RYDER SYSTEM INC
Form DEF 14A
March 19, 2018

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
SCHEDULE 14A
(RULE 14a-101)
INFORMATION REQUIRED IN STATEMENT
SCHEDULE 14A INFORMATION
Proxy Statement Pursuant to Section 14(a) of the Securities
Exchange Act of 1934 (Amendment No.)
Filed by the Registrant þ
Filed by a Party other than the Registrant ¨
Check the appropriate box:

o Preliminary Proxy Statement	o Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))
þ Definitive Proxy Statement	
o Definitive Additional Materials	
o Soliciting Material under § 240.14a-12	

Ryder System, Inc.
(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if Other Than the Registrant)
Payment of Filing Fee (Check the appropriate box):
þ No fee required.
o Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.
(1) Title of each class of securities to which transaction applies:
(2) Aggregate number of securities to which transaction applies:
(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):
(4) Proposed maximum aggregate value of transaction:
(5) Total fee paid:

o Fee paid previously with preliminary materials:
o Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.
(1) Amount Previously Paid:
(2) Form, Schedule or Registration Statement No.:
(3) Filing Party:
(4) Date Filed:

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

NOTICE OF 2018 ANNUAL MEETING OF SHAREHOLDERS

Time:	10:00 a.m. Eastern Daylight Time
Date:	May 4, 2018
Place:	Ryder System, Inc. Headquarters 11690 N.W. 105th Street Miami, Florida 33178
Purpose:	1. To elect twelve directors for a one-year term expiring at the 2019 Annual Meeting of Shareholders. 2. To ratify the appointment of PricewaterhouseCoopers LLP as our independent registered certified public accounting firm for the 2018 fiscal year. 3. To approve, on an advisory basis, the compensation of our named executive officers. 4. To approve amendments to our Restated Articles of Incorporation and By-Laws to authorize shareholder action by written consent. 5. To vote on a shareholder proposal on simple majority voting. 6. To consider any other business that is properly presented at the meeting.
Who May Vote:	You may vote if you were a record owner of our common stock at the close of business on March 9, 2018.
Proxy Voting:	Your vote is important. You may vote: • via Internet; • by telephone; • by mail, if you received a paper copy of these proxy materials; or • in person at the meeting.

By order of the Board of Directors,

Robert D. Fatovic
Executive Vice President, Chief Legal Officer and Corporate Secretary
Miami, Florida
March 19, 2018

This proxy statement and the form of proxy, along with our annual report on Form 10-K for the year ended December 31, 2017 and the shareholder letter, were first sent or given to shareholders on or about March 19, 2018.

IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS FOR THE ANNUAL MEETING TO BE HELD ON FRIDAY, MAY 4, 2018.

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

TABLE OF CONTENTS

PROXY SUMMARY

This proxy summary provides selected highlights of some of the information contained elsewhere in this proxy statement. Please read the entire proxy statement with care before voting.

ANNUAL MEETING

Date:	May 4, 2018
Time:	10:00 a.m. Eastern Daylight Time
Place:	Ryder System, Inc. Headquarters, 11690 N.W. 105th Street, Miami, Florida 33178
Record Date:	March 9, 2018

Voting:

Each share of the Company's common stock outstanding at the close of business on March 9, 2018 has one vote on each matter that is properly submitted for a vote at the Annual Meeting.

How:

Online	By Phone	By Mail	In Person
www.proxyvote.com	1.800.690.6903	Completing, signing and returning your proxy card	With proof of ownership and a valid photo ID

VOTING MATTERS AND BOARD RECOMMENDATIONS

Matter		Board Recommendation	Page
No. 1	Election of Directors	FOR each Director Nominee	6
No. 2	Ratification of PricewaterhouseCoopers LLP as Independent Auditor	FOR	28
No. 3	Advisory Vote on Executive Compensation	FOR	64
No. 4	Management Proposal to Amend Restated Articles of Incorporation and By-Laws to Authorize Shareholder Action by Written Consent	FOR	65
No. 5	Shareholder Proposal on Simple Majority Voting	AGAINST	69

2017 FINANCIAL HIGHLIGHTS

4 Record total revenue increased 8% to $7.3 billion and record operating revenue* increased 4% to $6.0 billion compared to 2016. Total revenue and operating revenue grew across all three business segments reflecting new business and higher volumes.

4 We had positive free cash flow* from continuing operations of $190 million.

4 Earnings per share from continuing operations increased 201% to $14.87. Earnings increased primarily due to the benefit of the Tax Cuts and Jobs Act (Tax Reform). Comparable earnings per share* decreased 16% to $4.53 primarily due to accelerated depreciation and lower used vehicle pricing in FMS and increased vehicle maintenance costs.

4 Our stock price increased from $74.44 at year end 2016 to $84.17 at year end 2017.

4	EBT decreased primarily due to accelerated depreciation and lower used vehicle results in FMS and increased vehicle maintenance costs.	4	We grew ChoiceLease by 4,100 vehicles and delivered our sixth consecutive year of lease fleet growth. SelectCare grew by 5,400 vehicles.

For more information relating to the Company’s 2017 financial performance, please review our 2017 annual report on Form 10-K.

* Operating revenue, free cash flow and comparable earnings per share are non-GAAP financial measures. For a reconciliation of total revenue to operating revenue, net cash provided by operating activities to free cash flow, and GAAP EPS to comparable EPS, as well as the reasons why management believes these measures are useful to shareholders, refer to the "Non-GAAP Financial Measures" section on pages 56-64 of our annual report on Form 10-K for the year ended December 31, 2017.

BOARD AND GOVERNANCE HIGHLIGHTS

Active Shareholder Engagement:

4 In 2017, we reached out to our largest shareholders constituting over 77% of our outstanding shares to request feedback on our governance profile and compensation structure, and we received substantive feedback from shareholders holding nearly 53% of outstanding shares. We have considered the perspectives provided by shareholders in initiating several changes to our compensation and governance programs.

2017 and 2018 Key Changes Based on Shareholder Feedback:

4 Proposing an amendment to our Restated Articles of Incorporation and By-Laws to provide shareholders with the right to act by written consent with certain procedural safeguards to protect long-term shareholder value.

4 As part of our Board evaluation and succession planning process, the Board has appointed two new Board members since the 2017 Annual Meeting.

Governance Highlights:

4 All directors are independent (except the CEO/Chair)

4 Strong Lead Independent Director role, with oversight of annual Board evaluation, CEO succession planning and search process for new directors

4 Regular executive sessions in conjunction with each regularly scheduled Board meeting

4 Average Board tenure is 7.1 years; 42% of the directors on the Board have a tenure of less than six years and seven of twelve directors are women or minorities

4 None of our directors serve on more than three other public company boards

4 Strong Board oversight of risk management and compliance process

4 No related person transactions in 2017

4 Annual Board and committee evaluations

4 Strong focus on CEO succession planning

Shareholder Rights:

4 No shareholder rights plan (poison pill)

4 Shareholders can call a special meeting with 10% of shares outstanding

4 Majority vote standard for director elections, with a plurality carve-out for contested elections

BOARD OF DIRECTORS

Name	Age	Director Since	Professional Background	Independent	Committee Memberships
John M. Berra	70	2003	Retired EVP of Emerson Electric Company	X	Compensation & Finance
Robert J. Eck	59	2011	CEO of Anixter International, Inc.	X	Compensation & Finance
Robert A. Hagemann	61	2014	Retired CFO of Quest Diagnostics Incorporated	X	Audit (Chair) & Finance
Michael F. Hilton	63	2012	President & CEO of Nordson Corporation	X	Compensation & Governance
Tamara L. Lundgren	60	2012	President & CEO of Schnitzer Steel Industries, Inc.	X	Audit & Governance
Luis P. Nieto, Jr.	62	2007	Retired President of the Consumer Foods Group for ConAgra Foods Inc.	X	Audit & Finance (Chair)
David G. Nord	60	2018	Chairman, President & CEO of Hubbell Incorporated	X	Compensation & Finance
	52	2013	Chair & CEO of Ryder System, Inc.		

Robert E. Sanchez					
Abbie J. Smith	64	2003	Professor of Accounting at the University of Chicago Booth School of Business	X	Audit & Finance
E. Follin Smith	58	2005	Retired EVP, CFO & Chief Administrative Officer of Constellation Energy Group, Inc.	X	Compensation (Chair) & Governance
Dmitri L. Stockton	53	2018	Retired Chairman, President & CEO of GE Asset Management	X	Compensation & Finance
Hansel E. Tookes, II	70	2002	Retired President of Raytheon International	Lead Independent Director	Audit & Governance (Chair)

EXECUTIVE COMPENSATION HIGHLIGHTS

Say on Pay Feedback and Company Response

4 The Company’s Say on Pay vote at our 2017 Annual Meeting received 69% support, down from more than 95% in each of our Say on Pay votes in 2011-2016. These results were particularly surprising to us, as we made no significant changes to our executive compensation program in 2016 other than strengthening our annual performance targets and implementing "double-trigger" vesting of equity awards upon a change of control in our 2012 Equity and Incentive Compensation Plan ("Equity Plan"). Our Board viewed the decrease in the "yes" vote as an indication that expanded engagement was needed to ensure we have a clear understanding of, and opportunity to respond to, our shareholders’ views on our compensation program.

4 Following the 2017 annual meeting, at the Board’s direction, our Lead Independent Director, Compensation Committee Chair and members of management met with shareholders representing nearly 53% of our outstanding shares, providing us with valuable insights into our shareholders’ perspectives on our compensation program and potential improvements to the program.

4 As a result of these engagement efforts and evaluation, we resolved to make changes to our compensation program, which are described in this proxy including:

Setting performance targets for each three-year grant at the beginning of the three-year period.

Replacing the annual Return on Capital ("ROC") metric in the long-term incentive plan ("LTIP") with a three-year ROC/Cost of Capital ("COC") spread metric designed to incentivize ROC spread improvement over the three-year performance period, which will be measured at the end of such three-year period.

Shifting from a standalone Total Shareholder Return ("TSR") performance metric to a TSR performance results modifier, where performance-based awards will be reduced if TSR performance is below the median of Ryder's custom TSR peer group and increased if above median. No TSR modifier will be applied to increase payouts if Ryder's absolute TSR is negative.

Adding a new strategic revenue growth metric to incentivize growth in areas which shareholders told us are key to creating long-term shareholder value. The 2018 performance targets will be based on a three-year compound average growth rate established at the grant date. Performance will be compared to this target at the end of the three-year performance period to determine payouts.

Introducing restricted stock rights with three-year ratable vesting which will comprise 10% of the LTIP award in order to enhance executive stock ownership and serve as a retention tool for our NEOs. The use of restricted stock is consistent with market as well as our peer group practices. The introduction of restricted stock weighted at 10% of the LTIP value will result in a reduction to the allocation of stock options, from 40% in 2017 to 30% of the LTIP value in 2018.

Policies that Promote Significant and Long-Term Ownership and Sustainable Shareholder Value Creation

4 In 2017, 86% of our CEO's target compensation was composed of "at risk" compensation. CEO compensation is a mix of base salary (14%), short-term incentives (18%) and long-term incentives (68%), which we believe provides compensation opportunities measured by a variety of time horizons to appropriately balance our near-term and long-term strategic goals.

4 A variety of distinct performance metrics tied to our financial and strategic objectives are used in the short-term and long-term incentive plans. We believe this “portfolio” approach to performance metrics encourages executives to focus on overall, sustainable Company performance.

4 Equity incentive programs and stock ownership guidelines are designed to align management and shareholder interests by providing vehicles for executive officers to accumulate and maintain ownership positions in the Company. In 2017, the Compensation Committee increased stock ownership requirements from four to six times base salary for the CEO, and from two to three times base salary for all other named executive officers ("NEOs"). Stock ownership requirements for the Board were also increased from five to six times each director's total annual

cash retainer.

4 In 2017, the Compensation Committee replaced performance-based cash awards with performance-based restricted stock rights for all future grants starting in 2017 in order to increase shareholder alignment.

4 In 2017, the Compensation Committee, after an evaluation by the Committee's independent compensation consultant and consultation with management, approved changes to the compensation peer group and TSR custom peer group to improve operational alignment and ensure appropriate comparisons.

Priority on Risk Management and Sound Compensation Practices

4 We cap the maximum payout of our annual cash incentive awards at 200% of target, and cap our performance-based restricted stock rights and performance-based cash awards under our long-term incentive program at 150% of target. In 2018, consistent with shareholder input and compensation peer practice, the Compensation Committee determined to increase the cap on performance-based restricted stock rights to 200% of target to incentivize management to achieve exceptional performance on the ROC/COC spread and strategic revenue growth metrics.

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

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

Anti-hedging and anti-pledging policies; and

Clawback policy applicable to performance-based incentive awards.

4 Our equity plan, as amended in 2016, as well as our cash severance and annual cash incentive awards, all provide for "double-trigger" vesting upon a change of control.

Rigorous Goals

4 Goals for our performance-based awards are approved by our independent directors and take into account our historical performance, current strategic initiatives and the challenging macroeconomic environment in which we operate. For example, 2017 target operating revenue was $6.0 billion, an increase from our 2016 actual operating revenue of $5.8 billion. The target comparable earnings per share ("EPS") for 2017 was $5.40, a slight decrease from the comparable EPS results in 2016 of $5.42 due to the challenging macroeconomic environment, particularly with respect to our more cyclical transactional businesses. As the largest independent retailer of commercial used vehicles, we were significantly impacted by prolonged softness in the used vehicle market. We were also negatively impacted by the decrease in rental demand, which required us to reduce the size of our fleet. The ROC target was set at 4.86% for 2017, which was slightly higher than 2016 actual ROC performance of 4.82% and was a particularly challenging target given the weak conditions in our used vehicle sales and rental vehicle businesses. When setting targets for 2017, we took into account the targeted vehicle growth in our contractual businesses which we expect will drive long-term shareholder value as well as the anticipated short-term challenges in our used vehicle sales and rental vehicle businesses.

RYDER SYSTEM, INC.
11690 N.W. 105th STREET
MIAMI, FLORIDA 33178

INFORMATION ABOUT OUR ANNUAL MEETING

You are receiving this proxy statement because you own shares of Ryder common stock that entitle you to vote at the 2018 Annual Meeting of Shareholders to be held on Friday, May 4, 2018 at 10:00 a.m. Eastern Daylight Time, at our corporate headquarters. Our Board of Directors is soliciting proxies from shareholders who wish to vote at the meeting. By using a proxy, you can vote even if you do not attend the meeting. This proxy statement describes the matters on which you are being asked to vote and provides information on those matters so that you can make an informed decision.

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

Proposal		Board Recommendation
No. 1	To elect twelve directors as follows: John M. Berra, Robert J. Eck, Robert A. Hagemann, Michael F. Hilton, Tamara L. Lundgren, Luis P. Nieto, David G. Nord, Robert E. Sanchez, Abbie J. Smith, E. Follin Smith, Dmitri L. Stockton and Hansel E. Tookes, II, for a one-year term expiring at the 2019 Annual Meeting of Shareholders.	FOR each director nominee
No. 2	To ratify the appointment of PricewaterhouseCoopers LLP as our independent registered certified public accounting firm for the 2018 fiscal year.	FOR
No. 3	To approve, on an advisory basis, the compensation of our named executive officers, which we refer to as “Say on Pay”.	FOR
No. 4	To approve amendments to our Restated Articles of Incorporation and By-Laws to authorize shareholder action by written consent.	FOR
No. 5	To vote on a shareholder proposal on simple majority voting.	AGAINST

If you sign and return your proxy without making any selections, your shares will be voted “FOR” each of the director nominees, "FOR" Proposals 2, 3 and 4 and "AGAINST" on Proposal 5.

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

Election of Directors

PROPOSAL NO. 1
ELECTION OF DIRECTORS

Based upon the recommendation of the Corporate Governance and Nominating Committee, the Board has nominated the twelve individuals listed below for election at the Annual Meeting. Under our By-Laws, directors are elected each year at the Annual Meeting. As previously announced, L. Patrick Hassey retired from the Board, effective as of February 9, 2018. Upon his retirement, the Board authorized an increase in the size of the Board from eleven to twelve directors and appointed Messrs. David G. Nord and Dmitri L. Stockton to the Board, effective March 1, 2018. Messrs. Nord and Stockton were recommended to our Lead Independent Director and to our Governance Committee by our director search firm. For information on our process for Board refreshment, see the Corporate Governance and Nominating Committee section under "Board Succession Process for Directors" on page 21.

All nominees are currently directors and have been previously elected by our shareholders, except for David G. Nord and Dmitri L. Stockton who are standing for election by our shareholders for the first time at the 2018 Annual Meeting.

Each director elected at the Annual Meeting will serve until Ryder's 2019 Annual Meeting of Shareholders and until he or she is succeeded by another qualified director who has been elected, or, if earlier, until his or her death, resignation or removal.

KEY FACTS ABOUT OUR BOARD

We strive to maintain a diverse and well-rounded Board that balances the institutional knowledge of tenured directors with the fresh perspectives of new members.

Expertise of Our Twelve Directors

Director Diversity and Tenure

(Percentages in chart above are rounded to the nearest whole number.)

Director Criteria, Qualifications and Experience We believe that each of our directors has the experience, skills, qualities and time to successfully perform his or her duties as a director and contribute to our Company's success. Our directors were nominated because each individual possesses the highest standards of personal integrity and interpersonal and communication skills, is highly accomplished in his or her field, has an understanding of the interests and issues that are important to our shareholders and is able to dedicate sufficient time to fulfilling his or her obligations as a director. Our directors, as a group, complement each other and each other’s respective experiences, skills and qualities. Our directors make up a diverse body in terms of age, gender, tenure, ethnic background and professional experience but engender a cohesive body in terms of Board process, collaboration, mutual respect for differing perspectives and commitment to receiving input on all director viewpoints when evaluating critical issues and making important decisions. More information on Ryder's nomination process is set forth in the Corporate Governance and Nominating Committee section under "Board Succession Process for Directors" on page 21.

Director Tenure and Board Refreshment Board composition and refreshment are priorities for Ryder. The Board believes that it is desirable to maintain a mix of new and experienced directors. The Board does not believe that express limits on a director's tenure are appropriate, and values the increasing contribution of directors who, over time, have developed deeper insight into the Company and its operations. However, to encourage appropriate refreshment and the continued qualification of our Board members, our Corporate Governance Guidelines provide for review of a director's continuation of Board service at the time when such director is up for re-election.

Other Policies and Practices Related to Director Service

Retirement Policy. We have a general policy that directors must retire immediately prior to the Annual Meeting closest to the date the director turns 72, a requirement that the Board has authority to waive in individual cases if the best interests of the Company would be served by such waiver.

Limits on Other Directorships. To ensure our directors have adequate time to serve on our Board, we permit service on no more than four other public company boards (or two other public company boards for our CEO/Chair). No director currently serves on more than three other public company boards and our CEO only serves on one other public company board. We have determined that each director nominee has the adequate time to devote to service on our Board, carry out his or her duties and provide valuable service to the Company in his or her role as a director.

Meeting Attendance Requirements. Directors are expected to regularly attend Board and committee meetings. Directors who fail to attend at least 75% of Board and committee meetings for two consecutive years must submit a letter of resignation, which the Board will determine whether to accept, taking into account the recommendation of the Governance Committee. All of our directors met the meeting attendance requirements in 2017.

Resignation upon Change in Status. The Board also requires directors to submit a letter of resignation upon a substantial change in the nature of the director's employment or other significant responsibilities since the time of his or her election. The Board, upon review and recommendation by the Governance Committee, will determine whether the circumstances are consistent with the criteria for Board membership and whether it is appropriate for a director to continue service on the Board.

Impairment of Ability to Serve. A director who experiences any other change in circumstances that may impair his or her ability to effectively serve on the Board, or that could result in negative attention to the Company or director, is required to immediately notify the Company and may be asked by the Board to submit a letter of resignation.

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

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

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

Election of Directors

DIRECTOR NOMINEES

FOR A TERM OF OFFICE EXPIRING AT THE 2019 ANNUAL MEETING

John M. Berra

Director since: July 2003

Committees:
- Compensation
- Finance

Age: 70

DESCRIPTION OF BUSINESS EXPERIENCE:

Mr. Berra served as Chairman of Emerson Process Management, a global leader in providing solutions to customers in process control, and Executive Vice President of Emerson Electric Company, until he retired in October 2010.

Prior to October 2008, Mr. Berra served as President of Emerson Process Management. He joined Emerson's Rosemount division as a marketing manager in 1976 and continued assuming more prominent roles in the organization until 1997 when he was named President of Emerson's Fisher-Rosemount division (now Emerson Process Management). Prior to joining Emerson, Mr. Berra was an instrument and electrical engineer with Monsanto Company.

OTHER PUBLIC BOARD MEMBERSHIPS:

• National Instruments Corporation

QUALIFICATIONS:

The Board nominated Mr. Berra as a director because of his leadership experience and expertise in global marketing, operations and technology/engineering, which the Board finds to be valuable skills that complement the other skills represented on our Board. In addition, Mr. Berra has leadership experience in positions of executive oversight and senior management in a global public company with a diversified business. He also has experience as a director on a global public company board, including serving on audit, compensation and governance committees.

Consistent with our policies and practices related to director service, in making a determination as to Mr. Berra's nomination, the Board considered Mr. Berra's current service on the board of another public company. Mr. Berra was renominated based on his qualifications listed above, his valuable, significant contributions to the Board and Company and his demonstrated willingness and ability to commit adequate time and attention to all Board matters.

Robert J. Eck

Director since: May 2011

Committees:
- Compensation
- Finance

Age: 59

CURRENT PRINCIPAL OCCUPATION:

Mr. Eck is Chief Executive Officer of Anixter International, Inc. (Anixter), a global distributor of network and security solutions, electrical and electronic solutions, and utility power solutions with $7.6 billion in annual revenue. He also serves as President and Chief Executive Officer of Anixter Inc., a subsidiary of Anixter. Mr. Eck has held both positions since 2008. On February 26, 2018, Mr. Eck announced his intention to retire as Chief Executive Officer of Anixter effective at the end of June 2018 and will remain on Anixter's Board after such date.

DESCRIPTION OF BUSINESS EXPERIENCE:

From 2007 to 2008, Mr. Eck served as Executive Vice President and Chief Operating Officer of Anixter. Prior to that position, Mr. Eck served as Executive Vice President of Enterprise Cabling and Security Solutions for Anixter from 2004 to 2007. In 2003, he served as Senior Vice President of Physical Security Products and Integrated Supply of Anixter Inc. Mr. Eck joined Anixter in 1989 and has held roles of increasing responsibility in strategy, supply chain management, sales and marketing, and human resources.

OTHER PUBLIC BOARD MEMBERSHIPS:

• Anixter International, Inc.

QUALIFICATIONS:

The Board nominated Mr. Eck as a director because of his leadership experience and expertise in supply chain management, domestic and international operations, and marketing and business development, which the Board finds to be valuable skills that complement the other skills represented on our Board. In addition, Mr. Eck has leadership experience as President and Chief Executive

Officer of a global public company. He also has experience as a director on a global public company board.

Consistent with our policies and practices related to director service, in making a determination as to Mr. Eck's nomination, the Board considered Mr. Eck's current role as CEO of another public company and service on the board of his company. Mr. Eck was renominated based on his qualifications listed above, his valuable, significant contributions to the Board and Company and his demonstrated willingness and ability to commit adequate time and attention to all Board matters.

Election of Directors

Robert A. Hagemann

Director since: August 2014
Committees:
- Audit (Chair)
- Finance

Age: 61

DESCRIPTION OF BUSINESS EXPERIENCE:

Mr. Hagemann served as Senior Vice President and Chief Financial Officer of Quest Diagnostics Incorporated until he retired in 2013.

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

OTHER PUBLIC BOARD MEMBERSHIPS:

- Graphic Packaging Holding Company
- Zimmer Biomet Holdings, Inc.

QUALIFICATIONS:

The Board nominated Mr. Hagemann as a director because of his leadership experience and expertise in finance/accounting, business development, strategy, supply chains and government contracting, which the Board finds to be valuable skills that complement the other skills represented on our Board. In addition, Mr. Hagemann has leadership experience as Chief Financial Officer of a global public company. He also has experience as a director on global public company boards, including serving on audit, compensation and research/innovation/technology committees.

The Board has determined that Mr. Hagemann qualifies as an audit committee financial expert.

Consistent with our policies and practices related to director service, in making a determination as to Mr. Hagemann's nomination, the Board considered Mr. Hagemann's current service on the board of two other public companies. Mr. Hagemann was renominated based on his qualifications listed above, his valuable, significant contributions to the Board and Company and his demonstrated willingness and ability to commit adequate time and attention to all Board matters.

Michael F. Hilton

Director since: July 2012
Committees:
- Compensation
- Corporate Governance & Nominating

Age: 63

CURRENT PRINCIPAL OCCUPATION:

Mr. Hilton serves as President and Chief Executive Officer of Nordson Corporation, a position he has held since he joined Nordson in 2010. Nordson engineers, manufactures and markets products and systems used for dispensing adhesives, coatings, sealants, biomaterials and other materials in a wide variety of end markets.

DESCRIPTION OF BUSINESS EXPERIENCE:

Prior to joining Nordson, Mr. Hilton served as Senior Vice President and General Manager of Air Products & Chemicals, Inc. from 2007 until 2010 with specific responsibility for leading the company's global Electronics and Performance Materials segment. Mr. Hilton joined Air Products in 1976, where he held roles of increasing responsibility in a variety of management and operations positions. Air Products serves customers in industrial, energy, technology and healthcare markets worldwide with a unique portfolio of atmospheric gases, process and specialty gases, performance materials, equipment and services.

OTHER PUBLIC BOARD MEMBERSHIPS:

- Nordson Corporation
- Lincoln Electric

QUALIFICATIONS:

The Board nominated Mr. Hilton as a director because of his leadership experience and expertise in global operations, business to business marketing, and oversight of large and diverse business units, which the Board finds to be valuable skills that complement the other skills represented on our Board. In addition, Mr. Hilton has leadership experience as a Chief Executive Officer of a global public company. He also has experience as a director on two global public company boards, including serving on audit and governance committees.

Consistent with our policies and practices related to director service, in making a determination as to Mr. Hilton's nomination, the Board considered Mr. Hilton's current role as CEO of another public company and service on the board of his company and one other public company. Mr. Hilton was renominated based on his qualifications listed above, his valuable, significant contributions to the Board and Company and his demonstrated willingness and ability to commit adequate time and attention to all Board matters.

Election of Directors

Tamara L. Lundgren

Director since: October 2012
Committees:
- Audit
- Corporate Governance & Nominating

Age: 60

CURRENT PRINCIPAL OCCUPATION:
Ms. Lundgren serves as President and Chief Executive Officer of Schnitzer Steel Industries, Inc., a position she has held since 2008. Schnitzer Steel is one of the largest manufacturers and exporters of recycled ferrous metal products in the United States with $1.5 billion in annual revenue and more than 100 operating facilities in the United States, Puerto Rico and Canada.

DESCRIPTION OF BUSINESS EXPERIENCE:
Ms. Lundgren joined Schnitzer Steel in 2005 as Chief Strategy Officer and subsequently served as Executive Vice President and Chief Operating Officer from 2006 until 2008. Prior to joining Schnitzer Steel, Ms. Lundgren was a managing director at JP Morgan Chase in London and managing director at Deutsche Bank AG in New York and London. Before joining Deutsche Bank, Ms. Lundgren was a partner at the law firm of Hogan & Hartson, LLP in Washington D.C.

OTHER PUBLIC BOARD MEMBERSHIPS:
- Schnitzer Steel Industries

OTHER RELEVANT EXPERIENCE:
- Member of the Board of Directors of Federal Reserve Bank of San Francisco
- Executive Committee member of the U.S. Chamber of Commerce

QUALIFICATIONS:
The Board nominated Ms. Lundgren as a director because of her leadership experience and expertise in global operations, strategy, finance and corporate law, which the Board finds to be valuable skills that complement the other skills represented on our Board. In addition, Ms. Lundgren has leadership experience as President and Chief Executive Officer of a global public company. She also has experience as a director on a global public company board.
The Board has determined that Ms. Lundgren qualifies as an audit committee financial expert.
Consistent with our policies and practices related to director service, in making a determination as to Ms. Lundgren's nomination, the Board considered Ms. Lundgren's current role as CEO of another public company and service on the board of her company. Ms. Lundgren was renominated based on her qualifications listed above, her valuable, significant contributions to the Board and Company and her demonstrated willingness and ability to commit adequate time and attention to all Board matters.

Luis P. Nieto, Jr.

Director since: February 2007
Committees:
- Audit
- Finance (Chair)

Age: 62

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

OTHER PUBLIC BOARD MEMBERSHIPS:
- AutoZone, Inc.

QUALIFICATIONS:

The Board nominated Mr. Nieto as a director because of his leadership experience and expertise in finance, operations, supply chains, brand management, marketing and strategic planning, which the Board finds to be valuable skills that complement the other skills represented on our Board. In addition, Mr. Nieto has leadership experience in positions of executive oversight and senior management at a global public company. He also has experience as a director on a global public company board, including serving on audit and governance committees.

The Board has determined that Mr. Nieto qualifies as an audit committee financial expert.

Consistent with our policies and practices related to director service, in making a determination as to Mr. Nieto's nomination, the Board considered Mr. Nieto's current service on the board of another public company. Mr. Nieto was renominated based on his qualifications listed above, his valuable, significant contributions to the Board and Company and his demonstrated willingness and ability to commit adequate time and attention to all Board matters.

Election of Directors

David G. Nord	
Director since: March 2018 Committees: - Compensation - Finance	CURRENT PRINCIPAL OCCUPATION: Mr. Nord serves as Chairman, President and Chief Executive Officer of Hubbell Incorporated, an international manufacturer of electrical and electronic products for a broad range of non-residential and residential construction, industrial and utility applications with $3.5 billion in annual revenue. Mr. Nord has held this position since May 2014, and prior to that served as President and Chief Executive Officer of Hubbell since January 2013. DESCRIPTION OF BUSINESS EXPERIENCE: Mr. Nord joined Hubbell in 2005 as Senior Vice President and Chief Financial Officer, and subsequently served as President and Chief Operating Officer from 2012 to 2013. Prior to joining Hubbell, Mr. Nord held various senior financial positions at United Technologies Corporation, including Vice President and Controller as well as Vice President of Finance and Chief Financial Officer of Hamilton Sundstrand Corporation, one of its principal subsidiaries. OTHER PUBLIC BOARD MEMBERSHIPS: • Hubbell Incorporated QUALIFICATIONS:
Age: 60	The Board nominated Mr. Nord as a director because of his leadership experience, expertise in global operations and strong financial acumen, which the Board finds to be valuable skills that complement the other skills represented on our Board. In addition, Mr. Nord has leadership experience as President and CEO of a global public company. He also has experience as a director on a global public company board. Consistent with our policies and practices related to director service, in making a determination as to Mr. Nord's nomination, the Board considered Mr. Nord's current role as CEO of another public company and service on the board of his company. Mr. Nord was nominated based on his qualifications listed above and his willingness and ability to commit adequate time and attention to all Board matters.
Robert E. Sanchez	
Director since: January 2013 Board Chair Age: 52	CURRENT PRINCIPAL OCCUPATION: Mr. Sanchez currently serves as Chair and Chief Executive Officer of Ryder System, Inc. DESCRIPTION OF BUSINESS EXPERIENCE: Mr. Sanchez was appointed Chair of Ryder's Board in May 2013. He was appointed President and Chief Executive Officer in January 2013, at which time he was also elected to Ryder's Board. Mr. Sanchez joined Ryder in 1993 and has served in positions of increasing responsibility, including a broad range of leadership positions in Ryder's business segments. Mr. Sanchez served as President and Chief Operating Officer from February 2012 to December 2012. Prior to that position, he served as President of Global Fleet Management Solutions, Ryder's largest business segment, from September 2010 to February 2012. Mr. Sanchez also served as Executive Vice President and Chief Financial Officer from October 2007 to September 2010; as Executive Vice President of Operations, U.S. Fleet Management Solutions from October 2005 to October 2007; and as Senior Vice President and Chief Information Officer from January 2003 to October 2005. Mr. Sanchez has been a member of Ryder's Executive Leadership team since 2003. OTHER PUBLIC BOARD MEMBERSHIPS: • Texas Instruments OTHER RELEVANT EXPERIENCE: • Member of the Board of Directors of the Truck Renting and Leasing Association QUALIFICATIONS: The Board nominated Mr. Sanchez as a director because of his leadership experience and expertise in transportation, supply chains/logistics, global operations, finance and information technology, which the Board finds to be valuable skills that complement the other skills represented on our Board. In addition, Mr.

Sanchez serves as Ryder's Board Chair and Chief Executive Officer. He has leadership experience based on years of broad-based, diverse senior management experience at Ryder, including serving as President and Chief Operating Officer, Division President of Ryder's largest business segment, Chief Financial Officer and Chief Information Officer. He also has experience as a director on a global public company board, including serving as compensation committee chair.

Consistent with our policies and practices related to director service, in making a determination as to Mr. Sanchez's nomination, the Board considered Mr. Sanchez's current role as CEO of Ryder and service on the board of another public company. Mr. Sanchez was renominated based on his qualifications listed above, his valuable, significant contributions to the Board and Company and his demonstrated willingness and ability to commit adequate time and attention to all Board matters.

Election of Directors

Abbie J. Smith

	CURRENT PRINCIPAL OCCUPATION:
Director since:	Ms. Smith serves as the Boris and Irene Stern Distinguished Service Professor of Accounting at the University of Chicago Booth School of Business.
July 2003	DESCRIPTION OF BUSINESS EXPERIENCE:
Committees: - Audit - Finance	Ms. Smith joined the faculty of the University of Chicago Booth School of Business in 1980 upon completion of her Ph.D. in Accounting at Cornell University. The primary focus of her research is corporate restructuring, transparency and corporate governance. She was nominated for a 2005 Smith Breeden Prize for her publication in The Journal of Finance and has received a Marvin Bower Fellowship from the Harvard Business School, a McKinsey Award for Excellence in Teaching and a GE Foundation Research Grant.
	OTHER PUBLIC BOARD MEMBERSHIPS: • Dimensional Investment Group Inc. • DFA Investment Dimensions Group Inc. • HNI Corporation
	OTHER RELEVANT EXPERIENCE: • Trustee of certain Chicago-based UBS Funds
	QUALIFICATIONS:
Age: 64	The Board nominated Ms. Smith as a director because of her leadership experience and expertise in business, accounting and corporate governance, which the Board finds to be valuable skills that complement the other skills represented on our Board. In addition, Ms. Smith has an accomplished educational background with extensive academic and teaching experience in business, accounting and corporate governance. She also has experience as a director on global public company boards, including serving as lead independent director and member of audit and governance committees. The Board has determined that Ms. Smith qualifies as an audit committee financial expert. Consistent with our policies and practices related to director service, in making a determination as to Ms. Smith's nomination, the Board considered Ms. Smith's current role as a professor of a distinguished university and service on the board of three other public companies. Ms. Smith was renominated based on her qualifications listed above, her valuable, significant contributions to the Board and Company and her demonstrated willingness and ability to commit adequate time and attention to all Board matters.

E. Follin Smith

	DESCRIPTION OF BUSINESS EXPERIENCE:
Director since: July 2005 Committees: - Compensation (Chair) - Corporate Governance & Nominating Age: 58	Until May 2007, Ms. Smith served as the Executive Vice President, Chief Financial Officer and Chief Administrative Officer of Constellation Energy Group, Inc., then the nation's largest competitive supplier of electricity to large commercial and industrial customers and the nation's largest wholesale power seller. Ms. Smith joined Constellation Energy Group as Senior Vice President, Chief Financial Officer in June 2001 and was appointed Chief Administrative Officer in December 2003. Before joining Constellation Energy Group, Ms. Smith was Senior Vice President and Chief Financial Officer of Armstrong Holdings, Inc., the global leader in hard-surface flooring and ceilings. Prior to joining Armstrong, Ms. Smith held various senior financial positions with General Motors, including Chief Financial Officer for General Motors’ Delphi Chassis Systems division.
	OTHER PUBLIC BOARD MEMBERSHIPS: • A past director of Kraft Foods Group (until July 2015) • A past director of Discover Financial Services (until May 2014)
	QUALIFICATIONS:

The Board nominated Ms. Smith as a director based on her leadership experience and expertise in finance, human resources, risk management, legal and information technology, which the Board finds to be valuable skills that complement the other skills represented on our Board. In addition, Ms. Smith has leadership experience serving as Chief Financial Officer and Chief Administrative Officer of global public companies. She also has experience as a director on other global public company boards, including serving on audit, governance and risk committees.

Consistent with our policies and practices related to director service, in making a determination as to Ms. Smith's nomination, the Board considered Ms. Smith's past experience as a CFO and service on other company boards. Ms. Smith was renominated based on her qualifications listed above, her valuable, significant contributions to the Board and Company and her demonstrated willingness and ability to commit adequate time and attention to all Board matters.

Election of Directors

Dmitri L. Stockton

Director since: March 2018 Committees: - Compensation - Finance Age: 53	DESCRIPTION OF BUSINESS EXPERIENCE: Mr. Stockton most recently served as Senior Vice President and Special Advisor to the Chairman of General Electric Company (GE) from 2016 until his retirement in 2017. GE is a multinational industrial company that provides power and water, aviation, oil and gas, healthcare, appliances and lighting, energy management, transportation and financial services. Mr. Stockton joined GE in 1987 and held various positions of increasing responsibility during his 30 year tenure. From 2011 to 2016, Mr. Stockton served as Chairman, President and Chief Executive Officer of GE Asset Management, a global asset management company affiliated with GE, and as Senior Vice President of GE. From 2008 to 2011, he served as President and Chief Executive Officer for GE Capital Global Banking and Senior Vice President of GE in London, UK. He previously also served as President and Chief Executive Officer for GE Consumer Finance for Central and Eastern Europe. OTHER PUBLIC BOARD MEMBERSHIPS: • Deere & Company • Target Corporation QUALIFICATIONS: The Board nominated Mr. Stockton as a director because of his leadership experience and his expertise in risk management, governance, finance and asset management, which the Board finds to be valuable skills that complement the other skills represented on our Board. In addition, Mr. Stockton also has leadership experience in positions of executive oversight and senior management from his tenure at GE, as well as experience as a director on public company boards. Consistent with our policies and practices related to director service, in making a determination as to Mr. Stockton's nomination, the Board considered Mr. Stockton's current service on the Board of two other public companies. Mr. Stockton was nominated based on his qualifications listed above and his willingness and ability to commit adequate time and attention to all Board matters.

Hansel E. Tookes, II

Director since: September 2002 Lead Independent Director Committees: - Audit - Corporate Governance & Nominating (Chair) Age: 70	DESCRIPTION OF BUSINESS EXPERIENCE: Mr. Tookes served as President of Raytheon International until he retired from Raytheon Company in December 2002. Mr. Tookes joined Raytheon in September 1999 as President and Chief Operating Officer of Raytheon Aircraft Company. He was appointed Chief Executive Officer in January 2000, Chairman in August 2000 and became President of Raytheon International in May 2001. Prior to joining Raytheon in 1999, Mr. Tookes served as President of Pratt & Whitney's Large Military Engines Group since 1996. He joined Pratt & Whitney's parent company, United Technologies Corporation, in 1980. Mr. Tookes was a Lieutenant Commander and military pilot in the U.S. Navy and later served as a commercial pilot with United Airlines. OTHER PUBLIC BOARD MEMBERSHIPS: • Corning Incorporated • Harris Corporation • NextEra Energy, Inc. (formerly FPL Group, Inc.) QUALIFICATIONS: The Board nominated Mr. Tookes as a director because of his leadership experience and expertise in global operations, the transportation industry, the U.S. military and government contracting, which the Board finds to be valuable skills that complement the other skills represented on our Board. In addition, Mr. Tookes has leadership experience in positions of executive oversight and senior management at global public companies. He also has experience as a director on global public company boards, including serving as governance committee chair and member of

audit, compensation, finance and executive committees.

The Board has determined that Mr. Tookes qualifies as an audit committee financial expert.

Consistent with our policies and practices related to director service, in making a determination as to Mr. Tookes' nomination, the Board considered Mr. Tookes' current service on the board of three other public companies. Mr. Tookes was renominated based on his qualifications listed above, his valuable, significant contributions to the Board and Company and his demonstrated willingness and ability to commit adequate time and attention to all Board matters.

CORPORATE GOVERNANCE

We maintain a Governance page in the Investors area of our website at http://investors.ryder.com, which includes our Corporate Governance Guidelines and the following additional materials relating to corporate governance:

- Principles of Business Conduct
- Committee charters
- Board - background and experience
- Board committees - current members
- How to contact our directors

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

- The Board's annual strategic direction review
- Director independence (including our director independence standards)
- Director qualifications and responsibilities
- Board and leadership structure; director resignation policy
- Director compensation
- CEO and senior management succession
- CEO evaluation and compensation
- Board and committee evaluations

The Principles of Business Conduct apply to our officers, employees and Board members and cover all areas of professional conduct including conflicts of interest, confidentiality, compliance with law and mechanisms to report known or suspected wrongdoing. Any changes to these documents will be posted on our website. Any waivers to our Principles of Business Conduct for Board members or our executive officers granted by the Governance Committee will be posted on our website or disclosed in a public filing made with the Securities and Exchange Commission (SEC).

BOARD OF DIRECTORS

Director Independence

11 of the 12 Directors are Independent

Independence

It is our policy that a substantial majority of the members of our Board and all of the members of our Audit Committee, Compensation Committee, Corporate Governance and Nominating Committee and Finance Committee qualify as independent under the New York Stock Exchange (NYSE) corporate governance listing standards.

To assist in making independence determinations, our Board has adopted director independence standards, which are included as part of our Corporate Governance Guidelines and are available on our Investors website at http://investors.ryder.com. Our director independence standards set forth certain transactions or relationships that the Board has determined will not, by themselves, be deemed to create a material relationship for the purpose of determining director independence. However, the Board will consider all relationships and transactions with our directors, even those that meet these standards, to determine whether the particular facts or circumstances of the relationship or transaction would impair the director's independence.

2018 Independence Review

In preparation for our 2018 Annual Meeting, the Board undertakes an annual review of director independence, which includes a review of each director’s responses to questionnaires asking about any and all relationships with the Company. This review is performed in accordance with our Corporate Governance Guidelines and is designed to identify and evaluate any transactions or relationships between a director or any member of his or her immediate family and us or members of our senior management.

In the ordinary course of business, transactions may occur between us and entities with which some of our directors are or have been affiliated. In connection with its evaluation of director independence, our Board identified and reviewed several transactions that occurred during 2017 between us and companies where our directors or family members of our directors serve as executive officers.

Specifically, Mr. Eck, Mr. Hilton and Ms. Lundgren serve as executives of companies that lease vehicles or receive other services from us, or provide services or products to us, such as maintenance equipment or parts. We reviewed each of these commercial relationships and found that all transactions between us and the relevant companies were made in the ordinary course of business and negotiated at arm’s length. Furthermore, each of these commercial relationships was below the threshold set forth in our director independence standards (i.e., one percent of such other company’s consolidated gross revenues for such year or $1 million, whichever is greater). As a result, our Board determined that none of these commercial relationships impaired the independence of the relevant director.

Additionally, the Board reviewed charitable donations and contributions made by the Company to tax-exempt organizations where our directors serve as a trustee or director. Specifically, Ms. Lundgren serves on the board of a tax-exempt organization to which the Company makes or has made contributions. We reviewed this relationship and found that all contributions made by the Company were made in the ordinary course, at arm’s length and consistent with our policies and procedures. Furthermore, this relationship was below the threshold set forth in our director independence standards (i.e., one percent of such organization’s consolidated gross revenues for such year or $250,000, whichever is greater). As a result, our Board determined that this relationship does not impair Ms. Lundgren's independence.

Based on its independence review and after considering the transactions described above, the Board determined that each of the following directors (which together constitute all members of the Board other than Mr. Sanchez) is independent: John M. Berra, Robert J. Eck, Robert A. Hagemann, Michael F. Hilton, Tamara L. Lundgren, Luis P. Nieto, Jr., David G. Nord, Abbie J. Smith, E. Follin Smith, Dmitri L. Stockton and Hansel E. Tookes, II. No family relationships exist among our directors and executive officers.

SHAREHOLDER ENGAGEMENT AND COMMUNICATIONS WITH THE BOARD

Shareholder Engagement. Our Board and management are committed to engaging with our shareholders and obtaining their views and input on performance, governance, executive compensation and any other matters important to our shareholders.

Board-Driven Engagement and Board Reporting. Our Governance Committee oversees the shareholder engagement process and reviews and assesses shareholder input. As part of this process, the Committee regularly provides updates to the full Board on shareholder engagement efforts and feedback.

Year-Round Engagement. Ryder conducts routine shareholder outreach, so that the Board and Company remain informed on the issues that our shareholders tell us matter most to them. Annually, we reach out to our top 50% (or more) of shareholders to discuss Ryder's corporate governance and compensation profile and any other shareholder concerns. We reach out to our top shareholders to gain feedback prior to making any material compensation or governance changes and when we are considering whether to support or enact provisions requested in a shareholder proposal.

Engagement Participants. Our Board Chair and CEO, Chief Legal Officer and Corporate Secretary, and/or Vice President of Corporate Strategy and Investor Relations participate in regular meetings with shareholders. When appropriate, other Board members, including our Lead Independent Director, Governance Committee Chair and other Committee Chairs, also participate in the meetings. For instance, in 2017, our Lead Independent Director and Governance Committee Chair and Compensation Committee Chair participated in the shareholder engagement meetings when we were considering material governance changes requested by shareholders as well as changes to our executive compensation program.

Transparency and Informed Governance Enhancements. Our Governance Committee and full Board regularly review our governance practices and policies with an eye towards continual improvement. In addition to considering shareholder feedback obtained through our engagement process, our Board regularly reviews the voting results of our shareholder meetings, governance and proxy voting policies of our shareholders who publish their policies, other published materials reflecting shareholder views, governance practices of our peers and other companies similar in size to Ryder, and current trends in corporate governance.

Summary of Ryder's 2017 Shareholder Engagement

4 During the summer and fall of 2017, we sought feedback from shareholders holding over 77% of our shares, including our top 50 shareholders, on Ryder's governance and compensation profile.

4 We received substantive feedback from shareholders holding nearly 53% of our shares.

4 These meetings were in addition to over a hundred other meetings and discussions that management and investor relations held with shareholders since the 2017 Annual Meeting.

4 Overall, we received positive feedback from the shareholders who engaged with us regarding our strategy and management team as well as other disclosure around our executive compensation program.

Actions Taken as a Result of Our Shareholder Engagement

4 Proposed for a vote at the 2018 Annual Meeting an amendment to our Restated Articles of Incorporation and By-Laws to provide shareholders with the right to act by written consent.
4 Commenced annual elections for all directors beginning in 2018.
4 Moved to three-year performance periods and fixed three-year targets in the Long Term Incentive Plan ("LTIP") beginning with 2018 awards.
4 Implemented a balanced proxy access right in 2016.
4 Adopted double-trigger vesting upon a change of control in our Equity Plan in 2016 (eliminating our single-trigger vesting provisions).
4 Eliminated supermajority voting provisions regarding removal of directors, amendment of certain provisions of our Articles of Incorporation and By-Laws and approval of certain business combinations with interested shareholders.
4 Began disclosing our political contributions policy and annual direct corporate contributions to political candidates on our website.
4 Periodically updated our corporate sustainability report.
4 Commenced disclosure of carbon emissions and energy data through the Carbon Disclosure Project.

Shareholder Communications with the Board. Shareholders and other interested parties can communicate with our independent directors as a group through an external toll-free hotline number at 1-800-815-2830 (7 days a week/24 hours a day), through the Governance page in the Investors area of our website at http://investors.ryder.com, or by mailing their communication to: Independent Directors, c/o Corporate Secretary, Ryder System, Inc., 11690 N.W. 105th Street, Miami, Florida 33178. Any communications received from interested parties in the manners described above will be collected and organized by our Corporate Secretary and will be periodically, and in any event prior to each regularly-scheduled Board meeting, reported and/or delivered to our independent directors. The Corporate Secretary will not forward spam, junk mail, mass mailings, service complaints or inquiries, job inquiries, surveys, business solicitations or advertisements, or patently offensive or otherwise inappropriate materials to the independent directors. Correspondence relating to some of these matters, such as service issues, may be distributed internally for review and possible response. The procedures for communicating with our independent directors as a group are available in the Investors area of our website at http://investors.ryder.com, on the Governance page.

Our Audit Committee has established procedures for the receipt, retention and treatment of complaints regarding questionable accounting, internal control, financial improprieties or auditing matters. Any of our employees or members of the general public may communicate concerns about any of these matters confidentially to any supervisor or manager, the Chief Legal Officer, the Vice President of Internal Audit or the Chief Compliance Officer, or on a confidential and/or anonymous basis by way of a third party toll-free hotline number (1-800-815-2830), web-based portal (https://ryder.alertline.com), e-mail (ethics@ryder.com), or via e-mail to members of our Audit Committee (audit@ryder.com). All of these reporting mechanisms are publicized in the Investors area of our website at http://investors.ryder.com, in our Principles of Business Conduct, through in person and on-line compliance training, and location posters. Upon receipt of a complaint or concern, a determination will be made whether it pertains to accounting, internal control, financial improprieties or auditing matters and, if it does, it will be handled in accordance with the procedures established by the Audit Committee. A summary of all complaints of whatever type received through the reporting mechanisms are reported to the Audit Committee at each regularly-scheduled Audit Committee meeting. Matters requiring immediate attention are promptly forwarded to the Chair of the Audit Committee.

BOARD MEETINGS

The Board held six regular meetings and one special meeting in 2017. Each of the directors attended at least 75% of the aggregate number of meetings of the Board and committees on which the director served in 2017, with the exception of Messrs. Nord and Stockton who were appointed to the Board effective March 1, 2018. Our independent directors meet in outside directors session without management present as part of each regularly-scheduled Board meeting. Our Lead Independent Director presides over these outside directors sessions.

We expect our directors to attend our Annual Meeting of Shareholders. All of our directors attended the 2017 Annual Meeting, with the exception of Messrs. Nord and Stockton who were appointed to the Board after the 2017 Annual Meeting.

BOARD LEADERSHIP STRUCTURE

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

Ryder believes that its Board leadership structure is enhanced by the independent leadership provided by our Lead Independent Director. The Board has developed the role of a strong Lead Independent Director to facilitate and strengthen the Board's independent oversight of Company performance, strategy and succession planning, and uphold effective governance standards. Ryder's Corporate Governance Guidelines establish that the Board members shall appoint a Lead Independent Director every five years, although the Board has discretion to deviate from this cycle when it determines it is in the best interests of the Company to do so. Our current Lead Independent Director is Hansel E. Tookes, II, who has served in the position since 2015. The Lead Independent Director's duties include the following:

Lead Independent Director
Duties and Practices

4	Presides at all meetings of the Board at which the Chair is not present, including outside directors sessions of the independent directors (which are held at every regular meeting)
4	Serves as the liaison between the CEO/Chair and the independent directors and works with the Chair to make sure that all director viewpoints are considered and that decisions are appropriately made
4	Serves as the liaison between the Board and management to ensure the Board obtains the materials and information it needs
4	Requests and previews

information sent to the Board, as necessary

4 Develops meeting agendas for the Board, in collaboration with the Chair and Chief Legal Officer, to ensure that topics requested by the independent directors are included

4 Has authority to call meetings of the independent directors

4 Is available for consultation and direct communication with shareholders to discuss concerns and expectations, upon request

4 Engages with other independent directors to identify matters for discussion at outside directors sessions

4 Oversees annual CEO evaluation

4 In addition, our Lead Independent Director, who also serves as our Governance Committee

Chair, oversees the Board's annual evaluation process and the search process for new director candidates

BOARD COMMITTEES

The Board has four standing committees: Audit, Compensation, Corporate Governance and Nominating and Finance. All of the committees are composed entirely of independent directors who meet in outside directors session without management present as part of each regularly-scheduled committee meeting. Each committee evaluates its performance annually. The tables below provides current membership and 2017 meeting information for each committee:

We have adopted written charters that set forth each committee's responsibilities and provide for periodic review of each charter and annual evaluation of each committee's performance. The charters grant each committee the authority to obtain the advice and assistance of, and receive appropriate funding from us for, outside legal, accounting or other advisors as a committee deems necessary to fulfill its obligations. The specific powers and responsibilities of the committees are set forth in more detail in their charters, which are available on the Governance page in the Investors area of our website at http://investors.ryder.com.

At the end of each year, the committees review and approve agenda schedules for the following year. The agenda schedules outline the various topics the committees will consider during the year to ensure they adequately fulfill their committee charter responsibilities. The committees consider other topics during the year as needed to fulfill their responsibilities. Our Chief Legal Officer works closely with the Board Chair, Lead Independent Director and Committee Chairs to ensure that information presented to the committees with respect to items discussed and/or approved is clear and comprehensive.

Audit Committee

AUDIT COMMITTEE

Members

Robert A. Hagemann (Chair) Tamara L. Lundgren Luis P. Nieto, Jr. Abbie J. Smith Hansel E. Tookes, II

Key Responsibilities

4 Appointing, overseeing and determining the compensation and independence of our independent registered certified public accounting firm

4 Approving the scope of the annual audit and the related audit fees

4 Reviewing the scope of internal audit's activities and performance of the internal audit function

4 Reviewing and discussing the adequacy and effectiveness of internal control over financial reporting with internal audit and the independent registered certified public

	accounting firm
4	Overseeing investigations into accounting and financial complaints and Ryder's global compliance program
4	Reviewing audit results, financial disclosures and earnings guidance
4	Reviewing, discussing and overseeing the process by which the Company assesses and manages risk
4	Reviewing and overseeing matters relating to accounting, auditing and financial reporting practices and policies

Independence and Financial Expertise

4	All members are independent
4	All members are financial experts

Audit Committee Processes and Procedures

Meetings. Our Chief Financial Officer, Controller, Vice President of Internal Audit, Chief Legal Officer, Chief Compliance Officer and representatives of our independent registered certified public accounting firm participate in Audit Committee meetings, as necessary and appropriate, to assist the Audit Committee in its discussion and analysis of the various agenda items. The Audit Committee also meets regularly in executive session with our Chief Financial

Officer, Vice President of Internal Audit, Controller, Chief Compliance Officer, Chief Legal Officer and representatives of our independent registered certified public accounting firm.

Independence and Financial Expertise

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

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

Compensation Committee

COMPENSATION COMMITTEE

Members

E. Follin Smith (Chair) John M. Berra Robert J. Eck Michael F. Hilton David G. Nord* Dmitri L. Stockton*

Key Responsibilities

4	Overseeing, reviewing and approving our executive and director compensation plans, policies and programs
4	Considering industry trends, benchmark data and whether compensation actions support key business objectives and pay for performance philosophy
4	Approving compensation actions for direct reports to the CEO and recommending compensation actions for the CEO for consideration by the independent directors
4	Reviewing and discussing the results of the shareholder advisory vote on executive compensation (and the frequency of such vote) and

	considering whether to recommend any adjustments to policies and practices based on the vote results
4	Reviewing and assessing compensation policies from a risk management perspective
4	Overseeing the preparation of the Compensation Discussion and Analysis and determining whether to recommend it for inclusion in this proxy statement
Independence	
4	All members are independent

*Messrs. Nord and Stockton became members of the Compensation Committee when they were appointed to the Board on March 1, 2018.

Compensation Committee Processes and Procedures

Meetings. The Chief Human Resources Officer, Vice President - Compensation and Benefits, Vice President and Deputy General Counsel, and, when requested, the CEO, participate in Compensation Committee meetings, as necessary and appropriate, to assist the Compensation Committee in its discussion and analysis of the various agenda items. These individuals are generally excused from the meetings as appropriate, including for discussions regarding their own compensation.

Authority, Role of Management and Delegation. The Compensation Committee is responsible for reviewing and approving all components of our executive compensation program as well as the compensation program for our Board. New executive compensation plans and programs must be approved by the full Board based on recommendations made by the Compensation Committee. The Compensation Committee, with input from the CEO, is responsible for setting the compensation of all other NEOs. Our independent directors, acting as a group, are responsible for setting CEO compensation based on recommendations from the Compensation Committee. Pursuant to the terms of its charter, the Compensation Committee may delegate all or a portion of its responsibilities relating to retirement plans to the Company's Retirement Committee. For additional discussion of the Compensation Committee's processes and procedures for the consideration and determination of executive compensation, please see the discussion under “Compensation Setting Process” in our Compensation Discussion and Analysis on page 40 of this proxy statement.

Use of Compensation Consultants. The Compensation Committee has authority to retain compensation consultants, outside legal counsel and other advisors to assist it in fulfilling its responsibilities. During 2017, the Committee again retained Frederic W. Cook & Co., Inc. to serve as its independent compensation consultant. For further discussion of the role that Frederic W. Cook & Co., Inc. played in assisting the Committee in making executive compensation decisions during 2017, please see the discussion under “Compensation Setting Process” in our Compensation Discussion and Analysis on page 40 of this proxy statement.

Compensation Committee Interlocks and Insider Participation. During the fiscal year ended December 31, 2017, John M. Berra, Robert J. Eck, Michael F. Hilton and E. Follin Smith served as Compensation Committee members. None of these directors was, during 2017, an officer or employee of Ryder, or was formerly an officer of Ryder. There were no transactions in 2017 between us and any directors who served as Compensation Committee members for any part of 2017 that would require disclosure by Ryder under SEC rules requiring disclosure of certain relationships and related party transactions.

Independence

The Board reviewed the background, experience and independence of each of the Compensation Committee members based in part on the directors’ responses to a questionnaire relating to their relationships, background and experience. Based on this review, the Board determined that each member of the Compensation Committee meets the independence requirements of the NYSE’s corporate governance listing standards, including the additional independence requirements specific to compensation committee members, and our director independence standards.

Corporate Governance and Nominating Committee

CORPORATE GOVERNANCE AND NOMINATING COMMITTEE

Members

Hansel E. Tookes, II (Chair) | Michael F. Hilton | Tamara L. Lundgren | E. Follin Smith

Key Responsibilities

4	Identifying and recommending qualified individuals to serve as directors
4	Reviewing the qualifications of director candidates, including those recommended by our shareholders pursuant to our By-Laws
4	Recommending to the Board the nominees to be proposed by the Board for election as directors at our Annual Meeting of Shareholders
4	Recommending the size, structure, composition and functions of Board committees
4	Reviewing and recommending changes to the charters of each committee of the Board
4	

	Designing and overseeing the Board and committee evaluation processes as well as the annual CEO evaluation process
4	Reviewing and recommending changes to our Corporate Governance Guidelines and Principles of Business Conduct and overseeing and approving governance practices of the Company and Board
4	Reviewing and overseeing the process by which the Board identifies and prepares for a crisis
4	Overseeing the Company's charitable contributions, government relations, environmental and safety performance, and diversity efforts

Independence

4	All members are independent

Corporate Governance and Nominating Committee Processes and Procedures

Meetings. Our Chief Legal Officer and, when requested, our CEO, participate in Governance Committee meetings, as necessary and appropriate, to assist the Governance Committee in its discussion and analysis of the various agenda items.

Board Succession Process for Directors

Our Governance Committee seeks to build and maintain an experienced, effective, well-rounded and diverse Board exemplifying sound judgment and integrity that operates collaboratively. Below is a summary of our process for identifying director candidates:

Identifying and recommending individuals for nomination, election or re-election to our Board is a principal responsibility of our Governance Committee. The Governance Committee carries out this function through an ongoing, year-round process, which includes the annual evaluation of our Board and committees. Each director candidate is evaluated by the Governance Committee based on his or her individual merits, taking into account our Company's needs and the composition of our Board.

Corporate Governance and Nominating Committee

The Governance Committee will seek to identify individuals who would qualify as independent under applicable NYSE listing standards and our director independence standards, and who are independent of any particular constituency. The Governance Committee may, based on the composition of the Board, seek individuals who have specialized skills or expertise, experience as a leader of another public company or major complex organization, or relevant industry experience. The Governance Committee also focuses on what skills are beneficial for service on each committee and for key Board positions, such as Lead Independent Director and Committee Chairs. Annually, the Governance Committee reviews Board and committee composition and conducts a succession planning process to fill, rotate and refresh those positions.

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

4	have a high level of personal integrity and exercise sound business judgment
4	are highly accomplished, with superior credentials, recognition and/or strong senior leadership experience in their respective fields
4	have relevant expertise and experience that is valuable to the business of the Company and its long-term strategy, goals and initiatives
4	have an understanding of, and concern for, the interests of our

4	shareholders have sufficient time to devote to fulfilling their obligations as directors

Board Composition Matrix. The Governance Committee uses a Board Composition Matrix to identify the current skills, experience, expertise and diversity on the Board, and ensure all desired traits are represented by the current Board members. When identifying desired director candidate traits, the Governance Committee seeks out areas that may become underrepresented as a result of Board turnover or where additional skills would enhance the Board's composition. The Governance Committee reviews and updates the Matrix on an ongoing basis, with individual input from all directors, as needed.

Retention of Experienced Director Search Firms. Generally, the Governance Committee identifies individuals for service on our Board through the Governance Committee's retention of experienced director search firms that use their extensive resources and networks to find qualified individuals who meet the qualifications established by the Board. The Governance Committee will also consider qualified candidates who are proposed by other members of the Board, our senior management and, to the extent submitted in accordance with the procedures described below, our shareholders. The Governance Committee will not consider a director candidate unless the candidate has expressed his or her willingness to serve on the Board if elected.

Diversity. The Governance Committee seeks qualified candidates who will assist in making the Board diverse. Ryder believes that a diverse group of directors brings a broader range of experiences to the Board and generates a greater variety of innovative ideas and perspectives, and, therefore, is in a better position to make complex decisions. In addition, Ryder believes its shareholders appreciate a diverse Board, which is more reflective of the overall investment community and markets we and our customers serve. Currently, seven of twelve directors are women or minorities.

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

11690 N.W. 105th Street
Miami, Florida 33178
Attention: Corporate Secretary

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

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

Shareholders Nominating a Director Candidate Through Proxy Access (for Inclusion in the Company's Proxy Materials). Our By-Laws provide for proxy access for director nominations by shareholders. A shareholder, or group of up to 25 shareholders, owning Ryder stock representing an aggregate of at least 3% of our outstanding shares continuously for at least three years, may nominate and include in Ryder's proxy materials director nominees constituting up to 20% of Ryder's Board or two directors, whichever is greater, provided that the shareholder(s) and nominee(s) satisfy the proxy access requirements set forth in our By-Laws, including Articles IV and V.

Shareholders Nominating a Director Candidate Without Using the Company's Proxy Materials. If a shareholder would like to nominate one or more directors for election at the Annual Meeting of Shareholders without involving the Governance Committee or following proxy access procedures, it must comply with all requirements set forth in our By-Laws, including Articles IV and V.

Board and Committee Evaluation Process. The Governance Committee has oversight of the annual Board and committee evaluation process and uses feedback from the results of the evaluation to identify directors currently serving on the Board to be renominated for election at the expiration of their terms. Each year, the Governance Committee, led by the Lead Independent Director/Governance Committee Chair, establishes the year's evaluation process, taking into account the Board's needs, how the evaluation was performed the previous year and input from other members of the Governance Committee. Currently, evaluations alternate each year between (i) open dialogue sessions in Board and committee outside directors sessions, where a list of potential topics is established and distributed to directors beforehand, and (ii) a written questionnaire, which includes open-ended questions to solicit feedback on Board and committee performance and opportunities for improvement.

The chart below summarizes the 2017 Board and committee evaluation process:

CEO Evaluation Process. The Governance Committee also oversees the annual CEO evaluation process, which is discussed in the "Evaluating Performance" section on page 40 of the Compensation Discussion and Analysis in this proxy statement.

Crisis Preparedness. Our Board has prepared a crisis preparedness plan for potential crises that could occur, which includes descriptions of potential triggering events, notification protocol, advance preparation, communication plans, resources and a summary of key considerations, implications and risks of each triggering event scenario. Our Governance Committee (in conjunction with the other committees, as necessary) oversees the crisis preparedness plan, and reviews and recommends updates and enhancements to the Board at least annually.

Finance Committee
Corporate Sustainability and Responsibility

FINANCE COMMITTEE
Members

Luis P. Nieto, Jr. (Chair)	John M. Berra*	Robert J. Eck	Robert A. Hagemann	David G. Nord**	Abbie J. Smith	Dmitri L. Stockton**

Key Responsibilities

4 Reviewing our overall financial goals, liquidity position, arrangements and requirements

4 Reviewing, approving and recommending certain capital expenditures, issuances of debt and equity securities, dividend policy, pension contributions and acquisitions

4 Reviewing our relationships with rating agencies, banks and analysts, and reviewing our economic and insurance risk program and tax planning initiatives

Independence

4 All members are independent

*Mr. Berra will be rotating to the Corporate Governance and Nominating Committee effective May 3, 2018.
**Messrs. Nord and Stockton became members of the Finance Committee when they were appointed to the Board on March 1, 2018.

Finance Committee Processes and Procedures

Meetings. Our Chief Financial Officer, Treasurer and other members of management including our Vice President of Investor Relations and Strategy, participate in Finance Committee meetings, as necessary and appropriate, to assist the Finance Committee in its discussion and analysis of the various agenda items.

CORPORATE RESPONSIBILITY AND SUSTAINABILITY

Corporate responsibility and sustainability play an important role in our business strategy to create long-term value for our shareholders, customers and employees. We believe that strong environmental, social and governance (ESG) programs and practices are critical to attracting the best talent, executing on our strategy, maintaining a robust supplier base, and innovating to provide technically advanced and affordable products for our customers. We are focused on creating a diverse and inclusive workforce dedicated to our core values. We have built effective partnerships with our suppliers and customers. We also champion corporate citizenship programs that advance education, support military service members and their families, and partner with the local communities that we serve.

The Corporate Governance and Nominating Committee provides leadership and oversight of our ESG practices, including oversight of our policies and programs related to environmental sustainability, health and safety, government relations, diversity and inclusion, and charitable giving.

Environmental Sustainability. As an industry leader, we have the unique opportunity and ability to continually reduce the environmental impacts of our operations and those of the tens of thousands of customers we serve. Through our focus on the deployment of fuel efficient and alternative fuel vehicles, optimization of distribution networks, operation of energy-efficient warehouses and repair shops, reduction of greenhouse gas emissions and water usage, increased recycling of automotive waste and selection of like-minded suppliers who advance sustainable best management practices, Ryder helps customers reduce emissions and drive long-term value for their businesses. For the second year in a row, we earned an A– score in the Carbon Disclosure Project's 2017 Climate Change program and were named to the Carbon Leadership Index, along with other top-performing companies. In addition, Ryder was recently honored with a 2017 SmartWay® Freight Carrier Excellence Award for improving freight efficiency and contributing to cleaner air within our supply chains.

Health and Safety. Our safety culture is founded upon a core commitment to the safety, health and well-being of our employees, customers and the community, a commitment that has made us a long-standing industry leader in safety. Safety is an integral part of our business strategy because preventing injuries and collisions improves employee quality of life, eliminates service disruptions to our customers, increases efficiency and improves customer satisfaction. As a core value, our focus on safety is embedded in our day-to-day operations, reinforced by many safety programs and continuous operational improvement and supported by a talented and dedicated safety organization. Quarterly and remedial training is delivered online to each driver through our highly interactive comprehensive lesson platform. Our proprietary web-based safety tracking system, RyderSafetyNetSM, delivers proactive safety programs tailored to every location and helps measure safety activity effectiveness across the organization.

Government Relations. Ryder is affected by laws and regulations passed at both the state and federal level. We engage in the political process when we believe that doing so will serve the best interests of the Company and our shareholders. Ryder is committed to engaging in the political process as a good corporate citizen and in a manner that complies with all applicable laws. Since 2015, Ryder has provided greater transparency regarding the Company's political engagement by disclosing our political contributions policy and our annual direct corporate contributions to political candidates on our website.

Diversity and Inclusion. Our priority continues to be to attract, develop and retain the best talent, foster an inclusive culture where leaders engage their employees, and embrace diversity to innovate and pursue the Company's mission. In 2017, Forbes named Ryder one of America's Best Employers. Ryder also actively supports the U.S. Chamber of Commerce Foundation's Hiring Our Heroes initiative and, since 2011, we have hired nearly 6,000 veterans. This year, Ryder was awarded the Hiring Our Heroes Lee Anderson Veteran and Military Spouse Employment Award for overall excellence in hiring and retaining veterans and their spouses. Ryder has also partnered with the nonprofit advocacy group, Women in Trucking, to recruit more women in the trucking industry.

Charitable Giving. Our employees share skills, time, data, and insights through volunteer opportunities and via our in-kind giving programs. In 2017, Ryder contributed to various charitable and trade organizations, including Big Brothers Big Sisters School to Work Program, United Way, Truckers Against Trafficking and the American Red Cross. Ryder partners with the American Red Cross to provide warehousing, trucks and driver services while also coordinating support from employees, customers and the general public during natural disasters.

RISK MANAGEMENT

The Board's Role in Risk Oversight

The Company understands that risk is present in its everyday business and organizational strategy and risk-taking is a necessary part of growing and operating a business. Consequently, the Company has implemented an enterprise risk management ("ERM") program to provide management and the Board with a robust and holistic top-down view of key risks facing Ryder.

The ERM program is structured so that the Board is ultimately responsible for oversight of our ERM process. The Board executes its duty both directly and indirectly through its Audit, Compensation, Governance and Finance Committees. ERM is a Company-wide initiative that involves both the Board and Ryder's management.

Board/Committee		Areas of Risk Oversight
Full Board	4	Company's culture and tone at the top;
	4	Strategic, financial, competitive and execution risk associated with the annual business operating plan and strategic plan;
	4	Allocation of capital investments;
	4	Major litigation and regulatory matters;
	4	Acquisitions and divestitures;
	4	CEO and executive management succession planning; and
	4	Business conditions and competitive landscape.
Audit Committee	4	Financial matters (including financial reporting, accounting, public disclosure and internal controls);
	4	Cybersecurity and information technology;
	4	Major litigation and regulatory matters; and
	4	Oversee the internal audit function and the ethics and compliance program.
	4	

Compensation Committee	CEO and executive compensation, equity and incentive-based compensation programs, performance management of officers and director compensation; and
	4 Compensation risk assessment (see "Compensation Risks" on page 51 of the Compensation Discussion and Analysis).
Governance Committee	4 Board effectiveness and organization, corporate governance, CEO evaluation process and director succession planning; and
	4 Reputational risks relating to environmental, government relations, charitable contributions and safety matters.
Finance Committee	4 Capital structure, expenditures, financing transactions and asset management; and
	4 Liquidity, pension plans (including investment performance, asset allocation and funded status), tax planning, currency and interest rate exposures and insurance strategies.

Risk Management

Our ERM program was developed and is run under the direction and supervision of our Chief Legal Officer and Chief Financial Officer with the assistance of external experts, and is managed day-to-day by our Chief Compliance Officer and Vice President of Internal Audit. The CEO and executive leadership team are responsible for risk identification, management and mitigation under our ERM process. We believe that effective Board oversight of the ERM process is an essential element in the preservation and enhancement of shareholder value.

All significant risks identified through our ERM program or ERM reports are communicated to the Board. Specific risks are discussed by the Board and/or one or more of the committees, based on areas of risk oversight.

Board's Risk Review and Assessment

4	Review significant risks and consider such risks when overseeing strategic and business decisions.
4	Discuss with management the effectiveness of our risk management processes in identifying, assessing and managing the organization’s most significant enterprise-wide risk exposures.
4	Receive an ERM report from the Chief Legal Officer, Chief Compliance Officer and Vice President of Internal Audit at least annually which (1) identifies the Company's risks, including detailed analysis of the likelihood of

occurrence and
potential impact
of each risk,
and (2) details
the ERM
program
elements and
process for risk
identification.
Receive written
updates and
presentations on
specific risks
and our ERM
program at
every regularly
scheduled
4 meeting and
discuss with
management
the most
significant risks
that are
identified and
managed by
Ryder.
Establish an
annual schedule
for the Board
and committees
to conduct
4 individual, in
depth reviews
of the
Company's key
risks identified
in the ERM
report.
4 Receive an
internal audit
report from the
Vice President
of Internal
Audit at least
annually
regarding
internal audit's
assessment of
enterprise risks
and audit
activities to

evaluate the controls and processes regarding such risks.

Although Ryder's ERM program is structured with formal processes, it remains flexible enough to adjust to changing economic, business and regulatory developments and is founded on clear lines of communication to the leadership team, the Board and its committees. In addition, the Company periodically commissions an external assessment of its ERM program and its risk assessment processes to ensure they are in line with industry practices and are effectively identifying, monitoring and mitigating enterprise-wide risks.

RELATED PERSON TRANSACTIONS
Related Person Transactions
No Related Person Transactions in 2017

In accordance with our written Policies and Procedures Relating to Related Person Transactions adopted by the Board, all "related person transactions" are subject to review, approval or ratification by the Governance Committee. The Policies and Procedures are in addition to, not in lieu of, the requirements relating to conflicts of interest in our Principles of Business Conduct. Copies of both policies are available in the Investors area of our website at http://investors.ryder.com. For purposes of the Policies and Procedures, and consistent with Item 404 of Regulation S-K, a "related person transaction" is:

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

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

Our Principles of Business Conduct require that directors and executive officers report any actual or potential conflicts of interest, including potential related person transactions, to the Company. In addition, each director and executive officer completes and signs a questionnaire annually to confirm there are no material relationships or related person transactions between such individuals and the Company other than those previously disclosed to us. This ensures that all material relationships and related person transactions are identified, reviewed and disclosed in accordance with applicable policies, procedures and regulations. Based on this information, we review the Company's own records and make follow-up inquiries as may be necessary to identify potentially reportable transactions. A report summarizing such transactions is then provided to the Governance Committee.

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

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

Any member of the Governance Committee who has an interest in the related person transaction must abstain from voting on the approval of the transaction. Although such member would normally be excused from any discussions relating to the transaction, the Governance Committee Chair has the authority to request that such member participate in some or all of the Committee's discussions. Typically, participation would only be requested if the other Committee members have questions about the interested member's involvement in the transaction.

There were no related person transactions during 2017.

Ratification of Independent Public Accounting Firm

PROPOSAL NO. 2

RATIFICATION OF INDEPENDENT REGISTERED CERTIFIED PUBLIC ACCOUNTING FIRM

The Audit Committee is directly responsible for the appointment, compensation, retention and oversight of the independent registered certified public accounting firm retained to audit our consolidated financial statements. The Audit Committee has selected and appointed PricewaterhouseCoopers LLP for the year ending December 31, 2018. PricewaterhouseCoopers LLP has audited our consolidated financial statements continuously since 2007.

In executing the responsibilities set forth in its charter, the Audit Committee engages in a thorough annual evaluation of the independent registered certified public accounting firm's qualifications, performance and independence. Before the Audit Committee completes its evaluation, management conducts its own evaluation and provides the results of its evaluation to the Audit Committee. Following completion of the Audit Committee's evaluation, performance feedback is provided to the independent registered certified public accounting firm. The Audit Committee is also responsible for approving the services and audit fees associated with the retention of PricewaterhouseCoopers LLP.

In 2016, the Audit Committee rotated the Company's lead engagement partner from Pricewaterhouse Coopers LLP, pursuant to the rotation requirements of the Public Company Accounting Oversight Board (PCAOB). The Audit Committee and its Chair were directly involved in the selection of the new lead engagement partner.

The Audit Committee and Board believe that the continued retention of PricewaterhouseCoopers LLP to serve as our independent registered certified public accounting firm is in the best interests of Ryder and its shareholders. In selecting PricewaterhouseCoopers LLP to serve as our independent registered certified public accounting firm for 2018, the Audit Committee considered a number of factors, including:

- the quality of PricewaterhouseCoopers LLP's work product and performance;
- the professional qualifications of PricewaterhouseCoopers LLP, the lead engagement partner and other members of the audit team;
- PricewaterhouseCoopers LLP's knowledge and experience with the Company's business operations and industry;
- the results of the PCAOB review of PricewaterhouseCoopers LLP;
- PricewaterhouseCoopers LLP's independence program and controls for maintaining independence;
- the appropriateness of Pricewaterhouse Coopers LLP's audit fees; and
- the results of the Audit Committee's and management's annual evaluation of PricewaterhouseCoopers LLP's qualifications, performance and independence.

Although shareholder ratification of the appointment of PricewaterhouseCoopers LLP is not required, the Board believes that submitting the appointment to shareholders for ratification is a matter of good corporate governance. The Audit Committee will consider the outcome of this vote in future deliberations regarding the appointment of our independent registered certified public accounting firm, and if the shareholders do not ratify the selection, the Audit Committee will reconsider whether or not to retain PricewaterhouseCoopers LLP. Even if the selection is ratified, the Audit Committee in its discretion may change the appointment at any time during the year if it determines that such change would be in the best interests of the Company and our shareholders.

Representatives of PricewaterhouseCoopers LLP will be present at the 2018 Annual Meeting of Shareholders to respond to appropriate questions and to make a statement if they desire to do so.

Fees and Services of Independent Registered Certified Public Accounting Firm

Fees billed for services by PricewaterhouseCoopers LLP for the 2017 and 2016 fiscal years were as follows ($ in millions):

	2017	2016
Audit Fees	$4.7	$4.5
Audit-Related Fees	0.3	0.2
Tax Fees[1]	0.3	0.2
All Other Fees	0.0	0.0
Total Fees	$5.3	$4.9

1 All of the Tax Fees paid in 2017 and 2016 relate to tax compliance services.

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

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

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

Approval Policy

All services rendered by our independent registered certified public accounting firm are either specifically approved (including the annual financial statements audit) or are pre-approved by the Audit Committee, in each instance in accordance with our Approval Policy for Independent Auditor Services (Approval Policy) and are monitored both as to spending level and work content by the Audit Committee to maintain the appropriate objectivity and independence of the independent registered certified public accounting firm's core service, which is the audit of our consolidated financial statements and internal control over financial reporting. Under the Approval Policy, the terms and fees of annual audit services and any changes thereto, must be approved by the Audit Committee. The Approval Policy also sets forth detailed pre-approved categories of other audit, audit-related, tax and non-audit services that may be performed by our independent registered certified public accounting firm during the fiscal year, subject to the dollar limitations set by the Audit Committee. The Audit Committee may, in accordance with the Approval Policy, delegate to any member of the Audit Committee the authority to approve audit and non-audit services to be performed by the independent registered certified public accounting firm. The Audit Committee has delegated to the Chair of the Audit Committee the authority to approve audit and non-audit services if it is not practical to bring the matter before the full Audit Committee and the estimated fee does not exceed $100,000. Any Audit Committee member who exercises his or her delegated authority, including the Chair, must report any approval decisions to the Audit Committee at its next scheduled meeting. All of the services provided in 2017 were approved or pre-approved by the Audit Committee in accordance with the Approval Policy.

The Board recommends a vote FOR ratification of the appointment of PricewaterhouseCoopers LLP as our independent registered certified public accounting firm for the 2018 fiscal year.

AUDIT COMMITTEE REPORT

The Audit Committee is comprised of five outside directors, all of whom are independent under the rules of the NYSE, our director independence standards and applicable rules of the SEC. The Committee operates under a written charter that specifies the Committee's responsibilities. The full text of the Committee's charter is available in the Investors area of our website at http://investors.ryder.com, on the Governance page. The Audit Committee members are not auditors and their functions are not intended to duplicate or to certify the activities of management and the independent registered certified public accounting firm.

The Audit Committee oversees Ryder's financial reporting process on behalf of the Board. Ryder's management has the responsibility for preparing the consolidated financial statements, for establishing and maintaining adequate internal control over financial reporting and for assessing the effectiveness of internal control over financial reporting. Ryder's independent registered certified public accounting firm is responsible for performing an integrated audit of Ryder's annual consolidated financial statements and internal control over financial reporting as of the end of the year in accordance with the standards of the PCAOB and expressing opinions on (1) whether the financial statements present fairly, in all material respects, the financial position and results of operations and cash flows of Ryder in conformity with accounting principles generally accepted in the United States and (2) whether Ryder maintained effective internal control over financial reporting based on criteria established in "Internal Control - Integrated Framework (2013)" issued by the Committee of Sponsoring Organizations of the Treadway Commission. In fulfilling its oversight responsibilities, the Committee reviewed and discussed the audited consolidated financial statements in the annual report on Form 10-K for the fiscal year ended December 31, 2017, and management's assessment of the effectiveness of internal control over financial reporting with Company management, including a discussion of the quality of the accounting principles, the reasonableness of significant judgments and the clarity of disclosures in the financial statements.

The Committee reviewed with the independent registered certified public accounting firm its judgments as to the quality of Ryder's accounting principles and such other matters as are required to be discussed with the Committee by Auditing Standard No. 16, "Communications with Audit Committees", adopted by the PCAOB, as amended and the rules of the SEC. In addition, the Committee has discussed the independent registered certified public accounting firm's independence from Company management and Ryder with the firm, reviewed the written disclosures and letter from the independent registered certified public accounting firm required by applicable requirements of the PCAOB regarding the independent registered certified public accounting firm's communications with the Audit Committee concerning independence, and considered the compatibility of non-audit services with the independent registered certified public accounting firm's independence.

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

In reliance on the reviews and discussions referred to above, the Committee recommended to the Board, and the Board has approved, that the audited consolidated financial statements and management's assessment of the effectiveness of Ryder's internal control over financial reporting be included in the annual report on Form 10-K for the year ended December 31, 2017, filed by Ryder with the SEC. The Committee has also approved, subject to shareholder ratification, the selection of PricewaterhouseCoopers LLP as Ryder's independent registered certified public accounting firm for the 2018 fiscal year.

Submitted by the Audit Committee of the Board.

Robert A. Hagemann (Chair) Tamara L. Lundgren Luis P. Nieto, Jr. Abbie J. Smith Hansel E. Tookes, II

SECURITY OWNERSHIP OF OFFICERS AND DIRECTORS

The following table shows the number of shares of common stock beneficially owned as of February 23, 2018, by each director and each executive officer named in the Summary Compensation Table herein individually and all directors and executive officers as a group. Unless otherwise indicated, the mailing address of everyone is c/o Ryder System, Inc., 11690 N.W. 105th Street, Miami, Florida 33178. The following information is based upon information provided to us or filed with the SEC by the shareholders.

Biographical information for Ryder's executive officers (other than Mr. Timothy Fiore) can be found in our Annual Report on Form 10-K filed with the Securities and Exchange Commission on February 16, 2018.

Timothy (Tim) R. Fiore, age 62, was appointed as Chief Procurement Officer (CPO) for Ryder effective on February 19, 2018. Prior to his current role, Mr. Fiore served as the Chief Procurement Officer of ThyssenKrupp NA from 2012-2014. Additionally, Mr. Fiore has previously held senior supply management roles at Terex Corporation, Celanese Corporation, and United Technologies Corporation. Mr. Fiore holds a master's degree in business administration with a technology focus and a master's in management from Rensselaer Polytechnic Institute, as well as a bachelor's degree in history from the University of Massachusetts in Amherst.

Name of Beneficial Owner	Total Shares Beneficially Owned[1]	Percent of Class[2]
Robert E. Sanchez[3,4]	501,441	*
John M. Berra[5]	30,506	*
Dennis C. Cooke	74,631	*
John J. Diez	54,588	*
Robert J. Eck[3]	14,319	*
Art A. Garcia[4]	110,839	*
Robert A. Hagemann[5]	8,776	*
Michael F. Hilton	10,240	*
Tamara L. Lundgren	9,349	*
Luis P. Nieto, Jr.	22,991	*
David G. Nord	—	
J. Steven Sensing	33,289	*
Abbie J. Smith[4,5]	43,463	*
E. Follin Smith[5]	26,708	*
Dmitri L. Stockton	—	
Hansel E. Tookes, II[3,5]	31,892	*
Directors and Executive Officers as a Group (22 persons)[3,4]	1,206,361	2.268%

* Represents less than 1% of our outstanding common stock, based on the 53,185,373 shares outstanding of the Company's common stock on February 23, 2018.

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

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

3 Includes shares held through a trust, jointly with their spouses or other family members or held solely by their spouses, as follows: Mr. Sanchez, 2,193 shares; Mr. Eck, 1,900 shares; Mr. Tookes, 1,000 shares; and all directors and executive officers as a group, 5,093 shares.

4 Includes shares held in the accounts of executive officers pursuant to our 401(k) plan and deferred compensation plan and shares held in the accounts of directors pursuant to our deferred compensation plan as follows: Ms. A. Smith, 11,663 shares; Mr. Sanchez, 2,900 shares; and Mr. Garcia, 543 shares.

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

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS

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

Name and Address	Number of Shares Beneficially Owned	Percent of Class[3]
The Vanguard Group, Inc.[1] 100 Vanguard Blvd. Malvern, PA 19355	5,018,119	9.45%
BlackRock, Inc.[2] 55 East 52nd Street New York, NY 10055	5,870,993	11.04%

1 Based on the most recent SEC filing by The Vanguard Group, Inc. on Schedule 13G/A dated February 12, 2018. Of the total shares shown, the nature of beneficial ownership is as follows: sole voting power 28,466; shared voting power 5,991; sole dispositive power 4,988,072; and shared dispositive power 30,047.

2 Based on the most recent SEC filing by BlackRock, Inc. on Schedule 13G/A dated January 18, 2018. Of the total shares shown, the nature of beneficial ownership is as follows: sole voting power 5,435,770; shared voting power 0; sole dispositive power 5,870,993; and shared dispositive power 0.

3 The ownership percentages set forth in this column are based on the 53,185,373 shares outstanding of the Company's common stock on February 23, 2018, and the assumption that each person listed above owned the number of shares reflected above on such date.

SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

Section 16(a) of the Securities Exchange Act of 1934 requires our directors and executive officers, and persons who beneficially own more than 10% of a registered class of our equity securities, to file reports with the SEC relating to their common stock ownership and changes in such ownership. To our knowledge, based solely on our records and certain written representations received from our executive officers and directors, during the year ended December 31, 2017, all Section 16(a) filing requirements applicable to directors, executive officers and greater than 10% shareholders were complied with on a timely basis.

COMPENSATION DISCUSSION AND ANALYSIS SUMMARY

The Compensation Discussion and Analysis is designed to provide our shareholders with a clear understanding of our compensation philosophy and objectives, our compensation-setting process, our 2017 compensation program design and final awards for our named executive officers and the redesign of our programs for 2018 based on shareholder input received in the past year. As discussed in Proposal 3 on page 64, we are conducting our annual Say on Pay vote that requests your approval of the compensation of our named executive officers. In deciding how to vote, we recommend that you review this Compensation Discussion and Analysis section with particular focus on:

- Our compensation philosophy to align executive action in the best long-term interests of shareholders;
- Our 2017 compensation program actions and pay-for-performance profile; and
- The redesign of our programs for 2018 based on input from our shareholders.

In 2017, our named executive officers, or NEOs, were:

Robert E. Sanchez	Chair and Chief Executive Officer (CEO)
Art A. Garcia	Executive Vice President and Chief Financial Officer
Dennis C. Cooke	President - Global Fleet Management Solutions
J. Steven Sensing	President - Global Supply Chain Solutions
John J. Diez	President - Dedicated Transportation Solutions

EXECUTIVE SUMMARY

Our executive compensation program reflects the Company's commitment to pay for performance and to strongly align the interests of the Company's leadership with those of our shareholders. The Company's executive compensation program is designed to encourage our executives to take actions that support the Company's short-term financial goals as well as taking actions to ensure strong shareholder value creation over the long-term. This executive summary provides an overview of 2017 Company performance, the alignment between our pay and our performance, our shareholder outreach efforts, key compensation actions taken in 2017 and 2018 and our executive compensation governance practices.

2017 Company Performance

Metric	2017 Results	2017 O/(U) 2016	Metric	2017 Results	2017 O/(U) 2016
Total Revenue	$7.3B	8%	FMS Operating Revenue*	$4.0B	2%
Operating Revenue*	$6.0B	4%	DTS Operating Revenue*	$0.8B	2%
EPS	$14.87	201%	SCS Operating Revenue *	$1.5B	11%
Comparable EPS*	$4.53	(16)%			
Adjusted Return on Capital*	4.2%	(0.6) pps			

Compensation Discussion and Analysis Summary

	Total revenue increased due to new business and higher volumes, as well as higher fuel costs passed through to customers.		
4	Operating revenue* increased due to higher revenue in the SCS business and higher FMS contractual ChoiceLease revenue, partially offset by lower FMS commercial rental revenue. In addition, we had positive free cash flow* from continuing operations in 2017 of $190 million.	4	We grew ChoiceLease by 4,100 vehicles and delivered our sixth consecutive year of lease fleet growth. SelectCare grew by 5,400 vehicles.
4	EBT decreased primarily due to accelerated depreciation and lower used vehicle results in FMS, and increased vehicle	4	Our stock price increased from $74.44 at year end 2016 to $84.17 at year end 2017.

maintenance costs.

4 Adjusted return on capital (ROC)* decreased 60 basis points from 4.8% to 4.2% due to lower net earnings impacted by accelerated depreciation and lower used vehicle sales results in FMS and higher vehicle maintenance spending.

4 We increased our annualized dividend rate by 5% to $1.84 per share of common stock in 2017.

For more information relating to the Company’s 2017 financial performance, please review our 2017 annual report on Form 10-K.

*Operating revenue for Ryder and its FMS, SCS and DTS business segments, free cash flow, comparable earnings per share and adjusted ROC are non-GAAP financial measures. For a reconciliation of total revenue to operating revenue for the Company and each business segment, respectively, a reconciliation of net cash provided by operating activities to free cash flow, a reconciliation of GAAP EPS to comparable EPS and a reconciliation of the non-GAAP elements of our adjusted ROC calculation to the corresponding GAAP measures, as well as the reasons why management believes these measures are useful to shareholders, refer to the "Non-GAAP Financial Measures" section on pages 56-64 of our Form 10-K for the year ended December 31, 2017.

Strategic/Business Highlights

4 Ryder realized record sales and achieved growth across all contractual product lines. In 2017, Ryder delivered our sixth consecutive year of organic lease fleet growth and the second highest year of lease fleet growth as measured by vehicle count. Lease fleet growth is a key indicator of success related to our long-term strategy to grow by further penetrating the non-outsourced market.

4 We launched strategic partnerships with two new electric vehicle companies to become their exclusive maintenance provider and primary sales partner of electric vehicles which are available to lease and rental customers.

4 Approximately 40% of new lease business came from customers who are new to outsourcing in 2017, an increase from approximately 33% in 2015. Sales to customers who are new to outsourcing vehicle ownership and maintenance provides further evidence of success in executing our core growth strategy and is the foundation of long-term

4 We reduced the comparable number of used vehicles by 31% during the year, bringing the used vehicle inventory to the bottom of our target range in a challenging used vehicle sales market, better positioning us for 2018.

sustainable growth.

4 We launched RyderShare™, a software platform providing customers with real-time visibility to freight movement across multiple transportation modes, improving efficiency for our customers.

4 Ryder received the U.S. EPA 2017 SmartWay® Freight Carrier Excellence Award for improving freight efficiency and contributing to cleaner air.

4 We made significant structural reductions in overhead costs throughout the Company, contributing to overall financial results in 2017 and future years.

4 FORTUNE named Ryder among the World's Most Admired Companies for the sixth year in a row.

4 Ryder implemented in cab camera technology into all vehicles operating in Ryder's Supply Chain Solutions and Dedicated Transportation Solutions business segments. This technology improves safety performance by combining data and video analytics with real-time driver feedback and coaching, resulting in reductions in injuries and collisions.

4 We made timely adjustments to the size and mix of our commercial rental vehicle fleet during 2017 in a period of fluctuating market demand. Following lower year-over-year commercial rental fleet utilization in the first quarter reflecting soft demand, the Company realized improved utilization comparisons for the remainder of 2017.

Compensation Discussion and Analysis Summary

Pay for Performance

At-Risk Pay. Consistent with our compensation goals and philosophy, our executives' direct compensation package comprises base salary, an annual cash incentive award, and a long-term performance-based equity award. The following chart illustrates the Company's commitment to pay for performance and shareholder alignment, showing that for 2017: (1) 86% of Mr. Sanchez's target total direct compensation and 76% of the other NEOs target total direct compensation was in the form of at-risk incentive compensation opportunities, the vesting and value of which are tied to achievement of performance goals or the Company's share price; and (2) 68% of Mr. Sanchez's pay and 55% of pay for the other NEOs was in the form of long-term equity and incentive compensation, vesting three years from the grant date. In addition, for 2017 awards, we capped the maximum payout of our annual cash incentive awards at 200% of target and capped our long-term performance-based restricted stock rights at 150% of target. Commencing in 2018, consistent with input from our shareholders, we have increased the cap on our long-term incentive compensation from 150% to 200% which is consistent with our cap on annual cash incentive awards and is the most prevalent maximum used among our compensation peer group.

The percentages in the chart below were determined using: (1) actual 2017 salaries as reported in the Summary Compensation Table; (2) 2017 target payout opportunities under the annual cash incentive awards; and (3) 2017 target long-term incentive program (LTIP) opportunities.

Cash Incentive. As described under "2017 Annual Cash Incentive Award Targets Established" beginning on page 44, in 2017, annual cash incentive awards were earned primarily based on Ryder's performance with respect to comparable earnings per share from continuing operations (comparable EPS) and operating revenue and are subject to an aggregate funding mechanism based on earnings before tax ("EBT"). In the first quarter of 2017, the Compensation Committee set performance targets for each performance metric at challenging levels despite a difficult macroeconomic environment. For 2017, the target operating revenue was $5.98 billion, an increase from 2016 actual operating revenue results of $5.8 billion. However, the target comparable EPS for 2017 was $5.40, a slight decrease from 2016 actual results of $5.42. Our 2017 comparable EPS target was lower than our 2016 results due to the challenging macroeconomic conditions we were facing, particularly in our transactional businesses which are highly cyclical. As the largest independent retailer of commercial used vehicles, we were significantly impacted by prolonged softness in the used vehicle markets. We were also negatively impacted by the decrease in rental vehicle demand. When setting targets for 2017, we took into account the targeted growth in our contractual businesses which we expect will drive long-term shareholder value as well as the anticipated shorter-term challenges in our used vehicle sales and rental vehicle businesses. Our targets were set to be both rigorous and achievable to motivate our executives during this phase of the business cycle.

Our actual 2017 operating revenue performance results were above target, with actual operating revenue at $6.04 billion while our comparable EPS performance results were below our 2017 target, with actual comparable EPS at $4.53, resulting in an aggregate payout of 90.4%. The Compensation Committee reviewed each NEO's individual performance and determined to base each NEO's earned 2017 annual cash incentive award on the Company-wide performance measures. Individual payout amounts are set forth under "Earned 2017 Annual Cash Incentive Awards" on page 45 and reflect our commitment to aligning our executive pay with Company-wide performance.

2017 Long-Term Incentive. As further described under "2017 Long-Term Incentive Program (LTIP) Grants" beginning on page 45, 2017 long-term incentive awards were granted in the form of options (40%) and performance-based restricted stock rights (PBRSRs) (60%). For 2017, PBRSRs can be earned from 0% to 150%, with half of each award based on total shareholder return

(TSR) relative to a custom peer group and half based on adjusted return on capital (ROC). As described in greater detail on pages 47-48, 2017 long-term incentive awards are earned over performance periods of different durations, and all of our long-term incentive awards vest after three years. Ryder's TSR for the third and final performance period (2015-2017) ranked 21st compared to the custom peer group of 26 companies, earning a payout of 0. The overall TSR payout for all three performance periods was 36.67%. Ryder's ROC for the third and final performance period (2017) was 4.22% against a target of 4.86%, earning a payout of 50.52%. The ROC payout for all three performance periods was 64.76%. The overall payout for the 2015-2017 award was 50.72%.

The awards granted and earned in 2017 will vest in February 2020, after performance results for the 2018 and 2019 performance periods are determined and approved by the Compensation Committee.

In 2018, our Compensation Committee made several changes to our LTIP which are described on pages 48-49.

Shareholder Outreach - Say on Pay Feedback

The Company's 2017 Say on Pay vote in May 2017 received 69% support from our shareholders, down from more than 95% in each of our Say on Pay votes in 2011-2016. These results were particularly surprising to us, as we made no significant changes to our executive compensation program in 2016, other than: (1) strengthening our annual performance targets and (2) implementing "double-trigger" change in control vesting in our equity plan, as approved by our shareholders. Our Board viewed the decrease in the "yes" vote as an indication that expanded engagement was needed to ensure we have a clear understanding of, and opportunity to respond to, our shareholders' views on our compensation program.

Following the 2017 annual meeting, at the Board's direction, we reached out to our top 50 shareholders representing over 77% of our outstanding shares, to request a meeting. Shareholders representing nearly 53% of our outstanding shares agreed to engage with us (of which approximately 77% of the shares were held by active investors and 23% by indexed investors).

In August and September 2017, the Board's Lead Independent Director, Mr. Tookes, and its Compensation Committee Chair, Ms. F. Smith, along with key members of management, met in person and by phone with 20 of Ryder's largest shareholders, representing nearly 53% of our outstanding shares. In addition, management and our investor relations team held over one hundred other meetings and discussions with shareholders between the 2017 annual meeting and the end of 2017. These meetings provided the Compensation Committee and the Board with valuable insights into our shareholders' perspectives on our compensation program and potential improvements to the program, as described below.

In addition, the Compensation Committee undertook a fresh review of our executive compensation programs, with particular emphasis on our short- and long-term incentive plans. Over the course of July 2017 to February 2018, with input from its independent compensation consultant and management, the Compensation Committee conducted a comprehensive review of our programs, including performance metrics and targets, as well as the peer group used in benchmarking executive compensation.

Overall, we received very positive feedback from the shareholders who engaged with us regarding the Company's strategy and management team as well as the disclosure around our executive compensation program. Management initiated discussions around two specific enhancements to our LTIP that were being considered: (1) moving from LTIP performance targets of less than three years to three-year performance targets with no discretion to change these targets during the three-year performance period and (2) changing the standalone TSR performance metric to a TSR modifier that adjusts performance-based payouts to reflect our long-term business priorities. We discussed our ideas for implementing these changes with investors and received valuable insight.

As a result of these engagement efforts and evaluation, the Committee determined to make several changes to our LTIP program to address the specific changes discussed during our shareholder outreach efforts, and to implement certain other design changes to our executive compensation program to ensure management is appropriately aligned with the long-term interests of our shareholders, as described below.

In addition, the Committee refined our executive compensation program consistent with its ongoing efforts to ensure that our programs are optimally designed to reflect shareholder values, respond to changing market practices and retain effective leaders who have a significant understanding of our business, particularly during a cyclical economic environment.

Compensation Discussion and Analysis Summary

2017 Shareholder Feedback - Our Response Process

Compensation Discussion and Analysis Summary

2018 Key Compensation Actions and Decisions

The key features of the redesign of our long-term incentive compensation program (LTIP) for 2018 awards are set forth below and are described in further detail in the Compensation Discussion and Analysis section.

Commit to a three-year LTIP performance target and remove discretion to change the target within the three-year performance period.	Beginning with our 2018 LTIP awards, we have set a fixed three-year target, with no discretion to change the target within the three-year performance period.
Continue the use of return on capital metrics in the LTIP, which shareholders value especially for leasing companies. Investors acknowledged that ROC targets must change as interest rates and equity costs change during a three-year performance period. To reconcile any concerns that targets not change during the three-year performance period with the fact that the actual cost of capital will fluctuate during any given year period, several investors suggested using a target spread.	Beginning with our 2018 LTIP awards, we have replaced the annual ROC metric in the LTIP with a three-year ROC/COC (cost of capital) spread target which is designed to incentivize ROC spread improvement over the three-year performance period and will be measured at the end of such three-year period.
Eliminate the standalone TSR metric and use TSR as a modifier which enhances payment for superior relative stock performance and penalizes compensation for below median stock performance.	Beginning with our 2018 LTIP awards, we have shifted TSR from a standalone metric to a results modifier, where PBRSR awards would be reduced if TSR performance is below the median of Ryder’s TSR peer group and increased if above median. No TSR modifier will be applied to increase payments if Ryder’s absolute TSR is negative.
Investors concurred that management's strategic focus on growing certain areas of the business will be a key to driving long-term shareholder value. Several suggested creating a specific metric in the LTIP that incentivizes strategic revenue growth areas.	Beginning with our 2018 awards, metrics now include strategic revenue growth. Strategic revenue will include such items as long-term contractual lease growth, transactional maintenance, dedicated transportation contracts and supply chain revenue growth. The 2018 performance target is based on a three-year compound average growth rate established at the grant date. Performance will be compared to this target at the end of the three-year performance period to determine the payout of this metric.
Review the compensation peer group to confirm operational alignment and appropriate size.	Removed four companies from Ryder’s compensation peer group due to operational fit and size and added three peers based on qualitative and quantitative similarity. The TSR peer group was modified as well.
Acknowledging the cyclicality of certain elements of Ryder's business which will drive higher and lower earnings and shareholder returns at certain points in the cycle, shareholders suggested that higher than 150% maximum payouts for the LTIP could be appropriate when the elements which drive long-term shareholder value achieve very good results.	Increased the maximum payout on PBRSRs under the LTIP from 150% to 200% to incentivize achievement on the payout metrics (ROC/COC spread and strategic revenue growth) which will drive shareholder value over the long term. Based upon data provided by the independent compensation consultant, a maximum payout of 200% is the most prevalent practice among our compensation peer group.

In addition, the Compensation Committee made the following changes to the compensation programs:

- Introduced restricted stock rights (with three-year ratable vesting) which will comprise 10% of our LTIP award to enhance executive stock ownership and serve as a retention tool for our executives. Based on the data provided by the independent compensation consultant, the use of restricted stock is consistent with markett practice as well as our peer group companies and the broader universe of large companies. The introduction of restricted stock weighted at 10% of the LTIP value would result in a reduction to the allocation of stock options, from 40% in 2017 to 30% of the LTIP value in 2018.

- Discontinued the financial planning and tax preparation allowance and eliminated the executive home security allowance in 2018.

Compensation Discussion and Analysis Summary

Summary of Executive Compensation Governance Practices

Our executive compensation practices support the needs of our business, drive performance and ensure alignment with the short- and long-term interests of our shareholders.

What We Do

ü Directly link pay with company performance
ü Limit perquisites
ü Use double-trigger change of control provisions
ü Use three-year performance periods and targets for long-term performance metrics
ü Engage an independent compensation consultant
ü Maintain robust stock ownership requirements
ü Subject performance-based incentive awards to clawback policy
ü Grant majority of pay in performance-based compensation which is not guaranteed
ü Engage in a robust target-setting process for incentive metrics
ü Provide for caps for incentive compensation

What We Don't Do

û Provide employment agreements
û Provide tax gross ups related to a change of control, perquisites or benefits
û Reprice underwater stock options without shareholder approval
û Grant equity awards below 100% of fair market value or grant options at a discount
û Pay dividends or dividend equivalents on unvested PBRSRs or restricted stock rights
û Permit hedging transactions
û Permit pledging activity or use of margin accounts by executives or directors

Compensation Philosophy and Objectives

Our primary goal is to design compensation programs that will attract, retain and motivate high-quality executives who possess diverse skills and talents. We believe these compensation programs, together with a workplace culture that drives engagement and innovation, enable Ryder to meet its strategic objectives and ultimately increase the value of our shareholders' investment in the Company.

Our compensation program has five key goals:

4 Attracting and Retaining Talent
Offer an executive compensation program that allows us to utilize and adjust compensation elements in order to deliver market competitive compensation and reward performance.

4

Encouraging Shareholder Alignment
Align the interests of our executives with our shareholders by tying a significant portion of executive compensation to Company performance through the use of complementary pay elements including significant equity based compensation.

Encouraging Firmwide Orientation
Balance the short- and long-term interests of our shareholders so that our
4 executives are appropriately encouraged and rewarded for actions that are in the best interests of our Company as a whole and drive collaboration.

4 Encouraging Appropriate Risk-Taking
Provide incentives to executives that will promote long-term, sustainable,

profitable growth and encourage appropriate risk-taking.

4 Paying for Performance Reward each named executive officer's individual performance, contribution and value to Ryder.

COMPENSATION DISCUSSION AND ANALYSIS

Compensation Setting Process

The Compensation Committee is responsible for making determinations about our executive compensation programs, practices and levels. The Compensation Committee's independent compensation consultant along with management assist the Committee in making these determinations. Below is an explanation of: (1) the key roles and responsibilities of each group in setting executive compensation; (2) the executive evaluation process; (3) how competitive market data is integrated into the decision-making process; and (4) how shareholder feedback is evaluated.

Role of the Compensation Committee

The Compensation Committee is responsible for reviewing and approving, or recommending that the Board approve, all components of our executive compensation program as well as the compensation program for our Board. New executive compensation plans and programs must be approved by the full Board based on recommendations made by the Compensation Committee. The Compensation Committee reviews and recommends the compensation of our CEO to the full Board (excluding the CEO). Our independent directors, acting as a group, approve the target amounts to be awarded to him and his actual payouts at the end of each performance period. After considering the CEO's assessment and recommendation for each NEO, the Compensation Committee determines and approves the compensation of all other NEOs.

Role of the Independent Compensation Consultant

The Compensation Committee has retained Frederic W. Cook & Co., Inc. ("Cook") as its independent consultant. Cook reports directly to the Compensation Committee and provides advice about our compensation program and design, including views on current compensation trends and best practices and how our executive and director compensation program and practices compare to those of our peers and broader industry. Cook also works with the Compensation Committee on a regular basis to provide recommendations and insights on how to make our executive compensation plans, practices and structure more effective. During 2017, Cook supported the Compensation Committee in evaluating enterprise and related risk associated with our executive compensation components and plans as discussed under “Compensation Risks” on page 51. During 2017, Cook also provided an evaluation of of the Company's compensation peer group and TSR custom peer group and provided recommendations to the Compensation Committee on the selection of companies for inclusion in our compensation peer group and TSR custom peer group. Cook also provided advice to the Compensation Committee regarding director compensation in 2017. A consultant from Cook attended all of the Compensation Committee meetings in person or by telephone in 2017 and participated in independent director sessions with no management present.

The Compensation Committee undertakes an annual review of whether Cook's work as a compensation consultant has raised any conflict of interest, taking into consideration the following factors: (1) the provision of other services to the Company by Cook; (2) the amount of fees from the Company paid to Cook as a percentage of Cook's total revenue; (3) Cook's policies and procedures that are designed to prevent conflicts of interest; (4) any business or personal relationship of Cook’s compensation advisers with an executive officer of the Company or any member of the Compensation Committee; and (5) any stock of the Company owned by Cook’s compensation advisers. Considering this information, the Compensation Committee confirmed that Cook does no other work for the Company and determined that Cook is independent and that its work for Ryder has not raised any conflict of interest.

Role of Management

Our CEO, Chief Human Resources Officer, Vice President-Compensation and Benefits, and Vice President and Deputy General Counsel recommend agendas and develop written background and supporting materials for review at Compensation Committee meetings, attend Compensation Committee meetings at the Compensation Committee's request, and provide information regarding, and make recommendations about, designs for and, if warranted, changes to our executive compensation programs. Our CEO provides an assessment of each NEO's performance and recommends compensation actions for NEOs other than himself.

Evaluating Performance

Annually, our CEO provides the Compensation Committee with his performance assessment and compensation recommendations for each NEO other than himself. The performance assessment includes strengths, areas for development and succession potential and is based on individual performance evaluations conducted by the CEO. Our

CEO also reviews each NEO's compensation history and current market compensation data.

At the end of each year, the independent directors begin to conduct a performance review of the CEO. The CEO first provides the independent directors with a self-evaluation relative to his individual goals and objectives. After the directors have reviewed these materials, each independent director completes a comprehensive evaluation questionnaire relating to the CEO's performance. This questionnaire is prepared by the Governance Committee, which is responsible for developing and overseeing the process by which the CEO will be evaluated. In addition to evaluating the CEO’s performance with respect to his individual goals and objectives, the questionnaire focuses on the CEO’s performance in developing and executing the Company’s strategic initiatives, leadership of the Company, the Board and relations with stakeholders (including shareholders, customers and employees) and succession planning/talent development.

At the February Committee meeting, the Compensation Committee discusses the results of the CEO’s performance review in executive session with only the independent directors in attendance and formulates its recommendations regarding CEO compensation. At the February Board meeting, in executive session without the CEO present, the independent directors evaluate and discuss the CEO’s performance and determine his compensation based on the results of his performance evaluation and the recommendations of the Compensation Committee. The Lead Independent Director and Chair of the Compensation Committee then provide feedback to the CEO on his performance.

Use of Benchmarking

Our Compensation Committee compares our executive compensation program to that of our peers to help analyze our executive compensation structure, determine the levels of compensation for our executives and review our program's effectiveness in attracting and retaining talent.

In evaluating each element of our executive compensation program, the Compensation Committee uses benchmark comparisons to peer groups and, particularly when appropriate peer group data is unavailable, with general industry survey data. The Compensation Committee does not design our executive compensation programs to fit within a specific percentile of the executive compensation programs of other companies comprising any particular peer group or survey. The Compensation Committee does consider the median compensation of similar executives at the peer companies, both for each compensation component and the total compensation package, as a reference in making compensation decisions. In assembling the comparative peer groups, the Compensation Committee is mindful that there are no public companies that provide the same mix of services as Ryder. Consequently, comparable compensation data is limited and less relevant for Ryder than it may be for other companies in industries where there are more directly comparable peers.

In connection with its review of competitive market data, Frederic W. Cook & Co., Inc. ("Cook") utilized a peer group (Industry Peer Group) against which it analyzed each NEO's compensation. Management and the Compensation Committee believe that utilizing data from this Industry Peer Group provides a useful basis of comparison for NEO compensation as we compete with many of these companies for executive talent. The Industry Peer Group for 2017 is comprised of:

1. Avis Budget Group, Inc.
2. C. H. Robinson Worldwide, Inc.
3. Celadon Group, Inc.
4. CSX Corporation
5. Expeditors International of Washington, Inc.
6. FEDEX Corporation
7. GATX Corporation
8. Hertz Global Holdings, Inc.
9. Hub Group, Inc.
10. J.B. Hunt Transport Services Inc.
11. Landstar System, Inc.
12. Old Dominion Freight Line, Inc.
13. Trinity Industries, Inc.
14. United Parcel Service, Inc.

During 2017, the Compensation Committee directed Cook to review Ryder's current compensation peer group for any appropriate changes to its composition. Prospective peer companies were evaluated primarily based on revenue, market capitalization and industry. In addition, Cook reviewed the business characteristics of the potential peer group members including whether they are public companies listed on major U.S. exchanges, whether they are companies with which Ryder could compete for talent and whether they are companies with which Ryder competes for investor capital. Cook also reviewed and considered the companies that are included in Ryder's proxy advisor peer groups. Cook recommended removing Celadon Group, Inc., Trinity Industries, Inc., UPS and FedEx due to several factors, including differences in size and lack of operational similarity. Cook recommended adding XPO Logistics, United Rentals and Knight-Swift due to their operational alignment. In December 2017, the Committee approved these recommended changes and will be utilizing the revised peer group commencing in 2018.

CEO and Senior Management Succession Planning

Our Board oversees CEO and senior leadership succession planning, which is formally reviewed at least annually. Our CEO and our Chief Human Resources Officer provide our Board with recommendations and evaluations of potential

CEO successors and review their development plans. Our Board reviews potential internal senior leadership candidates with our CEO and Chief Human Resources Officer, including the qualifications, experience, and development priorities for these individuals. Directors engage with potential CEO and senior leadership successors at Board and committee meetings and in less formal settings to allow directors to personally assess candidates. Further, our Board periodically reviews the overall composition of our senior leadership's qualifications, tenure and experience.

Our Board has prepared a crisis preparedness plan for potential crises that could occur, including plans for an unplanned departure or emergency succession of the CEO or other executive management. Our Governance Committee reviews and oversees (in conjunction with the other committees, as necessary) the steps to address emergency CEO succession planning in extraordinary circumstances. Our emergency CEO succession planning is intended to enable our Company to respond to an unexpected vacancy by continuing business operations with minimal disruption.

2017 EXECUTIVE COMPENSATION PROGRAM

Our executive officers do not have employment agreements, which gives the Compensation Committee flexibility to change the components of our executive compensation program in order to remain market competitive, address economic conditions and ensure proper alignment with shareholder interests.

We do not have a formal policy relating to the allocation of total compensation among the various components. However, both management and the Compensation Committee believe that the more senior the position an executive holds, the more influence he or she has over our operating, financial and strategic performance. As such, a greater amount of NEO compensation should be at-risk based on Ryder's performance. Accordingly, the majority of target compensation that our NEOs are eligible to receive is dependent upon the achievement of short- and long-term performance objectives and/or appreciation in the value of Ryder stock. In addition to these incentive opportunities, our compensation program provides all executive officers, including our NEOs, a proportionately lesser amount of fixed elements, such as base salary and benefits. We also provide competitive severance and change of control arrangements to ensure that the executive will act in the best interests of the shareholders rather than avoiding a transaction which could result in termination of employment. The actual compensation mix and value for each NEO may vary based on job responsibilities, market competition for the position, an individual's experience, past performance and contributions, compensation history, tenure, long-term potential and succession planning and strategic needs.

The chart below illustrates the principal elements and design of Ryder's executive compensation program in 2017.

Compensation Discussion and Analysis

2018 Executive Compensation Program Design Changes

In 2018, after considering the perspectives provided by shareholders, the Board, management and our independent compensation consultant, our Compensation Committee took a fresh look at our short-and long-term incentive programs and made several changes to our executive compensation structure and design.

The chart below illustrates the principal elements and design of Ryder's executive compensation program in 2018 after incorporating the changes described on pages 48-49.

Actual 2017 Compensation

Detailed descriptions of the components of compensation and how the Compensation Committee determined compensation levels for 2017 are discussed below.

Base Salary

Base salary is paid in cash and is the sole fixed component of an executive's total direct compensation. In determining the base salaries of each of our NEOs, the Compensation Committee considers his or her experience and performance. In addition, the Committee reviews the competitive market pay rates for each NEO position from surveys and comparative data provided by our independent compensation consultant. The Compensation Committee does not target base pay at any particular level versus a peer group, although it uses median pay as a reference point. Adjustments are made after a review of the executive's relative positioning against peer salary levels. In its overall assessment, the Compensation Committee also considers the following factors (without assigning any specific weighting to any individual factor):

- the individual's experience and performance;
- annual merit increase paid to all other Ryder employees;
- demand in the labor market for the particular executive position; and
- succession planning implications.

In October 2017, all NEOs received an annual base salary increase ranging from 2.0% to 2.2%.

Compensation Discussion and Analysis

2017 Annual Cash Incentive Award Targets Established
Our 2017 executive annual cash incentive awards were designed to reflect both Company performance and individual performance, both positive and negative. In structuring our annual cash incentive awards, early in 2017, the Compensation Committee sets target payout opportunities for each executive. For 2017, the target payout opportunity remained unchanged for each of our NEOs at 150% of base salary for Mr. Sanchez, 100% of base salary for Mr. Cooke, Mr. Sensing and Mr. Diez, and 80% of base salary for Mr. Garcia.

The Compensation Committee also set Company performance targets for the awards. Given the Company's continued focus on earnings and revenue growth in 2017, the Compensation Committee continued to use comparable EPS and operating revenue (weighted 60% and 40%, respectively) as the 2017 financial performance metrics for all incentive-eligible employees. We believe that setting annual revenue and earnings targets which incorporate growth in key revenue and earnings components and which reflect the expected economic environment for more cyclical parts of the business is the best path to ensure annual execution is consistent with creating long-term shareholder value growth. Furthermore, the Compensation Committee has discretion to adjust reported results for these metrics to ensure that they properly reflect the results participants in our annual cash incentive program achieve during the performance year and are not impacted, positively or negatively, by certain items, including non-recurring or non-operational items.

4 Comparable EPS (a non-GAAP financial measure) is defined as earnings per share from continuing operations excluding non-operating pension costs and other significant items not representative of our business operations. The comparable EPS used by the Compensation Committee is consistent with the comparable EPS in Ryder press releases and public presentations.

4 Operating Revenue (a non-GAAP financial measure) is defined as total revenue for Ryder excluding any (1) fuel and (2) subcontracted

transportation. We exclude these two components because they may be volatile without having any impact on earnings.
Based on our internal business plan, early in 2017, the Compensation Committee set the following performance targets for 2017:

Performance Metric	Threshold (25% Payout)*	Target (100% Payout)*	Maximum (200% Payout)*
Comparable EPS (60% of payout)	$3.24	$5.40	$5.99
Operating Revenue (in millions) (40% of payout)	$5,080	$5,977	$6,275

*Financial targets disclosed in this section are done so in the limited context of our annual cash incentive awards and are not statements of management's expectations or estimates of results or other guidance. We specially caution investors not to apply these statements to other contexts.
At the beginning of 2017, consistent with the Compensation Committee's desire to strike an appropriate balance between our growth and return objectives and in light of challenging macroeconomic conditions, particularly with respect to our transactional businesses, the Compensation Committee established 2017 comparable EPS targets slightly lower than those set in 2016. The 2017 targets required management to grow in strategic areas but realistically called for declines in our transactional businesses which are highly cyclical. As the largest independent retailer of commercial used vehicles, we were significantly impacted by prolonged and deep declines in used vehicle prices. We were also negatively impacted by the decrease in rental vehicle demand. Our targets were set to be both rigorous and achievable to motivate our executives during this phase of the business cycle.
The Committee also established both aggregate and individual funding maximums based on a percentage of EBT. For this purpose, EBT is the comparable EBT as disclosed on page 59 of the Company's annual report on Form 10-K for the year ended December 31, 2017. The Compensation Committee has discretion to adjust reported EBT results in order to ensure that they properly reflect the performance of our core business and are not impacted, positively or negatively, by certain items, including non-recurring or non-operational items. The aggregate funding maximum for 2017 annual cash incentive awards was set at $300 million of EBT, and the individual funding maximums remained unchanged for each NEO for 2017, as follows:

NEO	2017 Individual Funding Maximum (as % of aggregate funding maximum)
Robert E. Sanchez	1.00%
Art A. Garcia	0.30%
Dennis C. Cooke	0.50%
J. Steven Sensing	0.50%
John J. Diez	0.50%

Earned 2017 Annual Cash Incentive Awards

Our 2017 actual comparable EPS was $4.53 (a decrease of 16% compared to 2016), and actual operating revenue was $6.0 billion (an increase of 4% compared to 2016).

The following chart sets forth actual 2017 results for each of the performance metrics, and the payout calculation based on these results:

Performance Metric	Threshold (25% Payout)	Target (100% Payout)	Maximum (200% Payout)	Weight	2017 Results	2017 Payout (as a % of target opportunity)
Comparable EPS	3.24	$5.40	$5.99	60%	$4.53	69.8%
Operating Revenue (in millions)	$5,080	$5,977	$6,275	40%	$6,040	121.3%
Initial Payout Calculation (weighted)						90.4%

The Committee reviews the initial payout calculation for each NEO. The Compensation Committee then considers the NEO's performance and contributions to the Company's financial results and strategic progress and may adjust the actual award payout upwards or downwards to reflect this individual performance review. Individual performance criteria for all NEOs in 2017 included performance relative to furthering the Company's strategic initiatives, internal leadership, business development and other business goals, risk management, talent development, financial management, and regulatory and compliance results.

The Compensation Committee determined to grant earned 2017 annual cash incentive awards consistent with our financial results for each NEO and did not adjust any awards from the initial payout calculation. The following chart sets forth the earned 2017 annual cash incentive award for each of our NEOs:

Name	Target 2017 Payout	Actual 2017 Payout	% of Target
Robert E. Sanchez	$1,206,049	$1,090,148	90.4%
Art A. Garcia	$394,016	$356,151	90.4%
Dennis C. Cooke	$555,025	$501,687	90.4%
J. Steven Sensing	$449,721	$406,503	90.4%
John J. Diez	$449,721	$406,503	90.4%

2017 Long-Term Incentive Program (LTIP) Grants

The LTIP awarded in early 2017 was designed to align the interests of our NEOs with those of our shareholders by directly linking NEO pay with sustained Company performance.

The Compensation Committee considered a variety of factors in establishing the LTIP target for an individual, including overall compensation relative to peers and market benchmarks; the NEO’s role, responsibilities and performance; the NEO’s long-term potential; retention risk; and the value of the NEO’s outstanding equity awards. Once LTIP target values were set, the LTIP awards were granted in the form of stock options (40%) and PBRSRs (60%). 2017 LTIP target values for each of our NEOs, and the amount of stock options and PBRSRs in which 2017 LTIP target awards were granted, are as follows:

NEO	2017 LTIP Target Value ($)	Stock Options (#)*	PBRSRs (#)
Robert E. Sanchez	$4,100,000	104,390	32,160
Art A. Garcia	$1,200,000	30,555	9,415
Dennis C. Cooke	$1,350,000	34,370	10,590
J. Steven Sensing	$950,000	24,190	7,450
John D. Diez	$950,000	24,190	7,450

*Stock options were issued at $76.49, the closing price of our common stock as reported by the NYSE on February 10, 2017.