered to the Participant. At the time Shares are delivered to the Participant pursuant to Section 3, the Company will make a cash payment equal to the product of (i) the number of Accrued PBRs, and (ii) the aggregate dividends paid on a Share during the Three-Year Performance Period.
 7. ***U.S. Federal, State and Local Income Tax Withholding.*** The PBRs will not be taxable until the Shares are delivered. The Shares when delivered will be taxable to the Participant at their then Fair Market Value as ordinary income, subject to wage-based withholding and reporting. The Company will first satisfy this withholding obligation by reducing the performance-based cash, if any, to be paid at the time of such delivery in an amount sufficient to satisfy the withholding obligations. If, after the Company has reduced all of the performance-based cash, there are still withholding tax obligations due, the Company will reduce the number of Shares to be delivered to the Participant in an amount sufficient to satisfy the balance of the withholding obligations due (based on the Fair Market Value of the Shares on the vesting date for the related PBRs). The payment of cash dividend equivalents will be taxable to the Participant as ordinary income when paid, subject to wage-based withholding and reporting. This Section 7 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.
 8. ***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 PBRs 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 PBRs 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.
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9. **No Employment Right** . Neither the grant of the PBRsRs nor any action taken hereunder shall be construed as giving any employee or the Participant any right to be retained in the employ or service of the Company. The Company is under no obligation to grant PBRsRs 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.
10. **No Assignment** . The Participant's rights and interest under the PBRsRs 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 PBRsRs or the Award Documents.
11. **Unfunded Plan** . Any shares or other amounts owed under the PBRsRs 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 delivery or payment of any earned amounts.
12. **Definitions** .
- (a) "Accrual Percentage" means the percentage of the PBRsRs that accrue at the end of each Performance Period pursuant to Section 2.
 - (b) "Accrued PBRsRs" means the sum, for each Performance Period, of the Accrual Percentage for each Performance Period times one-third of the number of PBRsRs subject to an Award as set forth in the Notification.
 - (c) "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 of grant of the PBRsRs. Notwithstanding the foregoing, unless otherwise set forth in any individual, valid, written agreement between the Participant and the Company or any Subsidiary, during the one year period following a Change of Control, in no event shall a failure to meet performance expectations constitute Cause unless such failure was willful.
 - (d) "Change of Control" occurs when:
 - (i) any individual, entity or group (within the meaning of Section 13(d)(3) or 14(d)(2) of the Securities Exchange Act of 1934, as amended (the "1934 Act")) (a "Person") becomes the beneficial owner, directly or indirectly, of 30% or more of the combined voting power of the Company's outstanding voting securities ordinarily having the right to vote for the election of directors of the Company; provided, however, that for purposes of this subparagraph (i), the following acquisitions shall not constitute a Change of Control: (A) any acquisition by any employee benefit plan or plans (or related trust) of the Company and its subsidiaries and affiliates or (B) any acquisition by any
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corporation pursuant to a transaction which complies with clauses (A), (B) and (C) of subparagraph (iii) below;

- (ii) the individuals who, as of January 1, 2007, constituted the Board of Directors of the Company (the “Board” generally and as of January 1, 2007 the “Incumbent Board”) cease for any reason to constitute at least a majority of the Board, provided that any person becoming a director subsequent to January 1, 2007 whose election, or nomination for election, was approved by a vote of the persons comprising at least a majority of the Incumbent Board (other than an election or nomination of an individual whose initial assumption of office is in connection with an actual or threatened election contest, as such terms are used in Rule 14a-11 of Regulation 14A promulgated under the 1934 Act) (as in effect on January 23, 2000)) shall be, for purposes of this Plan, considered as though such person were a member of the Incumbent Board;
 - (iii) there is a reorganization, merger or consolidation of the Company (a “Business Combination”), in each case, unless, following such Business Combination, (A) all or substantially all of the individuals and entities who were the beneficial owners, respectively, of the Company’s outstanding Shares and outstanding voting securities ordinarily having the right to vote for the election of directors of the Company immediately prior to such Business Combination beneficially own, directly or indirectly, more than 50% of, respectively, the then outstanding shares of common stock and the combined voting power of the then outstanding voting securities ordinarily having the right to vote for the election of directors, as the case may be, of the corporation resulting from such Business Combination (including, without limitation, a corporation which as a result of such transaction owns the Company or all or substantially all of the Company’s assets either directly or through one or more subsidiaries) in substantially the same proportions as their ownership, immediately prior to such Business Combination, of the Company’s outstanding Shares and outstanding voting securities ordinarily having the right to vote for the election of directors of the Company, as the case may be, (B) no Person (excluding any corporation resulting from such Business Combination or any employee benefit plan or plans (or related trust) of the Company or such corporation resulting from such Business Combination and their subsidiaries and affiliates) beneficially owns, directly or indirectly, 30% or more of the combined voting power of the then outstanding voting securities of the corporation resulting from such Business Combination and (C) at least a majority of the members of the board of directors of the corporation resulting from such Business Combination were members of the Incumbent Board at the time of the execution of the initial agreement, or of the action of the Board, providing for such Business Combination;
 - (iv) there is a liquidation or dissolution of the Company approved by the shareholders; or
 - (v) there is a sale of all or substantially all of the assets of the Company.
- (e) “Company TSR” means the Company’s Total Shareholder Return for a Performance
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Period

- (f) “Company’s TSR Percentile” means, for any Performance Period, the percentile measured on the last trading day of the Performance Period in which the Company TSR falls as compared to the Total Shareholder Return of the companies included in the S&P 500 Composite Index as of the last trading day of such Performance Period. The Company’s TSR Percentile will be approved by the Committee as soon as practicable following the end of each Performance Period.
 - (g) “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.
 - (h) “First Performance Period” means the period from January 1, 2012 through December 31, 2012.
 - (i) “Performance Period” means the First Performance Period, the Second Performance Period, or Third Performance Period, as applicable.
 - (j) “Proscribed Activity” means any of the following:
 - (i) the Participant’s breach of any written agreement between the Participant and the Company or any of its Subsidiaries, including any agreement relating to nondisclosure, noncompetition, nonsolicitation and/or nondisparagement;
 - (ii) the Participant’s direct or indirect unauthorized use or disclosure of confidential information or trade secrets of the Company or any Subsidiary, including, but not limited to, such matters as costs, profits, markets, sales, products, product lines, key personnel, pricing policies, operational methods, customers, customer requirements, suppliers, plans for future developments, and other business affairs and methods and other information not readily available to the public;
 - (iii) the Participant’s direct or indirect engaging or becoming a partner, director, officer, principal, employee, consultant, investor, creditor or stockholder in/for any business, proprietorship, association, firm or corporation not owned or controlled by the Company or its Subsidiaries which is engaged or proposes to engage in a business competitive directly or indirectly with the business conducted by the Company or its Subsidiaries in any geographic area where such business of the Company or its Subsidiaries is conducted, provided that the Participant’s investment in 1% or less of the outstanding capital stock of any corporation whose stock is listed on a national securities exchange shall not be treated as a Proscribed Activity;
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- (iv) the Participant's direct or indirect, either on the Participant's own account or for any person, firm or company, soliciting, interfering with or inducing, or attempting to induce, any employee of the Company or any of its Subsidiaries to leave his or her employment or to breach his or her employment agreement;
 - (v) the Participant's direct or indirect taking away, interfering with relations with, diverting or attempting to divert from the Company or any Subsidiary any business with any customer of the Company or any Subsidiary, including (A) any customer that has been solicited or serviced by the Company within one year prior to the date of termination of Participant's employment or service with the Company and (B) any customer with which the Participant has had contact or association, or which was under the supervision of Participant, or the identity of which was learned by the Participant as a result of Participant's employment or service with the Company;
 - (vi) the Participant's making of any remarks disparaging the conduct or character of the Company or any of its Subsidiaries, or their current or former agents, employees, officers, directors, successors or assigns; or
 - (vii) the Participant's failure to cooperate with the Company or any Subsidiary, for no additional compensation (other than reimbursement of expenses), in any litigation or administrative proceedings involving any matters with which the Participant was involved during the Participant's employment or service with the Company or any Subsidiary .
- (k) "Proscribed Period" means the period beginning on the date of termination of Participant's employment or service and ending on the later of (A) the one year anniversary of such termination date or (B) if the Participant is entitled to severance benefits in the form of salary continuation, the date on which salary continuation is no longer payable to the Participant.
- (l) "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; provided that, Retirement shall not be deemed to occur unless such termination of service constitutes a separation from service, as defined by Section 409A of the Code.
- (m) "Second Performance Period" means the period from January 1, 2012 through December 31, 2013.
- (n) "Third Performance Period" means the period from January 1, 2012 through December 31, 2014.
- (o) "Three-Year Performance Period" means the period from January 1, 2012 through December 31, 2014.
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(p) “Total Shareholder Return” means the percentage change in the closing stock price from the immediately preceding trading day prior to the first day of the Performance Period through the last day of the applicable Performance Period (or immediately preceding trading day if such day is not a trading day) assuming reinvestment of dividends on the ex-dividend date.

13. **Other Benefits** . No amount accrued or paid under the PBRs shall be deemed compensation for purposes of computing the Participant’s benefits under any retirement plan of the Company or its Subsidiaries, nor affect any benefits under any other benefit plan now or subsequently in effect under which the availability or amount of benefits is related to the Participant’s level of compensation.

**PERFORMANCE-BASED CASH AWARD
ISSUED UNDER
RYDER SYSTEM, INC. 2005 EQUITY COMPENSATION PLAN**

2012 TERMS AND CONDITIONS

The following terms and conditions apply to the 2012 performance-based cash awards (the “PBCAs”) granted by Ryder System, Inc. (the “Company”) under the Ryder System, Inc. 2005 Equity Compensation Plan (the “Plan”), as specified in the Performance-Based Cash Award Notification (the “Notification”), to which these terms and conditions are appended. Certain terms of the PBCA, including the Participant’s target cash opportunity, are set forth in the Notification. The Compensation Committee of the Company’s Board of Directors (the “Committee”) shall administer the PBCAs in accordance with the Plan. Capitalized terms used herein and not defined shall have the meaning ascribed to such terms in the Plan or in the Notification.

1. **General** . Each PBCA represents the right to receive a cash payment on a future date based upon the attainment of certain financial performance goals and continued employment, on the terms and conditions set forth herein, in the Notification and in the Plan, the applicable terms, conditions and other provisions of which are incorporated by reference herein (collectively, the “Award Documents”). A copy of the Plan and the documents that constitute the “Prospectus” for the Plan under the Securities Act of 1933, have been delivered to the Participant prior to or along with delivery of the Notification. In the event there is an express conflict between the provisions of the Plan and those set forth in any other Award Document, the terms and conditions of the Plan shall govern. It is intended that the PBCAs qualify as “performance-based compensation” for purposes of Section 162(m) of the Internal Revenue Code of 1986, as amended (the “Code”), including any successor provisions and regulations.

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 PBCAs 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 his or her PBCAs and/or termination of employment (unless otherwise prohibited by law). All decisions and determination made by the Committee relating to the PBCAs 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** .

The Company’s TSR Percentile (as defined in Section 10) will be measured with respect to each Performance Period, and the right to the PBCA will accrue based on the following schedule:

<u>Company’s TSR Percentile</u>	<u>Accrual Percentage</u>
66th or greater	125%
50th	100%
33rd	25%
less than 33rd	—%

If the Company's TSR Percentile falls between the measuring points on the foregoing schedule, the Accrual Percentage for such Performance Period will be determined proportionally between the measuring points.

3. ***Payment of Award*** . Provided that the Participant remained continuously employed through the end of the Three-Year Performance Period (but subject to Section 4 below), a cash payment equal to the Accrued PBCA, less applicable withholding taxes, will be made to the Participant. Such payment will be made as soon as practicable after the Committee has approved the Company's TSR Percentile for the Third Performance Period on or following January 1, 2015, provided that in no event shall the payment be made after March 15, 2015, unless administratively impracticable to do so.
4. ***Termination of PBCAs; Forfeiture***. The PBCAs will be cancelled upon the termination of the Participant's employment with the Company and its Subsidiaries as described below.
 - (a) Resignation by the Participant or Termination by the Company or a Subsidiary : Except as provided in subsection (b) below, upon any termination of a Participant's employment with the Company and its Subsidiaries prior to the end of the Three-Year Performance Period, all outstanding PBCAs, whether or not accrued, will be forfeited and the Participant will not have any right to any payment in respect thereof. In addition, even if a Participant remains employed through the end of the Three-Year Performance Period, if the Participant's employment is subsequently terminated by the Company or a Subsidiary for Cause, the right to any payment shall be forfeited, and the Company shall have the right to reclaim and receive from the Participant any payment in respect of PBCAs made to the Participant pursuant to Section 3 within the one year period before the date of the Participant's termination of employment.
 - (b) Termination by reason of Death, Disability or Retirement : If a Participant's employment terminates due to death, Disability or Retirement prior to the end of the Three-Year Performance Period, the Participant (or his or her Beneficiary, in the event of death) will be entitled to receive a pro-rata portion of the cash payment that would have been paid pursuant to Section 3 had the Participant remained employed through the end of the Three-Year Performance Period, based on the number of days during the Three-Year Performance Period that the Participant is considered to be an active employee as determined by the Company, payable at the time and manner specified in Section 3 above.
 - (c) Proscribed Activity : If, during the Proscribed Period but prior to a Change of Control, the Participant engages in a Proscribed Activity, then the Company shall have the right to reclaim and receive from the Participant all cash paid to the Participant pursuant to Section 3 during the one year period immediately prior to, or at any time following, the date of the Participant's termination of employment.

Change of Control . Notwithstanding anything contained herein to the contrary, unless otherwise determined by the Committee prior to a Change of Control which occurs during the Performance Period, immediately prior to any such Change of Control, each Participant shall be entitled to a cash payment equal to the sum of (a) with respect to each completed Performance Period, the Accrued PBCA at the time of the Change of Control, and (b) with respect to each uncompleted Performance Period, the amount that would have become Accrued PBCA at the end of each such Performance Period had the Company's TSR Percentile been at the 50th percentile. Such cash payment shall be made within 30 days following the Change of Control; provided that such Change of Control constitutes a change "in ownership" or "effective control" or a change in the "ownership of a substantial portion of the assets" of the Company under Section 409A of the Code and the

rulings and regulations issued thereunder (any such transaction, a “409A Compliant CIC”). In the event that such Change of Control does not constitute a 409A Compliant CIC (any such transaction, a “Non-409A Compliant CIC”), to the extent that the Accrued PBCA is no longer subject to a substantial risk of forfeiture, the Accrued PBCA will be converted into a right to receive a cash payment. Such cash payment will be distributed to the Participant on the earlier of the otherwise applicable distribution date set forth in Section 3 above and the Participant’s separation from service (as defined by Section 409A of the Code).

To the extent (i) a Participant’s employment was terminated by the Company other than for Cause or Disability within the 12 months prior to the date on which the Change of Control occurred, (ii) during such 12 month period the Participant did not engage in a Proscribed Activity, and (iii) the Committee determines, in its sole and absolute discretion, that the decision related to such termination was made in contemplation of the Change of Control, then upon the Change of Control, the Participant will become entitled to a cash payment equal to the cash payment to which the Participant would otherwise have been entitled pursuant to the preceding paragraph on the date of the Change of Control if the Participant’s employment had continued until the date of the Change of Control. In the event of a 409A Compliant CIC, such cash payment will be made in a lump sum on the date on which the Change of Control occurs. In the event a Non-409A Compliant CIC occurs, the cash payment will be distributed to the Participant on the first anniversary of the Participant’s separation from service.

In the event of a Non-409A Compliant CIC, then immediately prior to or in connection with the consummation of the Change of Control, the Company shall pay into one or more trust(s) (the “Trust(s)”) established between the Company and any financial institution with assets in excess of \$100 million selected by the Company prior to the Change of Control, as trustee (the “Trustee”), such amounts as are required in order to fully pay the amounts payable pursuant to this Section 5 or as are otherwise required pursuant to the terms of the Trust(s), with payment to be made in cash or cash equivalents. Thereafter, all amounts payable pursuant to this Section 5 shall be paid out of the Trust(s); provided, however, that the Company shall retain liability for and pay the applicable Participant any amounts or provide for such other benefits due the Participant under the Plan for which there are insufficient funds in the Trust(s), for which no funding of the Trust(s) is required, or in the event that the Trustee fails to make timely payment.

5. ***U.S. Federal, State and Local Income Tax Withholding.*** Any payment made pursuant to the PBCAs will be taxable to the Participant when paid as ordinary income, subject to wage-based withholding and reporting. The Company will satisfy this withholding obligation by reducing the cash to be paid in an amount sufficient to satisfy the withholding obligations. However, if the cash is paid with performance-based restricted stock (“PBRs”), the amount of the cash to be paid may be further reduced in an amount sufficient to satisfy the PBRs withholding obligations due (based on the Fair Market Value of the Shares on the vesting date for the related PBRs). 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.
 6. ***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 PBCAs 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 PBCAs and the Award Documents shall be governed by the
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laws of the State of Florida, without giving effect to principles of conflict of laws, and construed accordingly.

7. ***No Employment Right*** . Neither the grant of the PBCAs 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 PBCAs 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.
 8. ***No Assignment*** . A Participant's rights and interest under the PBCAs 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 PBCAs or the Award Documents.
 9. ***Unfunded Plan*** . Any amounts owed under the PBCAs 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 earned amounts.
 10. ***Definitions*** .
 - (a) "Accrual Percentage" means the percentage of the PBCAs that accrue at the end of each Performance Period pursuant to Section 2.
 - (b) "Accrued PBCA" means the sum, for each Performance Period, of the Accrual Percentage for each Performance Period times one-third of the dollar amount specified in the Notification.
 - (c) "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 of grant of the PBCAs. Notwithstanding the foregoing, unless otherwise set forth in any individual, valid, written agreement between the Participant and the Company or any Subsidiary, during the one year period following a Change of Control, in no event shall a failure to meet performance expectations constitute Cause unless such failure was willful.
 - (d) "Change of Control" occurs when:
 - (i) any individual, entity or group (within the meaning of Section 13(d)(3) or 14(d)(2) of the Securities Exchange Act of 1934, as amended (the "1934 Act")) (a "Person") becomes the beneficial owner, directly or indirectly, of 30% or more of the combined voting power of the Company's outstanding voting securities ordinarily having the right to vote for the election of directors of the Company; provided, however, that for purposes of this subparagraph (i), the following acquisitions shall not constitute a Change of Control: (A) any acquisition by any employee benefit plan or plans (or related trust) of the Company and its subsidiaries and affiliates or (B) any acquisition by any corporation pursuant to
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a transaction which complies with clauses (A), (B) and (C) of subparagraph (iii) below;

- (ii) the individuals who, as of January 1, 2007, constituted the Board of Directors of the Company (the “Board” generally and as of January 1, 2007 the “Incumbent Board”) cease for any reason to constitute at least a majority of the Board, provided that any person becoming a director subsequent to January 1, 2007 whose election, or nomination for election, was approved by a vote of the persons comprising at least a majority of the Incumbent Board (other than an election or nomination of an individual whose initial assumption of office is in connection with an actual or threatened election contest, as such terms are used in Rule 14a-11 of Regulation 14A promulgated under the 1934 Act) (as in effect on January 23, 2000) shall be, for purposes of this Plan, considered as though such person were a member of the Incumbent Board;
 - (iii) there is a reorganization, merger or consolidation of the Company (a “Business Combination”), in each case, unless, following such Business Combination, (A) all or substantially all of the individuals and entities who were the beneficial owners, respectively, of the Company’s outstanding Shares and outstanding voting securities ordinarily having the right to vote for the election of directors of the Company immediately prior to such Business Combination beneficially own, directly or indirectly, more than 50% of, respectively, the then outstanding shares of common stock and the combined voting power of the then outstanding voting securities ordinarily having the right to vote for the election of directors, as the case may be, of the corporation resulting from such Business Combination (including, without limitation, a corporation which as a result of such transaction owns the Company or all or substantially all of the Company’s assets either directly or through one or more subsidiaries) in substantially the same proportions as their ownership, immediately prior to such Business Combination, of the Company’s outstanding Shares and outstanding voting securities ordinarily having the right to vote for the election of directors of the Company, as the case may be, (B) no Person (excluding any corporation resulting from such Business Combination or any employee benefit plan or plans (or related trust) of the Company or such corporation resulting from such Business Combination and their subsidiaries and affiliates) beneficially owns, directly or indirectly, 30% or more of the combined voting power of the then outstanding voting securities of the corporation resulting from such Business Combination and (C) at least a majority of the members of the board of directors of the corporation resulting from such Business Combination were members of the Incumbent Board at the time of the execution of the initial agreement, or of the action of the Board, providing for such Business Combination;
 - (iv) there is a liquidation or dissolution of the Company approved by the shareholders; or
 - (v) there is a sale of all or substantially all of the assets of the Company.
- (e) “Company TSR” means the Company’s Total Shareholder Return for a Performance Period
 - (f) “Company’s TSR Percentile” means, for any Performance Period, the percentile measured on the last trading day of the Performance Period in which the Company TSR falls as
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compared to the Total Shareholder Return of the companies included in the S&P 500 Composite Index as of the last trading day of such Performance Period. The Company's TSR Percentile will be approved by the Committee as soon as practicable following the end of each Performance Period.

- (g) "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.
 - (h) "First Performance Period" means the period from January 1, 2012 through December 31, 2012.
 - (i) "Performance Period" means the First Performance Period, the Second Performance Period, or Third Performance Period, as applicable.
 - (j) "Proscribed Activity" means any of the following:
 - (i) the Participant's breach of any written agreement between the Participant and the Company or any of its Subsidiaries, including any agreement relating to nondisclosure, noncompetition, nonsolicitation and/or nondisparagement;
 - (ii) the Participant's direct or indirect unauthorized use or disclosure of confidential information or trade secrets of the Company or any Subsidiary, including, but not limited to, such matters as costs, profits, markets, sales, products, product lines, key personnel, pricing policies, operational methods, customers, customer requirements, suppliers, plans for future developments, and other business affairs and methods and other information not readily available to the public;
 - (iii) the Participant's direct or indirect engaging or becoming a partner, director, officer, principal, employee, consultant, investor, creditor or stockholder in/for any business, proprietorship, association, firm or corporation not owned or controlled by the Company or its Subsidiaries which is engaged or proposes to engage in a business competitive directly or indirectly with the business conducted by the Company or its Subsidiaries in any geographic area where such business of the Company or its Subsidiaries is conducted, provided that the Participant's investment in 1% or less of the outstanding capital stock of any corporation whose stock is listed on a national securities exchange shall not be treated as a Proscribed Activity;
 - (iv) the Participant's direct or indirect, either on the Participant's own account or for any person, firm or company, soliciting, interfering with or inducing, or attempting to induce, any employee of the Company or any of its Subsidiaries to leave his or her employment or to breach his or her employment agreement;
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- (v) the Participant's direct or indirect taking away, interfering with relations with, diverting or attempting to divert from the Company or any Subsidiary any business with any customer of the Company or any Subsidiary, including (A) any customer that has been solicited or serviced by the Company within one year prior to the date of termination of Participant's employment with the Company and (B) any customer with which the Participant has had contact or association, or which was under the supervision of Participant, or the identity of which was learned by the Participant as a result of Participant's employment with the Company;
 - (vi) the Participant's making of any remarks disparaging the conduct or character of the Company or any of its Subsidiaries, or their current or former agents, employees, officers, directors, successors or assigns; or
 - (vii) the Participant's failure to cooperate with the Company or any Subsidiary, for no additional compensation (other than reimbursement of expenses), in any litigation or administrative proceedings involving any matters with which the Participant was involved during the Participant's employment with the Company or any Subsidiary.
- (k) "Proscribed Period" means the period beginning on the date of termination of Participant's employment and ending on the later of (A) the one year anniversary of such termination date or (B) if the Participant is entitled to severance benefits in the form of salary continuation, the date on which salary continuation is no longer payable to the Participant.
- (l) "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; provided that, Retirement shall not be deemed to occur unless such termination of service constitutes a separation from service, as defined by Section 409A of the Code.
- (m) "Second Performance Period" means the period from January 1, 2012 through December 31, 2013.
- (n) "Third Performance Period" means the period from January 1, 2012 through December 31, 2014.
- (o) "Three-Year Performance Period" means the period from January 1, 2012 through December 31, 2014.
- (p) "Total Shareholder Return" means the percentage change in the closing stock price from the immediately preceding trading day prior to the first day of the Performance Period through the last day of the applicable Performance Period (or immediately preceding trading day if such day is not a trading day) assuming reinvestment of dividends on the ex-dividend date.

11. **Other Benefits** . No amount accrued or paid under the PBCAs shall be deemed compensation for purposes of computing a Participant's benefits under any retirement plan of the Company or its Subsidiaries, nor affect any benefits under any other benefit plan now or subsequently in effect under which the availability or amount of benefits is related to the Participant's level of compensation.

**PERFORMANCE-BASED CASH AWARD
ISSUED UNDER
RYDER SYSTEM, INC. 2005 EQUITY COMPENSATION PLAN**

2012 TERMS AND CONDITIONS

CEO

The following terms and conditions apply to the 2012 performance-based cash awards (the “PBCAs”) granted by Ryder System, Inc. (the “Company”) under the Ryder System, Inc. 2005 Equity Compensation Plan (the “Plan”), as specified in the Performance-Based Cash Award Notification (the “Notification”), to which these terms and conditions are appended. Certain terms of the PBCA, including the Participant’s target cash opportunity, are set forth in the Notification. The Compensation Committee of the Company’s Board of Directors (the “Committee”) shall administer the PBCAs in accordance with the Plan. Capitalized terms used herein and not defined shall have the meaning ascribed to such terms in the Plan or in the Notification.

1. **General** . Each PBCA represents the right to receive a cash payment on a future date based upon the attainment of certain financial performance goals and continued employment or service, on the terms and conditions set forth herein, in the Notification and in the Plan, the applicable terms, conditions and other provisions of which are incorporated by reference herein (collectively, the “Award Documents”). A copy of the Plan and the documents that constitute the “Prospectus” for the Plan under the Securities Act of 1933, have been delivered to the Participant prior to or along with delivery of the Notification. In the event there is an express conflict between the provisions of the Plan and those set forth in any other Award Document, the terms and conditions of the Plan shall govern. It is intended that the PBCAs qualify as “performance-based compensation” for purposes of Section 162 (m) of the Internal Revenue Code of 1986, as amended (the “Code”), including any successor provisions and regulations.

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 PBCAs 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 his or her PBCAs and/or termination of employment (unless otherwise prohibited by law). All decisions and determination made by the Committee relating to the PBCAs shall be final and binding on the Participant, his beneficiaries and any other person having or claiming an interest under the Plan.

2. **Financial Performance Goals** .

The Company’s TSR Percentile (as defined in Section 10) will be measured with respect to each Performance Period, and the right to the PBCA will accrue based on the following schedule:

<u>Company's TSR Percentile</u>	<u>Accrual Percentage</u>
66th or greater	125%
50th	100%
33rd	25%
less than 33rd	—%

If the Company's TSR Percentile falls between the measuring points on the foregoing schedule, the Accrual Percentage for such Performance Period will be determined proportionally between the measuring points.

3. ***Payment of Award*** . Provided that the Participant remained continuously employed through the end of the Three-Year Performance Period (but subject to Section 4 below), a cash payment equal to the Accrued PBCA, less applicable withholding taxes, will be made to the Participant. Such payment will be made as soon as practicable after the Committee has approved the Company's TSR Percentile for the Third Performance Period on or following January 1, 2015, provided that in no event shall the payment be made after March 15, 2015, unless administratively impracticable to do so.

4. ***Termination of PBCAs; Forfeiture***. The PBCAs will be cancelled upon the termination of the Participant's employment with the Company and its Subsidiaries as described below.
 - (a) Resignation by the Participant or Termination by the Company or a Subsidiary : Except as provided in subsection (b) below, upon any termination of a Participant's employment with the Company and its Subsidiaries prior to the end of the Three-Year Performance Period, all outstanding PBCAs, whether or not accrued, will be forfeited and the Participant will not have any right to any payment in respect thereof. In addition, even if a Participant remains employed through the end of the Three-Year Performance Period, if the Participant's employment is subsequently terminated by the Company or a Subsidiary for Cause, the right to any payment shall be forfeited, and the Company shall have the right to reclaim and receive from the Participant any payment in respect of PBCAs made to the Participant pursuant to Section 3 within the one year period before the date of the Participant's termination of employment.

 - (b) Termination by reason of Death, Disability or Retirement : If a Participant's employment terminates due to death, Disability or Retirement prior to the end of the Three-Year Performance Period, the Participant (or his or her Beneficiary, in the event of death) will be entitled to receive a pro-rata portion of the cash payment that would have been paid pursuant to Section 3 had the Participant remained employed through the end of the Three-Year Performance Period, based on the number of days during the Three-Year Performance Period that the Participant is considered to be an active employee as determined by the Company, payable at the time and manner specified in Section 3 above.

Notwithstanding the foregoing, if the Participant's employment terminates due to Retirement and the Participant, immediately following Retirement, continues to provide service to the Company as a paid consultant or advisor, then the Participant will be entitled to receive a pro-rata portion of the cash payment that would have been paid pursuant to Section 3 had the Participant remained employed through the end of the

Three-Year Performance Period, based on the number of days during the Three-Year Performance Period that the Participant was either an active employee or a paid consultant or advisor, as determined by the Company, payable at the time and manner specified in Section 3 above.

- (c) Proscribed Activity : If, during the Proscribed Period but prior to a Change of Control, the Participant engages in a Proscribed Activity, then the Company shall have the right to reclaim and receive from the Participant all cash paid to the Participant pursuant to Section 3 during the one year period immediately prior to, or at any time following, the date of the Participant's termination of employment.

5. **Change of Control** . Notwithstanding anything contained herein to the contrary, unless otherwise determined by the Committee prior to a Change of Control which occurs during the Performance Period, immediately prior to any such Change of Control, each Participant shall be entitled to a cash payment equal to the sum of (a) with respect to each completed Performance Period, the Accrued PBCA at the time of the Change of Control, and (b) with respect to each uncompleted Performance Period, the amount that would have become Accrued PBCA at the end of each such Performance Period had the Company's TSR Percentile been at the 50th percentile. Such cash payment shall be made within 30 days following the Change of Control; provided that such Change of Control constitutes a change "in ownership" or "effective control" or a change in the "ownership of a substantial portion of the assets" of the Company under Section 409A of the Code and the rulings and regulations issued thereunder (any such transaction, a "409A Compliant CIC"). In the event that such Change of Control does not constitute a 409A Compliant CIC (any such transaction, a "Non-409A Compliant CIC"), to the extent that the Accrued PBCA is no longer subject to a substantial risk of forfeiture, the Accrued PBCA will be converted into a right to receive a cash payment. Such cash payment will be distributed to the Participant on the earlier of the otherwise applicable distribution date set forth in Section 3 above and the Participant's separation from service (as defined by Section 409A of the Code).

To the extent (i) the Participant's employment or service was terminated by the Company other than for Cause or Disability within the 12 months prior to the date on which the Change of Control occurred, (ii) during such 12 month period the Participant did not engage in a Proscribed Activity, and (iii) the Committee determines, in its sole and absolute discretion, that the decision related to such termination was made in contemplation of the Change of Control, then upon the Change of Control, the Participant will become entitled to a cash payment equal to the cash payment to which the Participant would otherwise have been entitled pursuant to the preceding paragraph on the date of the Change of Control if the Participant's employment or service had continued until the date of the Change of Control. In the event of a 409A Compliant CIC, such cash payment will be made in a lump sum on the date on which the Change of Control occurs. In the event a Non-409A Compliant CIC occurs, the cash payment will be distributed to the Participant on the first anniversary of the Participant's separation from service.

In the event of a Non-409A Compliant CIC, then immediately prior to or in connection with the consummation of the Change of Control, the Company shall pay into one or more trust(s) (the "Trust(s)") established between the Company and any financial institution with assets in excess of \$100 million selected by the Company prior to the Change of Control, as trustee (the "Trustee"), such amounts as are required in order to fully pay the amounts payable pursuant to this Section 5 or as are otherwise required pursuant to the terms of the Trust(s),

with payment to be made in cash or cash equivalents. Thereafter, all amounts payable pursuant to this Section 5 shall be paid out of the Trust(s); provided, however, that the Company shall retain liability for and pay the Participant any amounts or provide for such other benefits due the Participant under the Plan for which there are insufficient funds in the Trust(s), for which no funding of the Trust(s) is required, or in the event that the Trustee fails to make timely payment.

6. ***U.S. Federal, State and Local Income Tax Withholding.*** Any payment made pursuant to the PBCAs will be taxable to the Participant when paid as ordinary income, subject to wage-based withholding and reporting. The Company will satisfy this withholding obligation by reducing the cash to be paid in an amount sufficient to satisfy the withholding obligations. However, if the cash is paid with performance-based restricted stock (“PBRs”), the amount of the cash to be paid may be further reduced in an amount sufficient to satisfy the PBRs withholding obligations due (based on the Fair Market Value of the Shares on the vesting date for the related PBRs). 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.
 7. ***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 PBCAs 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 PBCAs 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.
 8. ***No Employment Right .*** Neither the grant of the PBCAs nor any action taken hereunder shall be construed as giving any employee or the Participant any right to be retained in the employ or service of the Company. The Company is under no obligation to grant PBCAs 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.
 9. ***No Assignment .*** The Participant’s rights and interest under the PBCAs 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 PBCAs or the Award Documents.
 10. ***Unfunded Plan .*** Any amounts owed under the PBCAs 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 earned amounts.
 11. ***Definitions .***
 - (a) “Accrual Percentage” means the percentage of the PBCAs that accrue at the end of
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each Performance Period pursuant to Section 2.

- (b) “Accrued PBCA” means the sum, for each Performance Period, of the Accrual Percentage for each Performance Period times one-third of the dollar amount specified in the Notification.
 - (c) “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 of grant of the PBCAs. Notwithstanding the foregoing, unless otherwise set forth in any individual, valid, written agreement between the Participant and the Company or any Subsidiary, during the one year period following a Change of Control, in no event shall a failure to meet performance expectations constitute Cause unless such failure was willful.
 - (d) “Change of Control” occurs when:
 - (i) any individual, entity or group (within the meaning of Section 13(d)(3) or 14(d)(2) of the Securities Exchange Act of 1934, as amended (the “1934 Act”)) (a “Person”) becomes the beneficial owner, directly or indirectly, of 30% or more of the combined voting power of the Company’s outstanding voting securities ordinarily having the right to vote for the election of directors of the Company; provided, however, that for purposes of this subparagraph (i), the following acquisitions shall not constitute a Change of Control: (A) any acquisition by any employee benefit plan or plans (or related trust) of the Company and its subsidiaries and affiliates or (B) any acquisition by any corporation pursuant to a transaction which complies with clauses (A), (B) and (C) of subparagraph (iii) below;
 - (ii) the individuals who, as of January 1, 2007, constituted the Board of Directors of the Company (the “Board” generally and as of January 1, 2007 the “Incumbent Board”) cease for any reason to constitute at least a majority of the Board, provided that any person becoming a director subsequent to January 1, 2007 whose election, or nomination for election, was approved by a vote of the persons comprising at least a majority of the Incumbent Board (other than an election or nomination of an individual whose initial assumption of office is in connection with an actual or threatened election contest, as such terms are used in Rule 14a-11 of Regulation 14A promulgated under the 1934 Act) (as in effect on January 23, 2000)) shall be, for purposes of this Plan, considered as though such person were a member of the Incumbent Board;
 - (iii) there is a reorganization, merger or consolidation of the Company (a “Business Combination”), in each case, unless, following such Business Combination, (A) all or substantially all of the individuals and entities who were the beneficial owners, respectively, of the Company’s outstanding Shares and outstanding voting securities ordinarily having the right to vote for the election of directors of the Company immediately prior to such
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Business Combination beneficially own, directly or indirectly, more than 50% of, respectively, the then outstanding shares of common stock and the combined voting power of the then outstanding voting securities ordinarily having the right to vote for the election of directors, as the case may be, of the corporation resulting from such Business Combination (including, without limitation, a corporation which as a result of such transaction owns the Company or all or substantially all of the Company's assets either directly or through one or more subsidiaries) in substantially the same proportions as their ownership, immediately prior to such Business Combination, of the Company's outstanding Shares and outstanding voting securities ordinarily having the right to vote for the election of directors of the Company, as the case may be, (B) no Person (excluding any corporation resulting from such Business Combination or any employee benefit plan or plans (or related trust) of the Company or such corporation resulting from such Business Combination and their subsidiaries and affiliates) beneficially owns, directly or indirectly, 30% or more of the combined voting power of the then outstanding voting securities of the corporation resulting from such Business Combination and (C) at least a majority of the members of the board of directors of the corporation resulting from such Business Combination were members of the Incumbent Board at the time of the execution of the initial agreement, or of the action of the Board, providing for such Business Combination;

- (iv) there is a liquidation or dissolution of the Company approved by the shareholders; or
 - (v) there is a sale of all or substantially all of the assets of the Company.
- (e) "Company TSR" means the Company's Total Shareholder Return for a Performance Period
- (f) "Company's TSR Percentile" means, for any Performance Period, the percentile measured on the last trading day of the Performance Period in which the Company TSR falls as compared to the Total Shareholder Return of the companies included in the S&P 500 Composite Index as of the last trading day of such Performance Period. The Company's TSR Percentile will be approved by the Committee as soon as practicable following the end of each Performance Period.
- (g) "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.
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- (h) “First Performance Period” means the period from January 1, 2012 through December 31, 2012.
 - (i) “Performance Period” means the First Performance Period, the Second Performance Period, or Third Performance Period, as applicable.
 - (j) “Proscribed Activity” means any of the following:
 - (i) the Participant’s breach of any written agreement between the Participant and the Company or any of its Subsidiaries, including any agreement relating to nondisclosure, noncompetition, nonsolicitation and/or nondisparagement;
 - (ii) the Participant’s direct or indirect unauthorized use or disclosure of confidential information or trade secrets of the Company or any Subsidiary, including, but not limited to, such matters as costs, profits, markets, sales, products, product lines, key personnel, pricing policies, operational methods, customers, customer requirements, suppliers, plans for future developments, and other business affairs and methods and other information not readily available to the public;
 - (iii) the Participant’s direct or indirect engaging or becoming a partner, director, officer, principal, employee, consultant, investor, creditor or stockholder in/for any business, proprietorship, association, firm or corporation not owned or controlled by the Company or its Subsidiaries which is engaged or proposes to engage in a business competitive directly or indirectly with the business conducted by the Company or its Subsidiaries in any geographic area where such business of the Company or its Subsidiaries is conducted, provided that the Participant’s investment in 1% or less of the outstanding capital stock of any corporation whose stock is listed on a national securities exchange shall not be treated as a Proscribed Activity;
 - (iv) the Participant’s direct or indirect, either on the Participant’s own account or for any person, firm or company, soliciting, interfering with or inducing, or attempting to induce, any employee of the Company or any of its Subsidiaries to leave his or her employment or to breach his or her employment agreement;
 - (v) the Participant’s direct or indirect taking away, interfering with relations with, diverting or attempting to divert from the Company or any Subsidiary any business with any customer of the Company or any Subsidiary, including (A) any customer that has been solicited or serviced by the Company within one year prior to the date of termination of Participant’s employment or service with the Company and (B) any customer with which the Participant has had contact or association, or which was under the supervision of Participant, or the identity of which was learned by the Participant as a result of Participant’s employment or service with the Company;
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- (vi) the Participant's making of any remarks disparaging the conduct or character of the Company or any of its Subsidiaries, or their current or former agents, employees, officers, directors, successors or assigns; or
 - (vii) the Participant's failure to cooperate with the Company or any Subsidiary, for no additional compensation (other than reimbursement of expenses), in any litigation or administrative proceedings involving any matters with which the Participant was involved during the Participant's employment or service with the Company or any Subsidiary .
- (k) "Proscribed Period" means the period beginning on the date of termination of Participant's employment or service and ending on the later of (A) the one year anniversary of such termination date or (B) if the Participant is entitled to severance benefits in the form of salary continuation, the date on which salary continuation is no longer payable to the Participant.
- (l) "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; provided that, Retirement shall not be deemed to occur unless such termination of service constitutes a separation from service, as defined by Section 409A of the Code.
- (m) "Second Performance Period" means the period from January 1, 2012 through December 31, 2013.
- (n) "Third Performance Period" means the period from January 1, 2012 through December 31, 2014.
- (o) "Three-Year Performance Period" means the period from January 1, 2012 through December 31, 2014.
- (p) "Total Shareholder Return" means the percentage change in the closing stock price from the immediately preceding trading day prior to the first day of the Performance Period through the last day of the applicable Performance Period (or immediately preceding trading day if such day is not a trading day) assuming reinvestment of dividends on the ex-dividend date.

11. **Other Benefits** . No amount accrued or paid under the PBCAs shall be deemed compensation for purposes of computing the Participant's benefits under any retirement plan of the Company or its Subsidiaries, nor affect any benefits under any other benefit plan now or subsequently in effect under which the availability or amount of benefits is related to the Participant's level of compensation.

**RESTRICTED STOCK RIGHTS
ISSUED UNDER
RYDER SYSTEM, INC. 2005 EQUITY COMPENSATION PLAN**

2012 TERMS AND CONDITIONS

The following terms and conditions apply to the Restricted Stock Rights (the “RSRs”) granted in 2012 by Ryder System, Inc. (the “Company”) under the Ryder System, Inc. 2005 Equity Compensation Plan (the “Plan”), as specified in the Restricted Stock Rights Award Notification (the “Notification”), to which these terms and conditions are appended. Certain terms of the RSRs, including the number of shares of Ryder common stock underlying the RSRs, are set forth in the Notification. The Compensation Committee of the Company’s Board of Directors (the “Committee”) shall administer the RSRs in accordance with the Plan. Capitalized terms used herein and not defined shall have the meaning ascribed to such terms in the Plan or in the Notification.

1. **General** . Each RSR represents the right to receive one Share on a future date; on the terms and conditions set forth herein, in the Notification and in the Plan, the applicable terms, conditions and other provisions of which are incorporated by reference herein (collectively, the “Award Documents”). A copy of the Plan and the documents that constitute the “Prospectus” for the Plan under the Securities Act of 1933, have been delivered to the Participant prior to or along with delivery of the Notification. In the event there is an express conflict between the provisions of the Plan and those set forth in any other Award Document, the terms and conditions of the Plan shall govern.

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 RSRs 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 his or her RSRs and/or termination of employment (unless otherwise prohibited by law). All decisions and determination made by the Committee relating to the RSRs 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. **Delivery of Shares** . Subject to Sections 3 and 4 below, the RSRs will vest pursuant to the vesting schedule set forth in the Notification Letter, provided the Participant is, on the relevant vesting date, and has been from the date of grant of the RSRs to the relevant vesting date, continuously employed by the Company or one of its Subsidiaries. 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 employed by the Company or another Subsidiary without a break in service.

Upon vesting, the Shares subject to the vested RSRs will be transferred to an account held in the name of the Participant by the Company’s independent stock plan administrator and the Participant will receive notice of such transfer together with all relevant account details.

3. **Termination of RSRs; Forfeiture**. The RSRs will be cancelled upon or following the termination of the Participant’s employment with the Company and its Subsidiaries as described below.

(a)Resignation by the Participant or Termination by the Company or a Subsidiary : All

outstanding RSRs will be forfeited and the Participant will not have any right to delivery of Shares that did not vest prior to such termination. If the Participant's employment is terminated by the Company or a Subsidiary for Cause, then the Company shall have the right to reclaim and receive from the Participant any Shares delivered to the Participant pursuant to Section 2 within the one year period before the date of the Participant's termination of employment, or to the extent the Participant has transferred such Shares, the equivalent after-tax value thereof (as of the date the Shares were transferred by the Participant) in cash.

- (b) Termination by Reason of Death, Disability or Retirement : A prorated portion of the RSRs shall vest, calculated as follows: (A) the total number of RSRs awarded, multiplied by a fraction (and rounded down to the nearest whole Share), the numerator of which shall be the number of days from the date of grant of the RSRs to the date of death, Disability or Retirement, as the case may be, and the denominator of which shall be the number of days from the date of grant of the RSRs to the last scheduled vesting date for the RSRs set forth in the Notification Letter, less (B) the number of RSRs already vested at the time of the Participant's death, Disability or Retirement, as the case may be. Shares equal to the prorated number of RSRs that so vest will be delivered to the Participant (or his or her Beneficiary, in the event of death) within 10 days following the date of death, Disability or Retirement, as the case may be.
- (c) Proscribed Activity : If, during the Proscribed Period but prior to a Change of Control, the Participant engages in a Proscribed Activity, then the Company shall have the right to reclaim and receive from the Participant all Shares delivered to the Participant pursuant to Section 2 during the one year period immediately prior to, or at any time following, the date of the Participant's termination of employment, or to the extent the Participant has transferred such Shares, the after-tax equivalent value thereof (as of the date the Shares were transferred by the Participant) in cash.

- 4. ***Change of Control*** . Notwithstanding anything contained herein to the contrary, unless otherwise determined by the Committee prior to a Change of Control, all outstanding RSRs will become fully vested immediately prior to any such Change of Control. Upon the occurrence of a Change of Control, all Shares subject to RSRs, which are no longer subject to a substantial risk of forfeiture, will be delivered to the Participant in accordance with Section 2 above; provided that such Change of Control constitutes a change "in ownership" or "effective control" or a change in the "ownership of a substantial portion of the assets" of the Company under Section 409A of the Code and the rulings and regulations issued thereunder (any such transaction, a "409A Compliant CIC"). In the event that such Change of Control does not constitute a 409A Compliant CIC (any such transaction, a "Non-409A Compliant CIC"), to the extent that the RSRs are no longer subject to a substantial risk of forfeiture, each RSR will be converted into a right to receive a cash payment equal to the Fair Market Value of a Share on the date on which the Change of Control occurs. Such cash payment will be distributed to the Participant on the earlier of the otherwise applicable distribution date set forth in the Notification Letter and the Participant's separation from service (as defined by Section 409A of the Code).

To the extent (i) a Participant's employment was terminated by the Company other than for Cause or Disability within the 12 months prior to the date on which the Change of Control occurred, (ii) during such 12 month period the Participant did not engage in a Proscribed Activity, and (iii) the Committee determines, in its sole and absolute discretion, that the decision related to such termination was made in contemplation of the Change of Control, then upon the Change of Control, the Participant will become entitled to a cash payment equal to the product of: the Fair Market

Value of a Share on the date of the Change of Control and the number of Shares to which the Participant would otherwise have been entitled pursuant to the preceding paragraph on the date of the Change of Control if the Participant's employment had continued until the date of the Change of Control. In the event of a 409A Compliant CIC, such cash payment will be made in a lump sum on the date on which the Change of Control occurs. In the event a Non-409A Compliant CIC occurs, the cash payment will be distributed to the Participant on the first anniversary of the Participant's separation from service.

In the event of a Non-409A Compliant CIC, then immediately prior to or in connection with the consummation of the Change of Control, the Company shall pay into one or more trust(s) (the "Trust(s)") established between the Company and any financial institution with assets in excess of \$100 million selected by the Company prior to the Change of Control, as trustee (the "Trustee"), such amounts as are required in order to fully pay the amounts payable pursuant to this Section 4 or as are otherwise required pursuant to the terms of the Trust(s), with payment to be made in cash or cash equivalents. Thereafter, all amounts payable pursuant to this Section 4 shall be paid out of the Trust(s); provided, however, that the Company shall retain liability for and pay the applicable Participant any amounts or provide for such other benefits due the Participant under the Plan for which there are insufficient funds in the Trust(s), for which no funding of the Trust(s) is required, or in the event that the Trustee fails to make timely payment.

5. ***Rights as a Shareholder; Dividend Equivalents.*** The Participant will not have the rights of a shareholder of the Company with respect to Shares subject to the RSRs until such Shares are actually delivered to the Participant. At the time Shares are delivered to the Participant pursuant to Section 2, the Company will make a cash payment equal to the product of (i) the number of Shares delivered, and (ii) the aggregate dividends paid on a Share during the period from the date of grant of the award until the date the Shares are delivered.
 6. ***U.S. Federal, State and Local Income Tax Withholding.*** The RSRs will not be taxable until the Shares are delivered. The Shares when delivered will be taxable to the Participant at their then Fair Market Value as ordinary income, subject to wage-based withholding and reporting. The Company will satisfy this withholding obligation by reducing the number of Shares to be delivered to the Participant in an amount sufficient to satisfy the withholding obligations due (based on the Fair Market Value of the Shares on the vesting date for the related RSRs), provided that the Participant may elect to satisfy all or part of the withholding tax obligation in cash or its equivalent by (i) delivering to the Company a written election form satisfactory to the Company to that effect prior to the vesting date for the related RSRs and (ii) delivering the cash or cash equivalent to the Company no later than the vesting date for the related RSRs. The payment of cash dividend equivalents will be taxable to the Participant as ordinary income when paid, subject to wage-based withholding and reporting. 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.
 7. ***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 RSRs 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 RSRs 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.
 8. ***No Employment Right .*** Neither the grant of the RSRs nor any action taken hereunder shall be
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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 RSRs 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.

9. **No Assignment** . A Participant's rights and interest under the RSRs 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 RSRs or the Award Documents.
10. **Unfunded Plan** . Any shares or other amounts owed under the RSRs 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 delivery or payment of any earned amounts.
11. **Definitions** .
 - (a) "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 of grant of the RSRs. Notwithstanding the foregoing, unless otherwise set forth in any individual, valid, written agreement between the Participant and the Company or any Subsidiary, during the one year period following a Change of Control, in no event shall a failure to meet performance expectations constitute Cause unless such failure was willful.
 - (b) "Change of Control" occurs when:
 - (i) any individual, entity or group (within the meaning of Section 13(d)(3) or 14(d)(2) of the Securities Exchange Act of 1934, as amended (the "1934 Act")) (a "Person") becomes the beneficial owner, directly or indirectly, of 30% or more of the combined voting power of the Company's outstanding voting securities ordinarily having the right to vote for the election of directors of the Company; provided, however, that for purposes of this subparagraph (i), the following acquisitions shall not constitute a Change of Control: (A) any acquisition by any employee benefit plan or plans (or related trust) of the Company and its subsidiaries and affiliates or (B) any acquisition by any corporation pursuant to a transaction which complies with clauses (A), (B) and (C) of subparagraph (iii) below;
 - (ii) the individuals who, as of January 1, 2007, constituted the Board of Directors of the Company (the "Board" generally and as of January 1, 2007 the "Incumbent Board") cease for any reason to constitute at least a majority of the Board, provided that any person becoming a director subsequent to January 1, 2007, whose election, or nomination for election, was approved by a vote of the persons comprising at least a majority of the Incumbent Board (other than an election or nomination of an individual whose initial assumption of office is in connection with an actual or threatened election contest, as such terms are used in Rule 14a-11 of Regulation 14A promulgated under the 1934 Act (as in effect on January 23, 2000)) shall be, for purposes of this Plan, considered as though such person were a member of the

Incumbent Board;

- (iii) there is a reorganization, merger or consolidation of the Company (a “Business Combination”), in each case, unless, following such Business Combination, (A) all or substantially all of the individuals and entities who were the beneficial owners, respectively, of the Company’s outstanding Shares and outstanding voting securities ordinarily having the right to vote for the election of directors of the Company immediately prior to such Business Combination beneficially own, directly or indirectly, more than 50% of, respectively, the then outstanding shares of common stock and the combined voting power of the then outstanding voting securities ordinarily having the right to vote for the election of directors, as the case may be, of the corporation resulting from such Business Combination (including, without limitation, a corporation which as a result of such transaction owns the Company or all or substantially all of the Company’s assets either directly or through one or more subsidiaries) in substantially the same proportions as their ownership, immediately prior to such Business Combination, of the Company’s outstanding Shares and outstanding voting securities ordinarily having the right to vote for the election of directors of the Company, as the case may be, (B) no Person (excluding any corporation resulting from such Business Combination or any employee benefit plan or plans (or related trust) of the Company or such corporation resulting from such Business Combination and their subsidiaries and affiliates) beneficially owns, directly or indirectly, 30% or more of the combined voting power of the then outstanding voting securities of the corporation resulting from such Business Combination and (C) at least a majority of the members of the board of directors of the corporation resulting from such Business Combination were members of the Incumbent Board at the time of the execution of the initial agreement, or of the action of the Board, providing for such Business Combination;
 - (iv) there is a liquidation or dissolution of the Company approved by the shareholders; or
 - (v) there is a sale of all or substantially all of the assets of the Company.
- (c) “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.
- (d) “Proscribed Activity” means any of the following:
- (i) the Participant’s breach of any written agreement between the Participant and the Company or any of its Subsidiaries, including any agreement relating to nondisclosure, noncompetition, nonsolicitation and/or nondisparagement;
 - (ii) the Participant’s direct or indirect unauthorized use or disclosure of confidential
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information or trade secrets of the Company or any Subsidiary, including, but not limited to, such matters as costs, profits, markets, sales, products, product lines, key personnel, pricing policies, operational methods, customers, customer requirements, suppliers, plans for future developments, and other business affairs and methods and other information not readily available to the public;

- (iii) the Participant's direct or indirect engaging or becoming a partner, director, officer, principal, employee, consultant, investor, creditor or stockholder in/for any business, proprietorship, association, firm or corporation not owned or controlled by the Company or its Subsidiaries which is engaged or proposes to engage in a business competitive directly or indirectly with the business conducted by the Company or its Subsidiaries in any geographic area where such business of the Company or its Subsidiaries is conducted, provided that the Participant's investment in 1% or less of the outstanding capital stock of any corporation whose stock is listed on a national securities exchange shall not be treated as a Proscribed Activity;
 - (iv) the Participant's direct or indirect, either on the Participant's own account or for any person, firm or company, soliciting, interfering with or inducing, or attempting to induce, any employee of the Company or any of its Subsidiaries to leave his or her employment or to breach his or her employment agreement;
 - (v) the Participant's direct or indirect taking away, interfering with relations with, diverting or attempting to divert from the Company or any Subsidiary any business with any customer of the Company or any Subsidiary, including (A) any customer that has been solicited or serviced by the Company within one year prior to the date of termination of Participant's employment with the Company and (B) any customer with which the Participant has had contact or association, or which was under the supervision of Participant, or the identity of which was learned by the Participant as a result of Participant's employment with the Company;
 - (vi) the Participant's making of any remarks disparaging the conduct or character of the Company or any of its Subsidiaries, or their current or former agents, employees, officers, directors, successors or assigns; or
 - (vii) the Participant's failure to cooperate with the Company or any Subsidiary, for no additional compensation (other than reimbursement of expenses), in any litigation or administrative proceedings involving any matters with which the Participant was involved during the Participant's employment with the Company or any Subsidiary.
- (e) "Proscribed Period" means the period beginning on the date of termination of Participant's employment and ending on the later of (A) the one year anniversary of such termination date or (B) if the Participant is entitled to severance benefits in the form of salary continuation, the date on which salary continuation is no longer payable to the Participant.
- (f) "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; provided that, Retirement shall not be deemed to occur unless such termination of service constitutes a separation from service, as defined by Section 409A of the Code.
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12. ***Other Benefits*** . No amount accrued or paid under the RSRs shall be deemed compensation for purposes of computing a Participant's benefits under any retirement plan of the Company or its Subsidiaries, nor affect any benefits under any other benefit plan now or subsequently in effect under which the availability or amount of benefits is related to the Participant's level of compensation.

AMENDMENT NO. 1

to that certain

AMENDED AND RESTATED GLOBAL REVOLVING CREDIT AGREEMENT

This AMENDMENT NO. 1 (this “Amendment”), dated as of April 20, 2012, relates to that certain AMENDED AND RESTATED GLOBAL REVOLVING CREDIT AGREEMENT, dated as of June 8, 2011 (the “Credit Agreement”), by and among (i) RYDER SYSTEM, INC., a corporation organized under the laws of Florida (“Ryder”), RYDER TRUCK RENTAL HOLDINGS CANADA LTD. (“Ryder Holdings Canada”), RYDER TRUCK RENTAL CANADA LTD. (“Ryder Canada Limited” and together with Ryder Holdings Canada, the “Canadian Borrowers”), RYDER LIMITED, a corporation organized under the laws of England and Wales (“Ryder Limited”), RYDER SYSTEM HOLDINGS (UK) LIMITED (“RSH” and together with Ryder Limited, the “U.K. Borrowers”) and RYDER PUERTO RICO, INC. (“Ryder PR”), a corporation organized under the laws of Delaware, (ii) the lending institutions identified as Banks therein, (iii) BANK OF AMERICA, N.A. (“Bank of America”), as administrative agent for the Banks (the “Administrative Agent”), (iv) ROYAL BANK OF CANADA, as Canadian agent for the Banks (the “Canadian Agent”) and (v) THE ROYAL BANK OF SCOTLAND PLC, as United Kingdom agent for the Banks (the “U.K. Agent” and, together with the Administrative Agent and the Canadian Agent, the “Agents”), with MERRILL LYNCH, PIERCE, FENNER & SMITH INCORPORATED acting as lead arranger and book manager thereunder. Capitalized terms used herein without definition shall have the respective meanings provided therefor in the Credit Agreement.

WHEREAS, each of Ryder, the Canadian Borrowers, the U.K. Borrowers and Ryder PR (collectively, the “Borrowers”) has requested that the Majority Banks agree, and the Banks party hereto have agreed, on the terms and subject to the conditions set forth herein, to amend certain of the terms and provisions of the Credit Agreement;

NOW THEREFORE, in consideration of the mutual agreements contained in the Credit Agreement and herein and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby agree as follows:

§1. **Amendments to Credit Agreement**. Subject to the satisfaction of the conditions precedent set forth in §4 below:

(a) **Definition of Consolidated Adjusted Tangible Net Worth**. The Credit Agreement is hereby amended by deleting in its entirety the definition of “Consolidated Adjusted Tangible Net Worth” in §1.1 of the Credit Agreement and substituting the following new definition in lieu thereof:

Consolidated Adjusted Net Worth. At any date, the aggregate of (i) consolidated shareholders’ equity, less (ii) investments in Subsidiaries other than Consolidated Subsidiaries; provided, however, that any accumulated other comprehensive income or loss associated with Ryder and its Consolidated Subsidiaries’ pension and other post-retirement plans which is recorded on the consolidated financial statements of Ryder and its Consolidated Subsidiaries in accordance with GAAP will be excluded.

(b) Amendments to §9.5 of the Credit Agreement. The Credit Agreement is hereby amended by deleting the reference to “Consolidated Adjusted Tangible Net Worth” in §9.5 of the Credit Agreement and substituting a reference to “Consolidated Adjusted Net Worth” in lieu thereof.

(c) Amendments to § 10.1 of the Credit Agreement. The Credit Agreement is hereby amended by deleting in its entirety §10.1 of the Credit Agreement and substituting the following new §10.1 in lieu thereof:

§10.1. Debt to Consolidated Adjusted Net Worth. Ryder will not, at any time, permit the ratio of (a) the aggregate amount of Indebtedness of Ryder and its Consolidated Subsidiaries to (b) Consolidated Adjusted Net Worth of Ryder and its Consolidated Subsidiaries to exceed 3.00:1.00.

(d) Amendments to Exhibit C: Compliance Certificate. The Credit Agreement is hereby amended by deleting in its entirety Exhibit C of the Credit Agreement and substituting in lieu thereof the new Exhibit C to the Credit Agreement that is attached hereto as Annex A.

§2. Representations and Warranties. As of the Amendment Effective Date (as defined below), each of the Borrowers represents and warrants to the Banks and the Agents as follows:

(a) Representations and Warranties in Credit Agreement. The representations and warranties of the Borrowers contained in the Credit Agreement were true and correct in all material respects when made, and continue to be true and correct on the Amendment Effective Date (as defined below).

(b) Authority, Etc. The execution and delivery by each of the Borrowers of this Amendment and the performance by each of the Borrowers of all of its respective agreements and obligations of this Amendment and the other documents delivered in connection therewith (collectively, the “Amendment Documents”), the Credit Agreement as amended hereby and the other Loan Documents (i) are within the corporate or company authority of such Borrower, (ii) have been duly authorized by all necessary corporate or company proceedings by such Borrower, (iii) do not conflict with or result in any breach or contravention of any provision of law, statute, rule or regulation to which such Borrower is subject or any judgment, order, writ, injunction, license or permit applicable to such Borrower, (iv) do not conflict with any provision of the formation or governing documents of, or any agreement or other instrument binding upon, such Borrower, and (v) do not require the approval or consent of, or filing with, any Person other than those already obtained.

(c) Enforceability of Obligations. The Amendment Documents, the Credit Agreement as amended hereby, and the other Loan Documents constitute the legal, valid and binding obligations of such Borrower, enforceable against such Borrower in accordance with their respective terms.

(d) No Default. Immediately after giving effect to this Amendment, no Default or Event of Default exists under the Credit Agreement or any other Loan Document.

§3. References. Each Borrower confirms and agrees that all references to the term “Credit Agreement” in the other Loan Documents shall hereafter refer to the Credit Agreement as amended hereby.

§4. Conditions to Effectiveness. The amendments provided for in this Amendment shall take effect upon the satisfaction of the following conditions precedent (such date, the “Amendment Effective Date”):

(a) the Administrative Agent shall have received a counterpart signature page to this Amendment, duly executed and delivered by each of the Borrowers, the Administrative Agent and the Majority Banks, and this Amendment shall be in full force and effect;

(b) the receipt by the Administrative Agent of all reasonable out-of-pocket costs and expenses (including, without limitation, reasonable legal fees and expenses) for which invoices have been presented which have been incurred or sustained by the Administrative Agent in connection with this Amendment and the Credit Agreement; and

(c) all proceedings in connection with the transactions contemplated by this Amendment and all documents incident thereto shall be reasonably satisfactory in substance and form to the Administrative Agent, and the Administrative Agent shall have received all information and such counterpart originals or certified or other copies of such documents as the Administrative Agent may reasonably request.

§5. Satisfaction of Conditions . Without limiting the generality of the foregoing §4, for purposes of determining compliance with the conditions specified in §4, each Bank that has signed this Amendment shall be deemed to have consented to, approved or accepted, or to be satisfied with, each document or other matter required thereunder to be consented to or approved by or acceptable or satisfactory to a Bank unless the Administrative Agent shall have received notice from such Bank prior to the date hereof specifying its objection thereto.

§6. Miscellaneous Provisions . This Amendment shall constitute one of the Loan Documents referred to in the Credit Agreement. Except as otherwise expressly provided by this Amendment, all of the terms, conditions and provisions of the Credit Agreement shall remain the same. It is declared and agreed by each of the parties hereto that the Credit Agreement, as amended hereby, shall continue in full force and effect, and that this Amendment and the Credit Agreement shall be read and construed as one instrument. Nothing contained in this Amendment shall be construed to imply a willingness on the part of the Banks or the Administrative Agent to grant any similar or other future amendment of any of the terms and conditions of the Credit Agreement or the other Loan Documents or shall in any way prejudice, impair or effect any rights or remedies of the Banks and the Administrative Agent under the Credit Agreement or the other Loan Documents. **THIS AMENDMENT SHALL BE CONSTRUED ACCORDING TO AND GOVERNED BY THE LAWS OF THE STATE OF NEW YORK AND SHALL FOR ALL PURPOSES BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF SAID STATE (EXCLUDING THE LAWS APPLICABLE TO CONFLICTS OR CHOICE OF LAW (OTHER THAN THE NEW YORK GENERAL OBLIGATIONS LAW §5-1401))**. This Amendment may be executed in any number of counterparts, but all such counterparts shall together constitute but one instrument. Delivery of an executed signature page of this Amendment by facsimile or electronic transmission shall be effective as delivery of a manually executed counterpart thereof. In making proof of this Amendment it shall not be necessary to produce or account for more than one counterpart signed by each party hereto by and against which enforcement hereof is sought. Headings or captions used in this Amendment are for convenience of reference only and shall not define or limit the provisions hereof. The Borrowers hereby agree to pay to the Administrative Agent on demand all reasonable costs and expenses incurred or sustained by the Administrative Agent in connection with the preparation of this Amendment (including reasonable legal fees and disbursements of counsel for the Administrative Agent).

IN WITNESS WHEREOF , the parties hereto have executed this Amendment as an agreement as of the date first written above.

RYDER SYSTEM, INC.

By: /s/ Braden K. Moll

Name: Braden K. Moll

Title: Sr. Assistant Treasurer

RYDER TRUCK RENTAL CANADA LTD.

By: /s/ Braden K. Moll
Name: Braden K. Moll
Title: Sr. Assistant Treasurer

RYDER TRUCK RENTAL HOLDINGS CANADA LTD.

By: /s/ Braden K. Moll
Name: Braden K. Moll
Title: Sr. Assistant Treasurer

RYDER LIMITED

By: /s/ Braden K. Moll
Name: Braden K. Moll
Title: Director

RYDER SYSTEM HOLDINGS (UK) LIMITED

By: /s/ Calene F. Candela
Name: Calene F. Candela
Title: Director

RYDER PUERTO RICO, INC.

By: /s/ Braden K. Moll
Name: Braden K. Moll
Title: Sr. Assistant Treasurer

BANK OF AMERICA, N.A. , as Administrative Agent

By: /s/ Judith A. Huckins
Name: Judith A. Huckins
Title: Vice President

BANK OF AMERICA, N.A. , as Domestic Bank

By: /s/ Judith A. Huckins
Name: Judith A. Huckins
Title: Vice President

BANK OF AMERICA, N.A. , as U.K. Bank

By: /s/ Judith A. Huckins
Name: Judith A. Huckins
Title: Vice President

BANK OF AMERICA, N.A. , as PR Bank

By: /s/ Judith A. Huckins
Name: Judith A. Huckins
Title: Vice President

BANK OF TOKYO-MITSUBISHI UFJ, LTD. , as Domestic Bank

By: /s/ M. Antioco
Name: M. Antioco
Title: Associate

MIZUHO CORPORATE BANK, LTD. , as Domestic Bank

By: /s/ Noel Purcell
Name: Noel Purcell
Title: Authorized Signatory

MIZUHO CORPORATE BANK, LTD. , as Canadian Bank

By: /s/ Noel Purcell
Name: Noel Purcell
Title: Authorized Signatory

MIZUHO CORPORATE BANK, LTD. , as U.K. Bank

By: /s/ Noel Purcell

Name: Noel Purcell

Title: Authorized Signatory

WELLS FARGO BANK, N.A. , as Domestic Bank

By: /s/ Kay Reedy

Name: Kay Reedy

Title: Managing Director

U.S. BANK NATIONAL ASSOCIATION , as Domestic Bank

By: /s/ Edward B. Hanson

Name: Edward B. Hanson

Title: Vice President

BNP PARIBAS , as Domestic Bank

By: /s/ Andy Strait

Name: Andy Strait

Title: Managing Director

By: /s/ Michael Pearce

Name: Michael Pearce

Title: Managing Director

THE BANK OF NEW YORK MELLON , as Domestic Bank

By: /s/ Robert Besser

Name: Robert Besser

Title: Managing Director

REGIONS BANK , as Domestic Bank

By: /s/ Stephen Hanas

Name: Stephen Hanas

Title: Senior Vice President

PNC BANK, NATIONAL ASSOCIATION , for itself and as successor to RBC

Bank (USA), as Domestic Bank

By: /s/ Jose Mazariegos
Name: Jose Mazariegos
Title: Senior Vice President

BRANCH BANKING AND TRUST COMPANY , as Domestic Bank

By: /s/ Anthony D. Nigro
Name: Anthony D. Nigro
Title: Senior Vice President

THE ROYAL BANK OF SCOTLAND PLC , as Domestic Bank

By: /s/ Jonathan Lasner
Name: Jonathan Lasner
Title: Director

THE ROYAL BANK OF SCOTLAND PLC , as U.K. Bank

By: /s/ Neil Foulkes
Name: Neil Foulkes
Title: Head of Large Corp
Thames Valley

ROYAL BANK OF CANADA , as Domestic Bank

By: /s/ Scott Umbs
Name: Scott Umbs
Title: Authorized Signatory

Annex A

EXHIBIT C

**[FORM OF]
COMPLIANCE CERTIFICATE**

RYDER SYSTEM, INC.

Reference is hereby made to the Amended and Restated Global Revolving Credit Agreement, dated as of June 8, 2011 (as amended, restated, amended and restated, modified or supplemented and in effect from time to time, the "Credit Agreement"), by and among (i) Ryder System, Inc. ("Ryder"), Ryder Truck Rental Holdings Canada Ltd., Ryder Truck Rental Canada Ltd., Ryder Limited, Ryder System Holdings (UK) Limited, and Ryder Puerto Rico, Inc., (ii) the lending institutions identified as Banks therein, (iii) Bank of America, N.A., as Administrative Agent for the Banks, (iv) Royal Bank of Canada, as Canadian Agent for the Banks and (v) The Royal Bank of Scotland plc, as U.K. Agent for the Banks, with Merrill Lynch, Pierce, Fenner & Smith Incorporated, acting as lead arranger and book manager. Capitalized terms used and not defined herein shall have the meanings ascribed thereto in the Credit Agreement.

The undersigned _____, the [chief financial officer/treasurer/assistant treasurer] of Ryder hereby certifies that no Default or Event of Default exists. Computations to evidence compliance with §9.1(b) and §10.1 of the Credit Agreement are detailed on Annex A attached hereto.

[The undersigned hereby further certifies that:

(i) the representations and warranties contained in §§7.1, 7.2, 7.3, 7.6, 7.8, 7.9, 7.10, 7.11 (other than clause (iii) of subsection (c) of such Section 7.11), 7.13, 7.14, 7.17, 7.18 and §7A of the Credit Agreement are true and correct in all material respects as of the date hereof;

(ii) the representations and warranties contained in §7.4 of the Credit Agreement are true and correct in all material respects as of the date hereof; provided that each reference to "Balance Sheet Date" in such §7.4 shall be deemed a reference to the most recent fiscal year end of Ryder; and

(iii) the representations and warranties contained in §§7.5, 7.7, 7.12, 7.15 and 7.16 of the Credit Agreement are true and correct in all material respects as of the date hereof after taking into consideration any updated information provided to the Schedule corresponding to any such Section (all such updated Schedules are attached hereto as Annex B), if applicable.]

RYDER SYSTEM, INC.

By: _____
Name:
Title:

Annex A

Secured Indebtedness - §9.1(b)

1. Adjusted Consolidated Tangible Assets
(Item 8 of Appendix) \$ _____
2. Secured Indebtedness \$ _____
(Item 24 of Appendix)
3. Maximum Permitted Secured Indebtedness \$ _____
(Item 1 x .30)

Debt to Consolidated Adjusted Net Worth - § 10.1

4. Total Indebtedness of Ryder and its Consolidated
Subsidiaries \$ _____

(Item 19 of Appendix)

5. Consolidated Adjusted Net Worth
(Item 13 of Appendix) \$ ____
6. Actual Ratio
(Item 4 divided by Item 5) ____:1.00
7. Maximum permitted ratio 3.00:1.00

Appendix

A. Adjusted Consolidated Tangible Assets

1. Consolidated assets \$ ____
2. All intercompany items \$ ____
3. All Intangible Assets \$ ____
4. Investments in Subsidiaries other than Consolidated
Subsidiaries \$ ____
5. Consolidated Tangible Assets
[(Item 1) - (Items 2 + 3 + 4)] \$ ____
6. Consolidated book value of all assets of Ryder and
its Consolidated Subsidiaries which are subject to
any synthetic lease \$ ____
7. Consolidated book value of all assets of Ryder and
its Consolidated Subsidiaries that are reflected on
the consolidated balance sheet of Ryder and its
Consolidated Subsidiaries and secure or are the
subject of any Limited Recourse Facility \$ ____
8. Adjusted Consolidated Tangible Assets
[Item 5 + Item 6 - Item 7] \$ ____

B. Consolidated Adjusted Net Worth

9. Consolidated shareholders' equity \$ ____
10. Investments in Subsidiaries other than Consolidated
Subsidiaries \$ ____
11. Accumulated other comprehensive income or loss associated \$ ____
with Ryder and its Consolidated Subsidiaries' pension and
other post-retirement plans which is recorded on the consolidated
financial statements of Ryder and its Consolidated Subsidiaries
in accordance with GAAP
12. Consolidated Adjusted Net Worth
[(Items 9 - 10 - 11)] \$ ____

C. Indebtedness

13. (a) All obligations for borrowed money, (b) All obligations evidenced by bonds, debentures, notes or other similar instruments, (c) All obligations to pay the deferred purchase price of property or services, except trade accounts payable arising in the ordinary course of business, (d) All obligations as lessee under Capitalized Leases \$ ____
14. All obligations under Limited Recourse Facilities (to the extent included in Item 13) \$ ____
15. All Deemed Indebtedness Under Limited Recourse Facilities (Item 27 below) \$ ____
16. All obligations as lessee in respect of synthetic leases \$ ____
17. All Indebtedness of others guaranteed by such Person \$ ____
18. Indebtedness [(Items 13 - 14) + (Items 15 + 16 + 17)] \$ ____

D. Secured Indebtedness

19. Indebtedness and all Derivative Obligations of any Borrower or any of Ryder's Consolidated Subsidiaries and all reimbursement obligations with respect to letters of credit, bankers' acceptances or similar facilities issued for the account of such Person, in each case, secured by a lien or other encumbrance on, or title to, any real or personal property \$ ____
20. Unsecured Indebtedness and Derivatives Obligations of any of Ryder's Consolidated Subsidiaries (other than the Canadian Borrowers or the U.K. Borrowers) and unsecured reimbursement obligations with respect to letters of credit, bankers' acceptances or similar facilities issued for the account of such Person (other than the Canadian Borrowers or the U.K. Borrowers) \$ ____
21. Aggregate liquidation preference of all Preferred Stock issued by Ryder's Consolidated Subsidiaries not owned by Ryder and its Consolidated Subsidiaries \$ ____
22. Any Deemed Indebtedness Under Limited Recourse Facilities (Item 27 below) and all obligations as lessee in respect of synthetic leases, in each case to the extent not otherwise included as Secured Indebtedness \$ ____
23. Secured Indebtedness (Items 19 + 20 + 21 + 22) \$ ____

E. Deemed Indebtedness Under Limited Recourse Facilities

24. Deemed Receivables Indebtedness \$ _____
25. Deemed Securitization Indebtedness \$ _____
26. In respect of any other Limited Recourse Facility, an amount equal to the greater of (a) 10% of the principal amount or aggregate payment obligations, as applicable, of such Limited Recourse Facility or (b) two times the percentage recourse under such Limited Recourse Facility of the principal amount or aggregate payment obligations, as applicable, of such Limited Recourse Facility (as determined in accordance with the definition of Limited Recourse Facilities) \$ _____
27. Total Deemed Indebtedness Under Limited Recourse Facilities (Items 24 + 25 + 26) \$ _____

Annex B

[See attached updated schedule(s)]

EXHIBIT 31.1
CERTIFICATION

I, Gregory T. Swienton, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Ryder System, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: April 24, 2012

/s/ Gregory T. Swienton

Gregory T. Swienton
Chairman and Chief Executive Officer

EXHIBIT 31.2
CERTIFICATION

I, Art A. Garcia, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Ryder System, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: April 24, 2012

/s/ Art A. Garcia

Art A. Garcia
Executive Vice President and Chief Financial Officer

EXHIBIT 32
CERTIFICATION

In connection with the Quarterly Report of Ryder System, Inc. (the "Company") on Form 10-Q for the period ended March 31, 2012 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), Gregory T. Swienton, Chief Executive Officer of the Company, and Art A. Garcia, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Gregory T. Swienton

Gregory T. Swienton
Chairman and Chief Executive Officer

April 24, 2012

/s/ Art A. Garcia

Art A. Garcia
Executive Vice President and Chief Financial Officer

April 24, 2012