

RYDER SYSTEM INC
Form PRE 14A
March 04, 2013
Table of Contents

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
SCHEDULE 14A
(RULE 14a-101)
INFORMATION REQUIRED IN PROXY STATEMENT
SCHEDULE 14A INFORMATION

Proxy Statement Pursuant to Section 14(a) of the Securities
Exchange Act of 1934 (Amendment No.)

Filed by the Registrant
Filed by a Party other than the Registrant

Check the appropriate box:

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

Ryder System, Inc.

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if Other Than the Registrant)

Payment of Filing Fee (Check the appropriate box):

- No fee required.
- Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which transaction applies:

(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:

- Fee paid previously with preliminary materials:
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:

Table of Contents

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

NOTICE OF 2013 ANNUAL MEETING OF SHAREHOLDERS

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

Date: May 3, 2013

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

Purpose:

1. To elect six directors as follows: four directors for a three-year term expiring at the 2016 Annual Meeting of Shareholders; one director for a two-year term expiring at the 2015 Annual Meeting of Shareholders; and one director for a one-year term expiring at the 2014 Annual Meeting of Shareholders.
2. To ratify the appointment of PricewaterhouseCoopers LLP as our independent registered certified public accounting firm for the 2013 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 declassify the Board.
5. To vote on a shareholder proposal.
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 8, 2013.

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

- via Internet;
- by telephone;
- by mail, if you have received a paper copy of the 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 18, 2013

This proxy statement and the form of proxy, along with the annual report on Form 10-K for the fiscal year ended December 31, 2012, and shareholder letter were first sent or given to shareholders on or about March 18, 2013. IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS FOR THE ANNUAL MEETING TO BE HELD ON FRIDAY, MAY 3, 2013.

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

Table of Contents

TABLE OF CONTENTS

	Page
<u>INFORMATION ABOUT OUR ANNUAL MEETING</u>	<u>1</u>
<u>ELECTION OF DIRECTORS (PROPOSAL 1)</u>	<u>4</u>
<u>CORPORATE GOVERNANCE</u>	<u>11</u>
<u>BOARD OF DIRECTORS</u>	<u>11</u>
<u>AUDIT COMMITTEE</u>	<u>15</u>
<u>COMPENSATION COMMITTEE</u>	<u>15</u>
<u>CORPORATE GOVERNANCE AND NOMINATING COMMITTEE</u>	<u>16</u>
<u>FINANCE COMMITTEE</u>	<u>18</u>
<u>RISK MANAGEMENT</u>	<u>18</u>
<u>RELATED PERSON TRANSACTIONS</u>	<u>19</u>
<u>RATIFICATION OF INDEPENDENT REGISTERED CERTIFIED PUBLIC ACCOUNTING FIRM (PROPOSAL 2)</u>	<u>20</u>
<u>AUDIT COMMITTEE REPORT</u>	<u>21</u>
<u>SECURITY OWNERSHIP OF OFFICERS AND DIRECTORS</u>	<u>22</u>
<u>SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS</u>	<u>23</u>
<u>SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE</u>	<u>23</u>
<u>COMPENSATION DISCUSSION AND ANALYSIS</u>	<u>24</u>
<u>COMPENSATION COMMITTEE REPORT ON EXECUTIVE COMPENSATION</u>	<u>40</u>
<u>EXECUTIVE COMPENSATION</u>	<u>41</u>
<u>DIRECTOR COMPENSATION</u>	<u>53</u>
<u>ADVISORY VOTE ON EXECUTIVE COMPENSATION (PROPOSAL 3)</u>	<u>55</u>
<u>PROPOSAL TO DECLASSIFY BOARD (PROPOSAL 4)</u>	<u>57</u>
<u>SHAREHOLDER PROPOSAL (PROPOSAL 5)</u>	<u>58</u>
<u>OTHER MATTERS</u>	<u>61</u>
<u>APPENDIX A</u>	<u>A-1</u>

Table of Contents

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

PROXY STATEMENT

INFORMATION ABOUT OUR ANNUAL MEETING

You are receiving this proxy statement because you own shares of Ryder common stock that entitle you to vote at the 2013 Annual Meeting of Shareholders to be held on Friday, May 3, 2013 at 10:00 a.m., Eastern Daylight Time, at our corporate headquarters. Our Board of Directors (Board) is soliciting proxies from shareholders who wish to vote at the meeting. By using a proxy, you can vote even if you do not attend the meeting. This proxy statement describes the matters on which you are being asked to vote and provides information on those matters so that you can make an informed decision.

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

Proposal	Board Recommendation
1. To elect six directors as follows: Robert J. Eck, Eugene A. Renna, Tamara L. Lundgren and Abbie J. Smith for a three-year term expiring at the 2016 Annual Meeting of Shareholders; Robert E. Sanchez for a two-year term expiring at the 2015 Annual Meeting of Shareholders; and Michael F. Hilton for a one-year term expiring at the 2014 Annual Meeting of Shareholders.	FOR
2. To ratify the appointment of PricewaterhouseCoopers LLP as our independent registered certified public accounting firm for the 2013 fiscal year.	FOR
3. To approve, on an advisory basis, the compensation of our named executive officers, which we refer to as "Say on Pay".	FOR
4. To approve amendments to our Articles of Incorporation and By-Laws to declassify the Board.	FOR
5. To vote on a shareholder proposal to eliminate all supermajority vote provisions in our Articles of Incorporation and By-Laws.	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" proposal 5.

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

Who can vote? Holders of Ryder common stock at the close of business on March 8, 2013, the record date, are entitled to vote their shares at the Annual Meeting. As of March 8, 2013, there were [] shares of common stock issued, outstanding and entitled to vote. Each share of common stock issued and outstanding is entitled to one vote.

What is a quorum? A quorum is the minimum number of shares required to hold a meeting. Under our By-Laws, the holders of a majority of the total number of shares issued and outstanding and entitled to vote at the meeting must be present in person or represented by proxy for a quorum. If you sign and return your proxy marked "abstain", your shares will be counted for purposes of determining whether a quorum is present.

What is the difference between a shareholder of record and a beneficial owner? You are a shareholder of record if you are registered as a shareholder with our transfer agent, Wells Fargo Bank, National Association (Wells Fargo). You are a beneficial shareholder if a brokerage firm, bank, trustee or other agent (nominee) holds your shares. This is often called ownership in "street name", since your name does not appear anywhere in our records.

Table of Contents

How do I vote? If you are a shareholder of record, you may vote:
 via Internet;
 by telephone;
 by mail, if you received a paper copy of the proxy materials; or
 in person at the meeting.

Detailed instructions for Internet and telephone voting are set forth on the notice of Internet availability (Notice), which contains instructions on how to access our proxy statement, annual report and shareholder letter online, and the printed proxy card.

If your shares are held in our 401(k) plan, your proxy will serve as a voting instruction for the trustee of our 401(k) plan who will vote your shares as you instruct. To allow sufficient time for the trustee to vote, your voting instructions must be received by April 30, 2013. If the trustee does not receive your instructions by that date, the trustee will vote the shares you hold through our 401(k) plan in the same proportion as those shares in our 401(k) plan for which voting instructions were received.

If you are a beneficial shareholder, you must follow the voting procedures of your nominee. Brokerage firms have the authority under New York Stock Exchange (NYSE) rules to vote shares for which their customers do not provide voting instructions on certain “routine” matters. A broker non-vote occurs when a nominee who holds shares for another does not vote on a particular item because the nominee does not have discretionary voting authority for that item and has not received instructions from the owner of the shares. Broker non-votes are included in the calculation of the number of votes considered to be present at the meeting for purposes of determining the presence of a quorum but are not counted as shares present and entitled to be voted with respect to a matter on which the nominee has expressly not voted.

The table below sets forth the number of votes needed for each proposal on the ballot to pass. The table also sets forth whether a nominee can exercise discretion and vote your shares absent your instructions and if not, the impact of such broker non-vote on the approval of the proposal; and the impact of abstentions.

What if I am a beneficial shareholder and I do not give the nominee voting instructions?

How many votes are needed for the proposals to pass?

Proposal	How Many Votes are Needed for a Proposal to Pass?	Can Brokers Vote Absent Instructions?	Impact of Broker Non-Vote	Impact of Abstentions
1. Election of Directors	Majority of Votes Cast	No	None	None
2. Ratification of Pricewaterhouse Coopers	Majority of Shares Outstanding	Yes	Not Applicable	Same as a Vote “Against”
3. Say on Pay	Majority of Votes Cast	No	None	None
4. Declassify Board of Directors	75% of Shares Outstanding	No	Same as a Vote “Against”	Same as a Vote “Against”
5. Shareholder Proposal to Eliminate Supermajority Vote Provisions	Majority of Shares Outstanding	No	Same as a Vote “Against”	Same as a Vote “Against”

Proposals 3 & 5 are non-binding advisory votes. What is the effect if they pass?

Although the advisory votes on Proposals 3 and 5 are non-binding, our Board and the relevant Committees will review the results and, consistent with our record of shareholder engagement, take them into account in making future decisions.

With respect to Proposal 5, pursuant to our Corporate Governance Guidelines, we will reconsider a shareholder proposal that is not supported by the Board if it receives approval by a majority of the Company’s outstanding voting stock.

Table of Contents

How do I change my vote?	<p>A shareholder of record may revoke a proxy by giving written notice of revocation to our Corporate Secretary before the meeting, by delivering a later-dated proxy (either in writing, by telephone or over the Internet), or by voting in person at the Annual Meeting.</p> <p>If you are a beneficial shareholder, you may change your vote by following your nominee's procedures for revoking or changing your proxy.</p>
What shares are covered by my proxy card?	<p>Your proxy reflects all shares owned by you at the close of business on March 8, 2013. For participants in our 401(k) plan, shares held in your account as of that date are included in your proxy.</p>
What does it mean if I receive more than one proxy card?	<p>It means that you hold shares in more than one account. To ensure that all your shares are voted, sign and return each proxy card. Alternatively, if you vote by telephone or on the Internet, you will need to vote once for each proxy card and voting instruction card you receive.</p>
Who can attend the Annual Meeting?	<p>Only shareholders and our invited guests are permitted to attend the Annual Meeting. To gain admittance, you must bring a form of personal identification to the meeting, where your name will be verified against our shareholder list. If a nominee holds your shares and you plan to attend the meeting, you should bring a brokerage statement showing your ownership of the shares as of the record date, a letter from the nominee confirming such ownership and a form of personal identification. If you wish to vote your shares that are held by a nominee at the meeting, you must obtain a proxy from your nominee and bring your proxy to the meeting.</p>
If I plan to attend the Annual Meeting, should I still vote by proxy?	<p>Yes. Casting your vote in advance does not affect your right to attend the Annual Meeting. If you send in your proxy card and also attend the meeting, you do not need to vote again at the meeting unless you want to change your vote. Written ballots will be available at the meeting for shareholders of record.</p> <p>Beneficial shareholders who wish to vote in person must request a legal proxy from their nominee and bring that legal proxy to the Annual Meeting.</p>

Table of Contents

ELECTION OF DIRECTORS

(Proposal 1)

Under our By-Laws, directors are elected for three-year terms, typically with one-third of the directors standing for election in any given year. The six directors whose terms expire at the 2013 Annual Meeting of Shareholders are Robert J. Eck, Tamara L. Lundgren, Eugene A. Renna, Abbie J. Smith, Robert E. Sanchez and Michael F. Hilton. Upon the recommendation of the Corporate Governance and Nominating Committee (Governance Committee), our Board has nominated Mr. Eck, Ms. Lundgren, Mr. Renna, and Ms. A. Smith for re-election at the 2013 Annual Meeting for a three-year term that expires at the 2016 Annual Meeting, Mr. Sanchez for a two-year term that expires at the 2015 Annual Meeting and Mr. Hilton for a one-year term that expires at the 2014 Annual Meeting, and each has consented to serve if elected.

James S. Beard, L. Patrick Hassey and Hansel E. Tookes, II are currently serving terms that expire at the 2014 Annual Meeting. John M. Berra, Luis P. Nieto, Jr., E. Follin Smith and Gregory T. Swienton are currently serving terms that expire at the 2015 Annual Meeting. Although James S. Beard's term is set to expire at the 2014 Annual Meeting, pursuant to our current Director Retirement Policy, as set forth in our Corporate Governance Guidelines, directors must retire immediately prior to the Annual Meeting that is closest in time to the date on which the director attains age 72. Based on the current policy, Mr. Beard is required to tender his resignation prior to the 2013 Annual Meeting. Although Gregory T. Swienton's term is set to expire at the 2015 Annual Meeting, in December 2012, Mr. Swienton advised the Board of Directors of his intention to retire from the Board of Directors immediately following the 2013 Annual Meeting.

We believe that each of our directors possesses the experience, skills and qualities to fully perform his or her duties as a director and contribute to our success. Our directors were nominated because each 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, ethnic background and professional experience but engender a cohesive body in terms of Board process and collaboration. Each director's principal occupation and other pertinent information about particular experience, qualifications, attributes and skills that led the Board to conclude that such person should serve as a director appears on the following pages.

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

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

Table of Contents

NOMINEES FOR DIRECTOR
FOR A TERM OF OFFICE EXPIRING AT THE 2016 ANNUAL MEETING

Robert J. Eck, is President and Chief Executive Officer of Anixter International, Inc. (Anixter), a global distributor of communications and security products, electrical and electronic wire and cable, fasteners and other small components. He also serves as President and Chief Executive Officer of subsidiary Anixter Inc. Mr. Eck has held both positions since 2008. From 2007 to 2008, he served as Executive Vice President and Chief Operating Officer of Anixter. Prior to that position, Mr. Eck served as Executive Vice President of Enterprise Cabling and Security Solutions for Anixter from 2004 to 2007. In 2003, he served as Senior Vice President — Physical Security Products and Integrated Supply of Anixter Inc. Mr. Eck joined Anixter in 1989 and held roles of increasing responsibility in strategy, supply chain management, sales and marketing, and human resources.

Director since 2011
Age: 54

Other Public Board Memberships

- Anixter

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

Tamara L. Lundgren, is President and Chief Executive Officer of Schnitzer Steel Industries, Inc., a position she has held since 2008. Schnitzer Steel is one of the largest manufacturers and exporters of recycled ferrous metal products in the United States with \$3.3 billion in annual revenue and 119 operating facilities in the U.S., Puerto Rico and Canada. Ms. Lundgren joined Schnitzer Steel in 2005 as Chief Strategy Officer and subsequently served as Executive Vice President and Chief Operating Officer from 2006 until 2008. Prior to joining Schnitzer Steel, Ms. Lundgren was a managing director at JP Morgan Chase in London and managing director at Deutsche Bank AG in New York and London. Before joining Deutsche Bank, Ms. Lundgren was a partner at the law firm of Hogan & Hartson, LLP in Washington, D.C.

Director since 2012
Age: 55

Other Public Board Memberships

- Schnitzer Steel Industries, Inc.

Other Relevant Experience

- Director of the Federal Reserve Bank of San Francisco, Portland

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

Eugene A. Renna, retired from ExxonMobil Corporation in January 2002 where he was an Executive Vice President. He was President and Chief Operating Officer of Mobil Corporation, and a member of its Board of Directors, until the time of its merger with Exxon Corporation in 1999. As President and Chief Operating Officer of Mobil, Mr. Renna was responsible for overseeing all of its global exploration and production, marketing and refining, and chemicals and technology business activities. Mr. Renna's career with Mobil began in 1968 and included a range of senior management roles in marketing, refining, domestic and international operations, planning and economics.

Director since 2002
Age: 68

Other Public Board Memberships

- A past Director of Fortune Brands, Inc. (until December 2007)
- A past Director of ExxonMobil (until January 2002)

Qualifications. The Board nominated Mr. Renna as a director because of his years in senior management positions in large, global public companies as well as his oversight and experience in the areas of finance, marketing and domestic and international operations.

Table of Contents

Abbie J. Smith, is the Boris and Irene Stern Distinguished Service Professor of Accounting at the University of Chicago Booth School of Business. She joined their faculty in 1980 upon completion of her Ph.D. in Accounting at Cornell University. The primary focus of her research is corporate restructuring, transparency and corporate governance. She was nominated for a 2005 Smith Breeden Prize for her publication in The Journal of Finance and has received a Marvin Bower Fellowship from the Harvard Business School, a McKinsey Award for Excellence in Teaching and a GE Foundation Research Grant.

Other Public Board Memberships

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

Director since 2003
Age: 59

Other Memberships

- Trustee of certain Chicago-based UBS Funds

Qualifications. The Board nominated Ms. Smith as a director because of her accomplished educational background and academic experience in accounting, as well as her published works and significant contributions in the areas of accounting and corporate governance.

NOMINEES FOR DIRECTOR

FOR A TERM OF OFFICE EXPIRING AT THE 2015 ANNUAL MEETING

Robert E. Sanchez, is President and Chief Executive Officer of Ryder System, Inc., a position he has held since January 1, 2013. He was also elected to Ryder's Board on January 1, 2013. Mr. Sanchez joined Ryder in 1993 and has served in positions in increasing responsibility, including a broad range of leadership positions in both of Ryder's business segments. Mr. Sanchez most recently 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 Incorporated

Other Relevant Experience

- Director of the Truck Renting and Leasing Association