

# RYDER SYSTEM INC

## FORM 8-K (Current report filing)

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**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

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**FORM 8-K**

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**CURRENT REPORT**

**PURSUANT TO SECTION 13 OR 15(d) OF THE  
SECURITIES EXCHANGE ACT OF 1934**

**Date of Report (Date of earliest event reported): May 4, 2012**

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**RYDER SYSTEM, INC.**

(Exact name of registrant as specified in its charter)

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**Florida**

(State or other jurisdiction of incorporation)

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**1-4364**

(Commission File Number)

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**59-0739250**

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

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**11690 NW 105<sup>th</sup> Street  
Miami, Florida**

(Address of Principal Executive Offices)

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**33178**

(Zip Code)

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**(305) 500-3726**

(Registrant's telephone number, including area code)

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

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
  - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
  - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
  - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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**Item 5.02 Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers.****Item 5.02(b)**

On May 4, 2012, the Board accepted Lynn M. Martin's tender of resignation from the Company's Board of Directors pursuant to the director retirement policy set forth in the Company's Corporate Governance Guidelines. Ms. Martin's resignation was effective on May 4, 2012. Ms. Martin has been a valuable member of the Company's Board of Directors since 1993. At the time of her resignation, Ms. Martin served on the Compensation Committee and Corporate Governance and Nominating Committee.

**Item 5.02(e)***Approval of the Plan*

At the Annual Meeting of Shareholders held on May 4, 2012, our shareholders approved the Ryder System, Inc. 2012 Equity and Incentive Compensation Plan (the "2012 Plan"). The 2012 Plan was approved by our Board of Directors on February 10, 2012, subject to shareholder approval, and is effective as of May 4, 2012. Unless earlier terminated by our Board of Directors, the 2012 Plan shall terminate on the day before the tenth anniversary of the later of the effective date or the date of any subsequent shareholder approval of the Plan.

The 2012 Plan will serve as the umbrella plan for all of our stock-based and cash-based incentive compensation programs for our directors, officers and other key employees. The Plan allows the Company to issue a variety of stock-based awards, including stock options, restricted stock rights and restricted stock units up to an aggregate of 3.5 million shares of the Company's common stock. For each share that is actually delivered pursuant to a stock-based award, other than a stock option or stock appreciation right, the aggregate share limit under the 2012 Plan will be reduced by two shares and for each share that is actually delivered pursuant to a stock option or stock appreciation right, the aggregate share limit under the 2012 Plan will be reduced by one share. Additionally, upon the exercise of each stock-settled stock appreciation right, the aggregate share limit under the 2012 Plan will be reduced further by the number of shares having a fair market value equal to the base price or exercise price for the number of shares so exercised, and for each stock option or stock-settled stock appreciation right, each share withheld by the Company to satisfy the exercise price or withholding taxes with respect to any such award, will reduce the aggregate share limit by one share. Upon adoption of the 2012 Plan, the Company terminated its prior 2005 Equity Compensation Plan (the "2005 Plan"); awards outstanding under the 2005 Plan will continue to remain outstanding in accordance with their terms.

*Terms and Conditions of Awards under the Plan*

On May 3, 2012, the Compensation Committee of our Board of Directors approved the form of the terms and conditions pursuant to which the Company will grant non-qualified stock options, performance-based restricted stock rights, performance-based cash awards and restricted stock rights to our executive officers and employees; and (ii) restricted stock units to our non-employee directors, under the 2012 Plan.

**Item 5.07 Submission of Matters to a Vote of Security Holders.**

On May 4, 2012, Ryder System, Inc. held its Annual Meeting of Shareholders. At the meeting, the shareholders voted as indicated below on the following proposals:

1. Election of four directors for a three-year term of office expiring at the 2015 Annual Meeting.

	<u>Nominee</u>	<u>Votes Cast For</u>	<u>Votes Cast Against</u>	<u>Abstentions</u>	<u>Broker Non-Votes</u>
1a.	John M. Berra	41,636,807	1,271,357	72,263	2,950,421
1b.	Luis P. Nieto, Jr.	42,158,348	753,461	68,618	2,950,421
1c.	E. Follin Smith	41,967,267	954,653	58,507	2,950,421
1d.	Gregory T. Swienton	40,937,823	1,990,315	52,289	2,950,421

Election of one director for a one-year term of office expiring at the 2013 Annual Meeting.

1e.	<u>Nominee</u> Robert J. Eck	<u>Votes Cast For</u> 41,890,639	<u>Votes Cast Against</u> 1,017,104	<u>Abstentions</u> 72,684	<u>Broker Non-Votes</u> 2,950,421
2.	Ratification of PricewaterhouseCoopers LLP as independent registered certified public accounting firm for the 2012 fiscal year.	<u>Votes Cast For</u> 45,764,834	<u>Votes Cast Against</u> 118,728	<u>Abstentions</u> 47,286	<u>Broker Non-Votes</u> —
3.	Approval of the Ryder System, Inc. 2012 Equity and Incentive Compensation Plan.	<u>Votes Cast For</u> 37,432,266	<u>Votes Cast Against</u> 5,469,243	<u>Abstentions</u> 78,918	<u>Broker Non-Votes</u> 2,950,421
4.	Approval, on an advisory basis, of the compensation of our named executive officers.	<u>Votes Cast For</u> 40,539,705	<u>Votes Cast Against</u> 2,335,543	<u>Abstentions</u> 105,179	<u>Broker Non-Votes</u> 2,950,421
5.	To vote on a shareholder proposal to repeal Ryder's classified board.	<u>Votes Cast For</u> 37,682,029	<u>Votes Cast Against</u> 5,030,444	<u>Abstentions</u> 267,954	<u>Broker Non-Votes</u> 2,950,421

#### Item 9.01 Financial Statements and Exhibits .

(d) Exhibits

<u>Exhibit No.</u>	<u>Description</u>
10.7	Ryder System, Inc. 2012 Equity and Incentive Compensation Plan
10.7(a)	Terms and Conditions applicable to non-qualified stock options granted under the Ryder System, Inc. 2012 Equity and Incentive Compensation Plan
10.7(b)	Terms and Conditions applicable to performance-based restricted stock rights granted under the Ryder System, Inc. 2012 Equity and Incentive Compensation Plan
10.7(c)	Terms and Conditions applicable to performance-based cash awards granted under the Ryder System, Inc. 2012 Equity and Incentive Compensation Plan
10.7(d)	Terms and Conditions applicable to restricted stock rights granted under the Ryder System, Inc. 2012 Equity and Incentive Compensation Plan
10.7(e)	Terms and Conditions applicable to restricted stock units granted under the Ryder System, Inc. 2012 Equity and Incentive Compensation Plan

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**SIGNATURE**

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

Date: May 10, 2012

RYDER SYSTEM, INC.  
(Registrant)

By:           /s/ Robert D. Fatovic            
Name: Robert D. Fatovic  
Title: Executive Vice President, Chief Legal  
Officer & Corporate Secretary

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RYDER SYSTEM, INC.  
2012 EQUITY AND INCENTIVE COMPENSATION PLAN

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1. Purpose of the Plan

The purpose of this 2012 Equity and Incentive Compensation Plan (the “Plan”) is to advance the interests of the Company and its shareholders by providing a means (a) to attract, retain, and reward directors, officers and other employees of the Company and its Subsidiaries, (b) to link compensation to measures of the Company’s performance in order to provide additional incentives, including stock-based incentives and cash-based incentives, to such persons for the creation of shareholder value, and (c) to enable such persons to acquire or increase a proprietary interest in the Company in order to promote a closer identity of interests between such persons and the Company’s shareholders. The Plan is intended to replace the Company’s 2005 Equity Compensation Plan, provided that awards outstanding under such plan as of the Effective Date shall remain outstanding in accordance with their terms.

2. Definitions

Capitalized terms used in the Plan and not defined elsewhere in the Plan shall have the meaning set forth in this Section.

2.1 “Award” means a Cash-Based Award or a Share-Based Award.

2.2 “Award Agreement” means a written document prescribed by the Committee and provided to a Participant evidencing the grant of an Award under the Plan.

2.3 “Beneficiary” means the person(s) or trust(s) entitled by will or the laws of descent and distribution to receive any rights with respect to an Award that survive such Participant’s death, provided that if at the time of a Participant’s death, the Participant had on file with the Committee a written designation of a person(s) or trust(s) to receive such rights, then such person(s) (if still living at the time of the Participant’s death) or trust(s) shall be the “Beneficiary” for purposes of the Plan.

2.4 “Board” means the Board of Directors of the Company.

2.5 “Cash-Based Award” means a compensatory award made pursuant to the Plan pursuant to which a Participant receives, or has the opportunity to receive, cash, other than an award pursuant to which the amount of cash is determined by reference to the value of a specific number of Shares. For the avoidance of doubt, Dividend-Equivalent Rights constitute Cash-Based Awards.

2.6 “Change of Control” occurs when:

(a) any individual, entity or group (within the meaning of Section 13(d)(3) or 14(d)(2) of the Exchange Act) (a “Person”) becomes the beneficial owner, directly or indirectly,

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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 (a), the following acquisitions shall not constitute a Change of Control: (i) any acquisition by any employee benefit plan or plans (or related trust) of the Company and its subsidiaries and affiliates or (ii) any acquisition by any corporation pursuant to a transaction which complies with clauses (i), (ii) and (iii) of subparagraph (c) below; or

(b) the individuals who, as of the Effective Date, constituted the Board of Directors of the Company (the "Board" generally and as of the Effective Date 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 the Effective Date 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 Exchange 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

(c) there is a reorganization, merger or consolidation of the Company (a "Business Combination"), in each case, unless, following such Business Combination, (i) 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, (ii) 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 (iii) 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

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

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

Notwithstanding anything to the contrary herein, solely for the purpose of determining the timing of payment or timing of distribution of any compensation or benefit that constitutes “non-qualified deferred compensation” within the meaning of Code Section 409A, a Change of Control shall not be deemed to occur under this Plan unless the events that have occurred would also constitute a “Change in the Ownership or Effective Control of a Corporation or in the Ownership of a Substantial Portion of the Assets of a Corporation” under Treasury Regulation Section 1.409A-3(i)(5), or any successor provision, and in the event such Change of Control does not constitute “Change in the Ownership or Effective Control of a Corporation or in the Ownership of a Substantial Portion of the Assets of a Corporation” under Treasury Regulation Section 1.409A-3(i)(5), the timing of payment or timing of distribution of any compensation or benefit that constitutes “non-qualified deferred compensation” within the meaning of Code Section 409A will occur pursuant to the terms of the applicable Award Agreement without regard to the Change of Control. For the avoidance of doubt, the immediately preceding sentence does will not apply for the purpose of determining the vesting of any Award upon a Change of Control.

2.7 “Code” means the Internal Revenue Code of 1986, as amended, including regulations thereunder and successor provisions and regulations thereto.

2.8 “Committee” means the Compensation Committee of the Board, or another committee appointed by the Board to administer the Plan or any part thereof, or the Board, where the Board is acting as the Committee or performing the functions of the Committee, as set forth in Section 3.

2.9 “Company” means Ryder System, Inc., a company organized under the laws of the state of Florida.

2.10 “Dividend-Equivalent Right” means the right to receive an amount, calculated with respect to a Share-Based Award, which is determined by multiplying the number of Shares subject to the applicable Award by the per-Share cash dividend, or the per-Share Fair Market Value (as determined by the Committee) of any dividend in consideration other than cash, paid by the Company on Shares.

2.11 “Effective Date” means the date on which the Plan is approved by the Company’s stockholders.

2.12 “Exchange Act” means the Securities Exchange Act of 1934, as amended.

2.13 “Fair Market Value” means the last reported sale price of a Share during regular trading hours on the relevant date or (if there were no trades on that date) the latest preceding date upon which a sale was reported by the composite transaction reporting system for securities listed on the New York Stock Exchange.

2.14 “Full-Value Award” means any Share-Based Award granted under the Plan other than (a) a stock option that requires the Participant to pay (in cash, foregone cash compensation, or other consideration, other than the performance of services, designated as acceptable by the Committee) at least the Fair Market Value of the Shares subject thereto as determined on the date of grant of an Award or (b) a stock appreciation right that is based solely on the appreciation

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of the Shares underlying the Award from the Fair Market Value of the Shares as determined on the date of grant of the Award.

2.15 “Non-Employee Director” means a member of the Board who is not otherwise employed by the Company or any Subsidiary.

2.16 “Participant” means any employee, director or other individual who has been granted an Award under the Plan.

2.17 “Qualified Member” means a member of the Committee who is a “non-employee director” of the Company as defined in Rule 16b-3 (b)(3) under the Exchange Act, an “outside director” within the meaning of Regulation § 1.162-27 under Code Section 162(m) and an “independent director” within the meaning of the applicable stock exchange rules.

2.18 “Share-Based Award” means a compensatory award made pursuant to the Plan pursuant to which a Participant receives, or has the opportunity to receive, Shares, or receives, or has the opportunity to receive, cash, where the amount of cash is determined by reference to the value of a specific number of Shares. Share-Based Awards shall include, without limitation, stock options, stock appreciation rights, restricted stock, restricted stock units, stock units, and bonus shares.

2.19 “Shares” means common shares of the Company and such other securities as may be substituted or resubstituted for Shares pursuant to Section 7.

2.20 “Subsidiary” means an entity that is, either directly or through one or more intermediaries, controlled by the Company.

### 3. Administration

3.1 *Committee*. The Compensation Committee of the Board shall administer the Plan, unless the Board shall appoint a different committee. At any time that a member of the Committee is not a Qualified Member, (a) any action of the Committee relating to an Award intended by the Committee to qualify as “performance-based compensation” within the meaning of Code Section 162(m) and regulations thereunder may be taken by a subcommittee, designated by the Committee or the Board, composed solely of two or more Qualified Members, and (b) any action relating to an Award granted or to be granted to a Participant who is then subject to Section 16 of the Exchange Act in respect of the Company may be taken either by the Board, a subcommittee of the Committee consisting of two or more Qualified Members or by the Committee but with each such member who is not a Qualified Member abstaining or recusing himself or herself from such action, provided that, upon such abstention or recusal, the Committee remains composed of two or more Qualified Members. Such action, authorized by such a subcommittee or by the Committee upon the abstention or recusal of such non-Qualified Member(s), shall be the action of the Committee for purposes of the Plan. Other provisions of the Plan notwithstanding, the Board may perform any function of the Committee under the Plan, and that authority specifically reserved to the Board under the terms of the Plan, the Company’s Articles of Incorporation, By-Laws, or applicable law shall be exercised by the Board and not by the Committee. The Board shall serve as the Committee in respect of any Awards made to any Non-Employee Director.

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3.2 *Powers and Duties of Committee* . In addition to the powers and duties specified elsewhere in the Plan, the Committee shall have full authority and discretion to:

(a) adopt, amend, suspend, and rescind such rules and regulations and appoint such agents as the Committee may deem necessary or advisable to administer the Plan, including rules and regulations relating to sub-plans established for the purpose of satisfying applicable foreign laws;

(b) correct any defect or supply any omission or reconcile any inconsistency in the Plan and to construe and interpret the Plan and any Award, rules and regulations, Award Agreement, or other instrument hereunder;

(c) make determinations relating to eligibility for and entitlements in respect of Awards, and to make all factual findings related thereto; and

(d) make all other decisions and determinations as may be required under the terms of the Plan or as the Committee may deem necessary or advisable for the administration of the Plan.

All determinations and decisions of the Committee shall be final and binding upon a Participant or any person claiming any rights under the Plan from or through any Participant, and the Participant or such other person may not further pursue his or her claim in any court of law or equity or other arbitral proceeding.

3.3 *Delegation by Committee* . Except to the extent prohibited by applicable law or the applicable rules of a stock exchange, or as provided in Section 5.2, the Committee may delegate, on such terms and conditions as it determines in its sole and absolute discretion, to one or more senior executives of the Company (i) the authority to make grants of Awards to officers (other than executive officers) and employees of the Company and any Subsidiary or other individuals (other than Non-Employee Directors) who provide services to the Company or any Subsidiary and (ii) other administrative responsibilities. Any such allocation or delegation may be revoked by the Committee at any time.

3.4 *Limitation of Liability* . Each member of the Committee shall be entitled to, in good faith, rely or act upon any report or other information furnished to him or her by any officer or other employee of the Company or any Subsidiary, the Company's independent certified public accountants, or any executive compensation consultant, legal counsel, or other professional retained by the Company to assist in the administration of the Plan. No member of the Committee, nor any officer or employee of the Company acting on behalf of the Committee, shall be personally liable for any action, determination, or interpretation taken or made in good faith with respect to the Plan, and all members of the Committee and any officer or employee of the Company acting on behalf of the Committee or members thereof shall, to the extent permitted by law, be fully indemnified and protected by the Company with respect to any such action, determination, or interpretation.

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#### 4. Awards

4.1 *Eligibility* . The Committee shall have the discretion to select Award recipients from among the following categories of eligible recipients: (a) individuals who are employees (including officers) of the Company or any Subsidiary, (b) Non-Employee Directors, and (c) other individuals who provide services to the Company or any Subsidiary.

4.2 *Type of Awards* . The Committee shall have the discretion to determine the type of Award to be granted to a Participant. The Committee is authorized to grant Awards as a bonus, or to grant Awards in lieu of obligations of the Company or any Subsidiary to pay cash or grant other awards under other plans or compensatory arrangements, to the extent permitted by such other plans or arrangements. Shares issued pursuant to an Award in the nature of a purchase right (e.g., stock options) shall be purchased for such consideration, paid for at such times, by such methods, and in such forms, including cash, Shares, other Awards, or other consideration, as the Committee shall determine.

4.3 *Terms and Conditions of Awards* . The Committee shall determine the size of each Award to be granted (including, where applicable, the number of Shares to which an Award will relate), and all other terms and conditions of each such Award (including, but not limited to, any exercise price, grant price, or purchase price, any restrictions or conditions relating to transferability, forfeiture, exercisability, or settlement of an Award, and any schedule or performance conditions for the lapse of such restrictions or conditions, and accelerations or modifications thereof, based in each case on such considerations as the Committee shall determine). The Committee may determine whether, to what extent, and under what circumstances an Award may be settled, or the exercise price of an Award may be paid, in cash, Shares, other Awards, or other consideration, or an Award may be canceled, forfeited, or surrendered. The right of a Participant to exercise or receive a grant or settlement of any Award, and the timing thereof, may be subject to such performance conditions as may be specified by the Committee. The Committee may use such business criteria and measures of performance as it may deem appropriate in establishing performance conditions, and may exercise its discretion to reduce or increase the amounts payable under any Award subject to performance conditions, except as limited under Section 5.1 in the case of a Performance Award intended to qualify under Code Section 162(m). Notwithstanding the foregoing, (i) except with respect to Substitute Awards, the price per Share at which Shares may be purchased upon the exercise of a stock option shall not be less than one hundred percent (100%) of the Fair Market Value on the date of grant of such stock option, (ii) except with respect to Substitute Awards, with respect to stock appreciation rights, the price per Share from which stock appreciation is measured shall not be less than one hundred percent (100%) of the Fair Market Value of such Share on the date of grant of the stock appreciation right, (iii) the period during which an Award may remain outstanding shall not exceed ten (10) years from the date the Award is granted, (iv) Dividend-Equivalent Rights shall not be granted with respect to stock options or stock appreciation rights, (v) Dividend-Equivalent Rights shall not be paid with respect to unvested performance shares and performance units (provided dividend equivalents may accrue on such unvested awards and be paid to the extent the shares vest), (vi) (I) if the grant or vesting of Full-Value Awards is subject to performance conditions, the Full-Value Awards (other than Full-Value Awards granted to Non-Employee Directors) shall have a minimum vesting period of not less than one (1) year and (II) if neither the grant nor the vesting of Full-Value Awards is subject to

performance conditions, the Full-Value Awards (other than Full-Value Awards granted to Non-Employee Directors) shall fully vest over a period of not less than three (3) years; provided that (x) the Award Agreement may provide that such Full-Value Awards may fully vest on an accelerated basis in the event of a Participant's death, disability, retirement or in the event of a Change of Control, and (y) up to five percent (5%) of the Shares subject to the Aggregate Share Limit (as defined below in Section 6.1) may be granted as Full Value Awards free of the limitations on vesting set forth in this Section 4.3(v), and (vi) any Awards granted to Non-Employee Directors shall be granted to all Non-Employee Directors on a non-discretionary basis based on a formula approved by the Committee.

4.4 *No Repricing of Stock Options or Stock Appreciation Rights* . Notwithstanding anything in the Plan to the contrary, the Committee may not reprice stock options or stock appreciation rights or cancel stock options or stock appreciation rights in exchange for a cash payment or another Award (except pursuant Section 7), nor may the Board amend the Plan to permit such repricing or cancellation, unless the stockholders of the Company provide prior approval for such repricing or cancellation. The term "repricing" shall have the meaning given that term in Section 303A.08 of the New York Stock Exchange Listed Company Manual, as in effect from time to time, and shall not include adjustments pursuant to Section 7 of the Plan.

4.5 *Stand-Alone, Additional, Tandem, and Substitute Awards* . Subject to Section 4.4, Awards granted under the Plan may, in the discretion of the Committee, be granted either alone or in addition to, in tandem with, or in substitution or exchange for, any other Award or any award granted under another plan of the Company, any Subsidiary, or any business entity to be acquired by the Company or a Subsidiary, or any other right of a Participant to receive payment from the Company or any Subsidiary.

## 5. Performance Awards

5.1 *Performance Awards Granted to Designated Covered Employees* . If the Committee determines that an Award to be granted to an eligible person who is designated by the Committee as likely to be a Covered Employee (as defined below in Section 5.3) should qualify as "performance-based compensation" for purposes of Code Section 162(m), the grant, exercise, and/or settlement of such Award (a "Performance Award") shall be contingent upon achievement of preestablished performance goals and other terms set forth in this Section 5.1. This Section 5.1 shall not apply to Awards that otherwise qualify as "performance-based compensation" by reason of Regulation §1.162-27(e)(2)(vi) (relating to certain stock options and stock appreciation rights).

(a) *Performance Goals Generally* . The performance goals for such Performance Awards shall consist of one or more business criteria and a targeted level or levels of performance with respect to each such criteria, as specified by the Committee consistent with this Section 5.1. Performance goals shall be objective and shall otherwise meet the requirements of Code Section 162(m) and regulations thereunder (including Regulation §1.162-27 and successor regulations thereto), including the requirement that the level or levels of performance targeted by the Committee result in the achievement of performance goals being "substantially uncertain." The Committee may determine that such Performance Awards shall be granted, exercised, and/or settled upon achievement of any one performance goal or that two or more of

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the performance goals must be achieved as a condition to grant, exercise, and/or settlement of such Performance Awards. Performance goals may differ for Performance Awards granted to any one Participant or to different Participants.

(b) *Business Criteria* . One or more of the following business criteria for the Company, on a consolidated basis, and/or for specified Subsidiaries, divisions, or other business units of the Company (where the criteria are applicable), shall be used by the Committee in establishing performance goals for such Performance Awards: (i) earnings per share; (ii) revenues; (iii) cash flow; (iv) cash flow return on investment; (v) return on net assets, return on assets, return on investment, return on capital, return on equity; profitability; (vi) economic value added (“EVA”); (vii) operating margins or profit margins; (viii) income or earnings before or after taxes; pretax earnings; pretax earnings before interest, depreciation and amortization; operating earnings; pretax operating earnings, before or after interest expense and before or after incentives, and extraordinary or special items; net income; (ix) total stockholder return or stock price; (x) book value per share; (xi) expense management; improvements in capital structure; working capital; costs; and (xii) any of the above goals as compared to the performance of a published or special index deemed applicable by the Committee including, but not limited to, the Standard & Poor’s 500 Stock Index or a group of comparator companies. EVA means the amount by which a business unit’s earnings exceed the cost of the equity and debt capital used by the business unit during the performance period, as determined by the Committee. Income of a business unit may be before payment of bonuses, capital charges, non-recurring or extraordinary income or expense, and general and administrative expenses for the performance period, if so specified by the Committee.

(c) *Performance Period; Timing for Establishing Performance Award Terms* . Achievement of performance goals in respect of such Performance Awards shall be measured over a performance period as specified by the Committee. Performance goals, amounts payable upon achievement of such goals, and other material terms of Performance Awards shall be established by the Committee (i) while the performance outcome for that performance period is substantially uncertain and (ii) no more than 90 days after the commencement of the performance period to which the performance goal relates or, if less, the number of days which is equal to 25 percent of the relevant performance period.

(d) *Performance Award Pool* . The Committee may establish a Performance Award pool, which shall be an unfunded pool, for purposes of measuring performance of the Company in connection with Performance Awards. The amount of such Performance Award pool shall be based upon the achievement of a performance goal or goals based on one or more of the business criteria set forth in Section 5.1(b) hereof during the given performance period, as specified by the Committee in accordance with Section 5.1(c) hereof. The Committee may specify the amount of the Performance Award pool as a percentage of any of such business criteria, a percentage thereof in excess of a threshold amount, or as another amount which need not bear a strictly mathematical relationship to such business criteria. In such case, Performance Awards may be granted as rights to payment of a specified portion of the Award pool, and such grants shall be subject to the requirements of Section 5.1(c).

(e) *Settlement of Performance Awards; Other Terms* . Settlement of such Performance Awards shall be in cash, Shares, other Awards, in the discretion of the Committee.

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The Committee may, in its discretion, reduce the amount of a settlement otherwise to be made in connection with such Performance Awards, but may not exercise discretion to increase any such amount payable to a Covered Employee in respect of a Performance Award subject to this Section 5.1. The Committee shall specify the circumstances in which such Performance Awards shall be paid or forfeited in the event of termination of employment by the Participant prior to the end of a performance period or settlement of Performance Awards.

(f) *Impact of Extraordinary Items or Changes In Accounting* . To the extent applicable, the determination of achievement of performance goals for Performance Awards shall be made in accordance with U.S. generally accepted accounting principles (“GAAP”) and a manner consistent with the methods used in the Company’s audited financial statements, and, unless the Committee decides otherwise within the period described in Section 5.1(c), without regard to (i) extraordinary items as determined by the Company’s independent public accountants in accordance with GAAP, (ii) changes in accounting methods, or (iii) non-recurring acquisition expenses and restructuring charges. Notwithstanding the foregoing, in calculating operating earnings or operating income (including on a per share basis), the Committee may, within the period described in Section 5.1(c), provide that such calculation shall be made on the same basis as reflected in a release of the Company’s earnings for a previously completed period as specified by the Committee.

5.2 *Written Determinations* . Determinations by the Committee as to the establishment of performance goals, the amount potentially payable in respect of Performance Awards, the achievement of performance goals relating to Performance Awards, and the amount of any final Performance Award shall be recorded in writing. Specifically, the Committee shall certify in writing, in a manner conforming to applicable regulations under Code Section 162(m), prior to settlement of each Performance Award, that the performance goals and other material terms of the Performance Award upon which settlement of the Performance Award was conditioned have been satisfied. The Committee may not delegate any responsibility relating to such Performance Awards, and the Board shall not perform such functions at any time that the Committee is composed solely of Qualified Members.

5.3 *Status of Section 5.1 Awards under Code Section 162(m)* . It is the intent of the Company that Performance Awards under Section 5.1 constitute “performance-based compensation” within the meaning of Code Section 162(m) and regulations thereunder. Accordingly, the terms of Sections 5.1, 5.2 and 5.3, including the definitions of Covered Employee and other terms used therein, shall be interpreted in a manner consistent with Code Section 162(m) and regulations thereunder. The foregoing notwithstanding, because the Committee cannot determine with certainty whether a given Participant will be a Covered Employee with respect to a fiscal year that has not yet been completed, the term “Covered Employee” as used herein shall mean only a person designated by the Committee, at the time of grant of a Performance Award, as likely to be a Covered Employee with respect to a specified fiscal year. If any provision of the Plan as in effect on the date of adoption of any agreements relating to Performance Awards does not comply or is inconsistent with the requirements of Code Section 162(m) or regulations thereunder, such provision shall be construed or deemed amended to the extent necessary to conform to such requirements.

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## 6. Limitations on Awards

6.1 *Aggregate Number of Shares Available for Awards* . The aggregate number of Shares that may be delivered to Participants or their Beneficiaries pursuant to all Awards granted under the Plan shall not exceed 3,500,000 (the “Aggregate Share Limit”).

6.2 *Source of Shares* . Shares of Common Stock issued under the Plan may be authorized but unissued shares of Common Stock or reacquired shares of Common Stock, including shares purchased by the Company on the open market for purposes of the Plan.

### 6.3 *Share Counting* .

(a) The Aggregate Share Limit shall be reduced as follows: (i) for each Share that is actually delivered pursuant to a Full-Value Award, the Aggregate Share Limit shall be reduced by two Shares (i.e., on a 1:2 ratio), (ii) for each Share that is actually delivered pursuant to a Share-Based Award that is not a Full-Value Award (other than a Share-Based Award that is payable in cash), the Aggregate Share Limit shall be reduced by one Share (i.e., on a 1:1 ratio), (iii) for a stock-settled stock appreciation right, in addition to the reduction described in clause (ii), upon exercise thereof, the Aggregate Share Limit shall be reduced by a number of Shares having a Fair Market Value equal to the base price or exercise price for the number of Shares so exercised, and (iv) for each Share withheld by the Company to satisfy the exercise price or withholding taxes with respect to any Award described in clause (ii), the Aggregate Share Limit shall be reduced by one Share.

(b) The Aggregate Share Limit shall be increased as follows: (i) for any Award that resulted in a reduction in the Aggregate Share Limit pursuant to Section 6.3(a), the Aggregate Share Limit shall be increased, based on the applicable ratio set forth in Section 6.3(a), if any of the Shares issued pursuant to such Award are forfeited and returned to the Company for no consideration, or are repurchased by the Company from the Participant for the price paid by the Participant for such Shares, and (ii) for any Shares that are tendered to the Company by a Participant in satisfaction of any withholding tax obligation arising in connection with an Award described in clause (i) of Section 6.3(a), the Aggregate Share Limit shall be increased by each Share so tendered.

(c) The Aggregate Share Limit shall neither be increased nor decreased in respect of (i) the grant or settlement of any Cashed-Based Award, or any Share-Based Award to the extent settled in cash, (ii) any Shares tendered by a Participant to satisfy the exercise price or withholding taxes of any Award described in clause (ii) of Section 6.3(a), (iii) Shares repurchased by the Company on the open market to satisfy the obligation to deliver Shares pursuant to Awards, or (iv) the grant or settlement of Substitute Awards, as described in Section 6.6.

6.4 *Per Participant Limitation on Share-Based Awards* . In any calendar year, no Participant may be granted any Share-Based Awards that relate to more than 500,000 Shares. If the number of Shares ultimately payable in respect of an Award is a function of future achievement of performance targets, then for purposes of this limitation, the number of Shares to

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which such Award relates shall equal the number of Shares that would be payable assuming maximum performance was achieved.

6.5 *Per Participant Limitation on Cash-Based Awards* . In any calendar year, no Participant may be granted Cash-Based Awards that can be settled for more than \$5,000,000 in the aggregate.

6.6 *Acquisitions* . In connection with the acquisition of any business by the Company or any of its Subsidiaries, any outstanding equity grants with respect to stock of the acquired company may be assumed or replaced by Awards under the Plan upon such terms and conditions as the Committee determines in its sole discretion. Shares subject to any such outstanding grants that are assumed or replaced by Awards under the Plan in connection with an acquisition (“Substitute Awards”) shall not reduce the Aggregate Share Limit, consistent with applicable stock exchange requirements. Notwithstanding any provision of the Plan to the contrary, Substitute Awards shall have such terms as the Committee deems appropriate, including without limitation exercise prices or base prices on different terms than those described herein. In the event that the Company assumes a shareholder-approved equity plan of an acquired company, available Shares under such assumed plan (after appropriate adjustments to reflect the transaction) may be issued pursuant to Award under this Plan and shall not reduce the Aggregate Share Limit, subject to applicable stock exchange requirements.

## 7. Adjustment

In the event of any change in the outstanding Shares by reason of any reorganization, recapitalization, merger, amalgamation, consolidation, spin-off, combination or exchange of Shares, repurchase, liquidation, dissolution or other corporate exchange, any large, special and non-recurring dividend or distribution to shareholders, or other similar corporate transaction (including a Change of Control), the Committee may make such substitution or adjustment, if any, as it deems to be equitable and in order to preserve, without enlarging, the rights of Participants, as to (a) the number and kind of Shares which may be delivered pursuant to Sections 6.1 and 6.4, (b) the ratios described in Section 6.3(a), (c) the number and kind of Shares subject to or deliverable in respect of outstanding Awards, and (d) the exercise price, grant price or purchase price relating to any Award. The Committee will make such substitutions or adjustments including as described in (a), (b), (c) or (d) above as it deems fair and equitable to the Participants as a result of any Share dividend or split declared by the Company. In addition, the Committee is authorized to make adjustments in the terms and conditions of, and the criteria included in, Awards (including cancellation of Awards in exchange for the intrinsic (i.e., in-the-money) value, if any, of the vested portion thereof, substitution of Awards using securities or other obligations of a successor or other entity, acceleration of the expiration date for Awards, or adjustment to performance goals in respect of Awards) in recognition of unusual or nonrecurring events (including, without limitation, a Change of Control, events described in the preceding sentence, and acquisitions and dispositions of businesses and assets) affecting the Company, any Subsidiary or any business unit, or the financial statements of the Company or any Subsidiary, or in response to changes in applicable laws, regulations, or accounting principles. Notwithstanding the foregoing, if any such event will result in the acquisition of all or substantially all of the Company’s outstanding Shares, then if the document governing such

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acquisition (e.g., merger agreement) specifies the treatment of outstanding Awards, such treatment shall govern without the need for any action by the Committee.

## 8. General Provisions

8.1 *Compliance with Laws and Obligations* . The Company shall not be obligated to issue or deliver Shares in connection with any Award or take any other action under the Plan in a transaction subject to the registration requirements of any applicable securities law, any requirement under any listing agreement between the Company and any securities exchange or automated quotation system, or any other law, regulation, or contractual obligation of the Company, until the Company is satisfied that such laws, regulations, and other obligations of the Company have been complied with in full. Certificates representing Shares issued under the Plan will be subject to such stop-transfer orders and other restrictions as may be applicable under such laws, regulations, and other obligations of the Company, including any requirement that a legend or legends be placed thereon.

8.2 *Limitations on Transferability* . Awards and other rights under the Plan will not be transferable by a Participant except to a Beneficiary in the event of the Participant's death (to the extent any such Award, by its terms, survives the Participant's death), and, if exercisable, shall be exercisable during the lifetime of a Participant only by such Participant or his guardian or legal representative; provided, however, that, if and only to the extent permitted by the Committee, Awards and other rights hereunder may be transferred during the lifetime of the Participant, to family members (and trusts or other entities for the benefit of Participants and family members) for purposes of the Participant's estate planning, or to charities for charitable purposes (in each case as determined by the Committee), and may be exercised by such transferees in accordance with the terms of such Award. Awards and other rights under the Plan may not be pledged, mortgaged, hypothecated, or otherwise encumbered, and shall not be subject to the claims of creditors. A Beneficiary, transferee, or other person claiming any rights under the Plan from or through any Participant shall be subject to all terms and conditions of the Plan and any Award Agreement applicable to such Participant, except as otherwise determined by the Committee, and to any additional terms and conditions deemed necessary or appropriate by the Committee.

8.3 *No Right to Continued Employment; Leaves of Absence* . Neither the Plan, the grant of any Award, nor any other action taken hereunder shall be construed as giving any employee, consultant, director, or other person the right to be retained in the employ or service of the Company or any of its Subsidiaries (for the vesting period or any other period of time), nor shall it interfere in any way with the right of the Company or any of its Subsidiaries to terminate any person's employment or service at any time. Unless otherwise specified in the applicable Award Agreement and to the extent consistent with Code Section 409A, (a) an approved leave of absence shall not be considered a termination of employment or service for purposes of an Award under the Plan, and (b) any Participant who is employed by or performs services for a Subsidiary shall be considered to have terminated employment or service for purposes of an Award under the Plan if such Subsidiary is sold or no longer qualifies as a Subsidiary of the Company, unless such Participant remains employed by the Company or another Subsidiary.

8.4 *Taxes* . The Company and any Subsidiary is authorized to withhold from any delivery of Shares in connection with an Award, any other payment relating to an Award, or any payroll or other payment to a Participant, amounts of withholding and other taxes due or potentially payable in connection with any transaction involving an Award, and to take such other action as the Committee may deem advisable to enable the Company, its Subsidiaries and Participants to satisfy obligations for the payment of withholding taxes and other tax obligations relating to any Award. This authority shall include authority to withhold or receive Shares or other consideration and to require Participants to make cash payments in respect thereof in satisfaction of withholding tax obligations.

8.5 *Changes to the Plan and Awards* . The Board may amend, suspend, discontinue, or terminate the Plan or the Committee's authority to grant Awards under the Plan without the consent of shareholders or Participants, except that any amendment shall be subject to the approval of the Company's shareholders at or before the next annual meeting of shareholders for which the record date is after the date of such Board action if (a) it materially modifies the terms of the Plan or (b) such shareholder approval is required by any applicable law, regulation or stock exchange rule. The Board may otherwise, in its discretion, determine to submit other such amendments to shareholders for approval; provided, however, that, without the consent of an affected Participant, no such action may materially impair the rights of such Participant under any Award theretofore granted. The Committee may amend, suspend, discontinue, or terminate any Award theretofore granted and any Award Agreement relating thereto; provided, however, that, without the consent of an affected Participant, no such action may materially impair the rights of such Participant under such Award. Any action taken by the Committee pursuant to Section 7 shall not be treated as an action described in this Section 8.5. Notwithstanding anything in the Plan to the contrary, the Board may amend the Plan and Awards in such manner as it deems appropriate in the event of a change of applicable law or regulations.

8.6 *No Right to Awards; No Shareholder Rights* . No Participant or other person shall have any claim to be granted any Award under the Plan, and there is no obligation for uniformity of treatment of Participants, employees, consultants, or directors. No Award shall confer on any Participant any of the rights of a shareholder of the Company unless and until Shares are duly issued or transferred and delivered to the Participant in accordance with the terms of the Award.

8.7 *Unfunded Status of Awards; Creation of Trusts* . The Plan is intended to constitute an "unfunded" plan for incentive compensation. With respect to any payments not yet made to a Participant pursuant to an Award, nothing contained in the Plan or any Award shall give any such Participant any rights that are greater than those of a general creditor of the Company; provided, however, that the Committee may authorize the creation of trusts or make other arrangements to meet the Company's obligations under the Plan to deliver cash, Shares, other Awards, or other consideration pursuant to any Award, which trusts or other arrangements shall be consistent with the "unfunded" status of the Plan unless the Committee otherwise determines.

8.8 *Nonexclusivity of the Plan* . Neither the adoption of the Plan by the Board nor the submission of the Plan or of any amendment to shareholders for approval shall be construed as creating any limitations on the power of the Board to adopt such other compensatory arrangements as it may deem desirable, including the granting of awards otherwise than under the Plan, and such arrangements may be either applicable generally or only in specific cases.

8.9 *No Fractional Shares* . No fractional Shares shall be issued or delivered pursuant to the Plan or any Award. The Committee shall determine whether cash, or Award, or other property shall be issued or paid in lieu of fractional shares or whether such fractional shares or any rights thereto shall be forfeited or otherwise eliminated.

8.10 *Company Policies* . All Awards granted under the Plan shall be subject to any applicable clawback or recoupment policies, share trading policies and other policies that may be implemented by the Board from time to time.

8.11 *Successors and Assigns* . The Plan and Award Agreements may be assigned by the Company to any successor to the Company's business. The Plan and any applicable Award Agreement shall be binding on all successors and assigns of the Company and a Participant, including any permitted transferee of a Participant, the Beneficiary or estate of such Participant and the executor, administrator or trustee of such estate, or any receiver or trustee in bankruptcy or representative of the Participant's creditors.

8.12 *Governing Law* . The Plan and all Award Agreements shall be governed by and construed in accordance with the laws of the State of Florida, without giving effect to any choice of law or conflict of law provision or rule (whether of the State of Florida or any other jurisdiction) that would cause the application of the laws of any jurisdiction other than the State of Florida.

8.13 *Severability of Provisions* . If any provision of the Plan shall be held invalid or unenforceable, such invalidity or unenforceability shall not affect any other provisions hereof, and the Plan shall be construed and enforced as if such provisions had not been included.

8.14 *Plan Termination* . Unless earlier terminated by the Board, the Plan shall terminate on the day before the tenth anniversary of the later of the Effective Date or the date of any subsequent shareholder approval of the Plan. Upon any such termination of the Plan, no new authorizations of grants of Awards may be made, but then-outstanding Awards shall remain outstanding in accordance with their terms, and the Committee otherwise shall retain its full powers under the Plan with respect to such Awards.

8.15 *Section 409A* . Notwithstanding the other provisions hereof, the Plan and the Awards are intended to comply with the requirements of Code Section 409A, to the extent applicable. Accordingly, all provisions herein and with respect to any Awards shall be construed and interpreted such that the Award either (a) qualifies for an exemption from the requirements of Code Section 409A or (b) satisfies the requirements of Code Section 409A to the maximum extent possible; provided, however, that in no event shall the Company be obligated to reimburse a Participant or Beneficiary for any additional tax (or related penalties and interest) incurred by reason of application of Code Section 409A, and the Company makes no representations that Awards are exempt from or comply with Code Section 409A and makes no undertakings to ensure or preclude that Code Section 409A will apply to any Awards. If an Award is subject to Code Section 409A, (i) distributions shall only be made in a manner and upon an event permitted under Code Section 409A, (ii) payments to be made upon a termination of employment shall only be made upon a "separation from service" under Code Section 409A, (iii) unless the Award Agreement specifies otherwise, each installment payment shall be treated as a separate payment

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for purposes of Code Section 409A, and (iv) in no event shall a participant, directly or indirectly, designate the calendar year in which a distribution is made except in accordance with Code Section 409A. Notwithstanding anything herein to the contrary, in the event that any Awards constitute nonqualified deferred compensation under Code Section 409A, if (x) the Participant is a “specified employee” of the Company as of the specified employee identification date for purposes of Code Section 409A (as determined in accordance with the policies and procedures adopted by the Company) and (y) the delivery of any cash or Shares payable pursuant to an Award is required to be delayed for a period of six months after separation from service pursuant to Code Section 409A, such cash or Shares shall be paid within 15 days after the end of the six-month period. If the Participant dies during such six-month period, the amounts withheld on account of Code Section 409A shall be paid to the Participant’s Beneficiary within 30 days of the Participant’s death. The Committee shall have the discretion to provide for the payment of an amount equivalent to interest, at such rate or rates fixed by the Committee, on any delayed payment. The determination of key employees, including the number and identity of persons considered key employees and the identification date, shall be made by the Committee or its delegate each year in accordance with Code Section 416(i) and the “specified employee” requirements of Code Section 409A.

**NON-QUALIFIED STOCK OPTIONS  
ISSUED UNDER  
RYDER SYSTEM, INC. 2012 EQUITY AND INCENTIVE 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. 2012 Equity and Incentive 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 12:01 a.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).

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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 91<sup>st</sup> 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 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 for Cause. 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 of 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 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 of Control.** Notwithstanding anything contained herein to the contrary, unless otherwise determined by the Committee prior to a Change of Control, the Option will become fully vested and exercisable immediately prior to a Change of Control, and, to the extent the Option is not cancelled upon such Change of 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 Sections 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 of 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 of 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 of Control, within 30 days following the Change of 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 of 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 of Control, in no event shall a failure to meet performance expectations constitute Cause unless such failure was willful.
  - (b) "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.
  - (c) "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

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- 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 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 the 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 the Participant, or the identity of which was learned by the Participant as a result of the 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.
- (d) "Proscribed Period" means the period beginning on the date of termination of the 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.
- (e) "Retirement" means termination of employment for any reason (other than for Cause or

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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.

**PERFORMANCE-BASED RESTRICTED STOCK RIGHTS  
ISSUED UNDER  
RYDER SYSTEM, INC. 2012 EQUITY AND INCENTIVE 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. 2012 Equity and Incentive 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 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 Code.

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 determinations 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(f)) 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	0%

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 PBRsR resulting from the vesting of the PBRsRs 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 PBRs, 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 PBRs; Forfeiture.** The PBRs 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 PBRs, 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 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 COC”). In the event that such Change of Control does not constitute a 409A Compliant COC (any such transaction, a “Non-409A Compliant COC”), 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 COC, 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 COC 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 COC, 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 Equivalent Rights.*** 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.
9. **No Employment Right .** Neither the grant of the PBRs 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 PBRs 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 PBRs 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 PBRs or the Award Documents.
11. **Unfunded Plan .** Any shares or other amounts owed under the PBRs 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 PBRs that accrue at the end of each Performance Period pursuant to Section 2.
  - (b) "Accrued PBRs" means the sum, for each Performance Period, of the Accrual Percentage for each Performance Period times one-third of the number of PBRs 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 PBRs. 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) "Company TSR" means the Company's Total Shareholder Return for a Performance Period.
  - (e) "Company's TSR Percentile" means, for any Performance Period, the percentile

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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.

- (f) "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.
- (g) "First Performance Period" means the period from January 1, 2012 through December 31, 2012.
- (h) "Performance Period" means the First Performance Period, the Second Performance Period, or Third Performance Period, as applicable.
- (i) "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 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.
- (j) "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.
  - (k) "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.
  - (l) "Second Performance Period" means the period from January 1, 2012 through December 31, 2013.
  - (m) "Third Performance Period" means the period from January 1, 2012 through December 31, 2014.
  - (n) "Three-Year Performance Period" means the period from January 1, 2012 through December 31, 2014.
  - (o) "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.
12. **Other Benefits** . No amount accrued or paid under the PBRs 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. 2012 EQUITY AND INCENTIVE 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. 2012 Equity and Incentive 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 Code.

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 determinations 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 12(f)) 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	0%

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.
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 COC"). In the event that such Change of Control does not constitute a 409A Compliant COC (any such transaction, a "Non-409A Compliant COC"), 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 COC, 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 COC 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 COC, 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. ***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 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

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expressly reserved.

9. **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.
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 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) "Company TSR" means the Company's Total Shareholder Return for a Performance Period.
  - (e) "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.
  - (f) "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.
  - (g) "First Performance Period" means the period from January 1, 2012 through December 31, 2012.
  - (h) "Performance Period" means the First Performance Period, the Second Performance

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Period, or Third Performance Period, as applicable.

- (i) “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 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.
- (j) “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

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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.

- (k) “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.
  - (l) “Second Performance Period” means the period from January 1, 2012 through December 31, 2013.
  - (m) “Third Performance Period” means the period from January 1, 2012 through December 31, 2014.
  - (n) “Three-Year Performance Period” means the period from January 1, 2012 through December 31, 2014.
  - (o) “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.
12. **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.

**RESTRICTED STOCK RIGHTS  
ISSUED UNDER  
RYDER SYSTEM, INC. 2012 EQUITY AND INCENTIVE 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. 2012 Equity and Incentive 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 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 determinations 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, 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, 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 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 Equivalent Rights.*** 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 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) "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.
  - (c) "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 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.
- (d) "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.
- (e) "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.

11. **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.

**RESTRICTED STOCK UNITS  
FOR  
NON-EMPLOYEE DIRECTORS  
ISSUED UNDER  
RYDER SYSTEM, INC. 2012 EQUITY AND INCENTIVE COMPENSATION PLAN**

**2012 TERMS AND CONDITIONS**

The following terms and conditions apply to the Restricted Stock Units (the "RSUs") granted in 2012 by Ryder System, Inc. (the "Company") to the Company's Non-Employee Directors, under the Ryder System, Inc. 2012 Equity and Incentive Compensation Plan (the "Plan"), as specified in the Restricted Stock Units Award Notification Letter (the "Notification Letter"), to which these terms and conditions are appended. Certain terms of the RSUs, including the number of RSUs granted and the vesting date(s), are set forth in the Notification Letter. The terms and conditions contained herein may be amended by 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 Letter.

- 1. General** . Each RSU represents the right to receive one Share on a future date on the terms and conditions set forth herein, the Notification Letter 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 Letter. In the event there is an express conflict between the provisions of the Plan and those set forth in any Award Document, the terms and conditions of the Plan shall govern.
- 2. Number of RSUs** . Each Director who is serving as such immediately following the 2012 annual meeting of shareholders of the Company (an "Annual Meeting"), shall receive an award of RSUs immediately following each such Annual Meeting for a number of Shares equal to (i) \$100,000 divided by (ii) the Fair Market Value of one Share on the day of such Annual Meeting. If a Director begins his or her service on the Board after an Annual Meeting but prior to December 31, 2012, on the date on which such Director's service begins ("Service Date"), the Director shall receive an award of RSUs for a number of Shares equal to the product of (i) a quotient the numerator of which is \$100,000 and the denominator of which is the Fair Market Value of one Share on the Service Date, times (ii) a quotient, the numerator of which is the total number of days between the Service Date and December 31, 2012 and the denominator of which is 365.
- 3. Timing of Delivery of Shares** . Actual delivery of the Shares relating to RSUs will occur upon, or as soon as practicable following, cessation of the Non-Employee Director's service on the Board; provided that such cessation of service constitutes a "separation from service" under Section 409A of the Code. If such cessation occurs prior to the Non-Employee Director completing one year of service on the Board, the Non-Employee Director's right to the Shares will be forfeited, except if such cessation is on account of Disability or on account of death, in which case all of the Shares will be delivered to the Non-Employee Director (or his or her Beneficiary in the event of death) in accordance with his election pursuant to Section 4 herein. For purposes of the Award Documents, "Disability" shall mean (i) a determination by the Board that the Non-Employee Director 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) a determination by the Board that the Non-Employee Director 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 the Non-Employee Director is totally disabled.

Should a Change of Control occur at a time when the Non-Employee Director is a member of the Board, unless otherwise determined by the Committee, the RSUs will become fully vested immediately prior to such Change of Control. Notwithstanding the foregoing, in the event that a 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 within the meaning of Section 409A of the Code (such transaction, a “409A Compliant CIC”), all of the Shares subject to RSUs then outstanding, which are no longer subject to a substantial risk of forfeiture, will be delivered to the Non-Employee Director upon the occurrence of such Change of Control. 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 RSUs are no longer subject to a substantial risk of forfeiture, each RSU 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 Non-Employee Director in accordance with the otherwise applicable distribution schedule set forth in the Award Documents.

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 3 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 3 shall be paid out of the Trust(s); provided, however, that the Company shall retain liability for and pay the Non-Employee Director any amounts or provide for such other benefits due the Non-Employee Director 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.

4. **Form of Delivery of Shares** . Subject in all cases to Section 409A of the Code, with respect to each award of RSUs, a Non-Employee Director may irrevocably elect, by December 31 of the calendar year immediately preceding the calendar year in which the award is earned (or, in the case of newly elected Non-Employee Directors, by the end of the day immediately preceding his appointment or election), to receive delivery of the Shares in either one lump sum, or in annual installments over a period not less than 2 years or greater than 10 years, provided that a Non-Employee Director who fails to make an irrevocable election with respect to any award by 5:00 pm on December 31 of the calendar year immediately preceding the calendar year in which the award is earned (or, in the case of newly elected Non-Employee Directors, by 5:00 pm on the day immediately preceding appointment or election), shall be deemed to have irrevocably elected to receive delivery of the Shares subject to such award in a lump sum. Notwithstanding the foregoing, Shares deliverable by reason of a Change of Control pursuant to Section 3 shall be delivered in a lump sum.
5. **Rights as a Shareholder; Dividend Equivalent Rights.** A holder of RSUs will not have the rights of a shareholder of the Company with respect to Shares subject to the RSUs until such Shares are actually delivered. However, with respect to all RSUs held by the Non-Employee Director, once per year the Company will credit the Non-Employee Director with dividend equivalents in respect of dividends declared on Shares during the prior year, in the form of additional RSUs based on the Fair Market Value of the Shares on the dividend payment date,

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and such additional RSUs will be subject to the same terms and conditions as applicable to the RSUs on which they were credited.

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, officer, or employee of the Company arising out of or in connection with the RSUs 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 RSUs 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.
7. **No Assignment** . A Participant's rights and interest under the RSUs 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 RSUs or the Award Documents.
8. **Unfunded Plan** . Any Shares or other amounts owed under the RSUs 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.