

RYDER SYSTEM INC
Form DEF 14A
March 30, 2005

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**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 Rule 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:

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(4) Date Filed:

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

NOTICE OF 2005 ANNUAL MEETING OF SHAREHOLDERS

Time: 11:00 a.m.

Date: Friday, May 6, 2005

Place: Hilton Miami Airport and Towers
5101 Blue Lagoon Drive
Miami, Florida 33126

Purpose:

1. To elect two directors.
2. To ratify the appointment of KPMG LLP as the Company's independent auditors.
3. To approve the Ryder System, Inc. 2005 Equity Compensation Plan.
4. To approve an amendment to the Ryder System, Inc. Stock Purchase Plan for Employees to increase the number of shares issuable under the Plan by 1,000,000.
5. 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 Ryder common stock at the close of business on March 11, 2005.

Proxy Voting: Your vote is important. You may vote by signing, dating and returning your proxy card in the enclosed proxy envelope, by calling the toll free number on the proxy card or via the Internet using the instructions on the proxy card.

By order of the Board of Directors
Robert D. Fatovic
Executive Vice President, General Counsel and Corporate Secretary
Miami, Florida
March 30, 2005

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

PROXY STATEMENT

INFORMATION ABOUT OUR ANNUAL MEETING

Q: Why am I receiving this proxy statement?

A: You are receiving this proxy statement because you own shares of Ryder common stock that entitle you to vote at the 2005 Annual Meeting of Shareholders. The Board of Directors is soliciting proxies from shareholders who wish to vote at the meeting. By use of a proxy, you can vote even if you do not attend the meeting. This proxy statement describes the matters on which you may vote and provides information on those matters so that you can make an informed decision. The notice of annual meeting, this proxy statement and the proxy card are being mailed to shareholders on or about March 30, 2005.

Q: When and where is the annual meeting?

A: We will hold the annual meeting on Friday, May 6, 2005, at 11:00 a.m. Eastern Daylight Time at Hilton Miami Airport and Towers, 5101 Blue Lagoon Drive, Miami, Florida 33126. A map with directions to the meeting can be found on the enclosed proxy card.

Q: What am I voting on?

A: You are voting on four proposals:

1. Election of two directors Lynn M. Martin and Hansel E. Tookes II for a term of three years.
2. Ratification of appointment of KPMG LLP as the Company's independent auditors.
3. Approval of the Ryder System, Inc. 2005 Equity Compensation Plan.
4. Approval of an amendment to the Ryder System, Inc. Stock Purchase Plan for Employees to increase the number of shares issuable under the Plan by 1,000,000.

Q: What are the voting recommendations of the Board of Directors?

A: The Board recommends the following votes:

FOR election of each of the director nominees

FOR ratification of the appointment of KPMG LLP as the Company's independent auditors

FOR approval of the Ryder System, Inc. 2005 Equity Compensation Plan

FOR amendment to the Ryder System, Inc. Stock Purchase Plan for Employees

Q: Who can vote?

A: Those persons named on the Company's records as owners of Ryder common stock at the close of business on March 11, 2005 are considered shareholders of record and are entitled to one vote per share.

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Q: What shares are reflected on my proxy?

A: Your proxy reflects all shares owned by you at the close of business on March 11, 2005. For participants in Ryder's 401(k) Plan, shares held in your account as of that date are included.

Q: How many shares are entitled to vote?

A: As of March 11, 2005, the record date for the annual meeting, there were 64,249,449 shares of common stock outstanding and entitled to vote. Each share is entitled to one vote.

Q: How many votes are needed for the proposals to pass?

A: The affirmative vote of the holders of at least a majority of the total number of shares outstanding and entitled to vote, or 32,124,725 shares, is required for the election of each director and for approval of each proposal to be presented at the meeting.

Q: What is a quorum?

A: A quorum is the minimum number of shares required to hold a meeting. Under Ryder's By-Laws, the holders of a majority of the total number of shares outstanding and entitled to vote at the meeting, or 32,124,725 shares, must be present in person or represented by proxy for a quorum. Broker non-votes and proxies received but marked as abstentions will be included in the calculation of the number of votes considered to be present at the meeting.

Q: Who can attend the annual meeting?

A: Only shareholders and their guests are invited to attend the 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 broker or other nominee holds your shares and you plan to attend the meeting, you should bring a recent brokerage statement showing your ownership of the shares and a form of personal identification.

Q: If I plan to attend the annual meeting, should I still vote by proxy?

A: Yes. Casting your vote in advance does not affect your right to attend the meeting. Written ballots will be available at the annual meeting for shareholders of record. 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.

Beneficial shareholders who wish to vote in person must request a proxy from the nominee and bring that proxy to the meeting.

Q: Who pays the cost of this proxy solicitation?

A: The Company pays the cost of soliciting your proxy and reimburses brokerage firms and others for forwarding proxy materials to you. We have hired D.F. King & Co., Inc., a proxy solicitation firm, to assist with the distribution of proxy materials and the solicitation of votes at an estimated cost of \$18,000, plus out-of-pocket expenses. In addition to solicitation by mail, solicitations may also be made by personal interview, letter, fax and telephone.

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Q: What is Householding?

A: The Securities and Exchange Commission's Householding rule affects the delivery of the Company's annual disclosure documents (such as annual reports, proxy statements and other information statements) to shareholders. Under this rule, the Company is allowed to deliver a single set of the Company's annual report and proxy statement to multiple shareholders at a shared address or household, unless a shareholder at that shared address delivers contrary instructions to the Company through its transfer agent, Equiserve Trust Company, N.A. Each shareholder will continue to receive a separate proxy card or voting instruction card even when a single set of materials is sent to a shared address under the Householding program. The Householding program is designed to reduce the expense to the Company of sending multiple disclosure documents to the same address.

If you are a registered shareholder and you want to request a separate copy of this proxy statement or accompanying annual report, you may contact the Company's Investor Relations Department by calling (305) 500-4053, in writing at Ryder System, Inc., Investor Relations Department, 11690 N.W. 105th Street, Miami, Florida 33178, or by e-mail to *RyderforInvestors@ryder.com*, and a copy will be promptly sent to you. If you wish to receive separate documents in future mailings, please contact Equiserve by calling (800) 730-4001, in writing at Equiserve, P.O. Box 43010, Providence, Rhode Island 02940-3010, or by e-mail at *shareholder-equiserve@equiserve.com*. The Company's 2004 annual report and this proxy statement are also available through the Company's website, *www.ryder.com*.

Two or more shareholders sharing an address can request delivery of a single copy of annual disclosure documents if they are receiving multiple copies by contacting Equiserve in the manner set forth above.

If a broker or other nominee holds your shares, please contact such holder directly to inquire about the possibility of Householding.

Q: How do I vote?

A: If you are a shareholder of record, you may vote on the Internet, by telephone or by signing, dating and mailing your proxy card. Detailed instructions for Internet and telephone voting are set forth on the enclosed proxy card.

If your shares are held in Ryder's 401(k) Plan, the enclosed proxy will serve as a voting instruction for the trustee of Ryder's 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 May 3, 2005. If the trustee does not receive your instructions by that date, the trustee will vote the shares you hold in the Ryder 401(k) Plan in the same proportion as those shares in the Ryder 401(k) Plan for which voting instructions were received.

If you are a beneficial shareholder, you must follow the voting procedures of your broker, bank or trustee included with your proxy materials.

Q: Who tabulates the votes?

A: The Board has appointed Equiserve Trust Company, N.A. as the independent Inspector of Election. Representatives of Equiserve will count the votes.

Q: Is my vote confidential?

A: Yes. The voting instructions of shareholders of record will only be available to the Inspector of Election (Equiserve) and proxy solicitor (D.F. King). Voting instructions for employee benefit plans will only be available to the plans trustees and the Inspector of Election. The voting instructions of beneficial shareholders will only be available to the shareholder's bank, broker or trustee. Your voting records will not be disclosed to the Company unless required by a legal order, requested by you or cast in a contested election.

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Q: What is a shareholder of record?

A: You are a shareholder of record if you are registered as a shareholder with the Company's transfer agent, Equiserve Trust Company, N.A.

Q: What if I am a shareholder of record and I abstain or withhold authority to vote on a proposal?

A: If you sign and return your proxy card marked "abstain" or "withhold" on any proposal, your shares will not be voted on that proposal and will not be counted as votes cast in the final tally of votes with regard to that proposal. However, your shares will be counted for purposes of determining whether a quorum is present.

Q: What does discretionary authority mean for shareholders of record?

A: If you sign and return your proxy card without making any selections, the proxy committee named on the proxy card will vote your shares for proposals 1 through 4. If other matters come before the meeting (such matters having been presented to the Company at least 45 days before the date of this proxy statement), the proxy committee will have the authority to vote on those matters for you at their discretion. At this time, we are not aware of any matters that will come before the meeting other than those disclosed in this proxy statement.

Q: What is a beneficial shareholder?

A: You are a beneficial shareholder if a brokerage firm, bank, trustee or other agent (the "nominee") holds your shares. This is often called ownership in "street name," since your name does not appear anywhere in the Company's records.

Q: What if I am a beneficial shareholder and I do not give the nominee voting instructions or I abstain or withhold authority to vote?

A: If you are a beneficial shareholder and your broker holds your shares in its name, the broker is permitted to vote your shares on the election of directors and the ratification of the appointment of KPMG LLP as the Company's independent auditors even if the broker does not receive voting instructions from you. Under New York Stock Exchange (NYSE) rules, your broker may not vote your shares on the proposals relating to the 2005 Equity Compensation Plan and Stock Purchase Plan for Employees absent instructions from you. Without your instructions on these two proposals, your shares may not be voted on those matters and will not be counted in determining the number of shares necessary for approval. Shares represented by such "broker non-votes" will, however, be counted in determining whether there is a quorum.

If you sign and return a proxy card marked "abstain" or "withhold" on a proposal, your shares will not be voted on the proposal and will not be counted as votes cast in the final tally of votes with regard to that proposal.

Q: What does discretionary authority mean for beneficial shareholders?

A: If you sign and return your proxy card without making any selections, the shares may be voted for you by the nominee on proposals 1 through 4. If other matters come before the meeting, the nominee may vote on those matters for you, subject to the NYSE's rules on the exercise of discretionary authority.

Q: How do I change my vote?

A: A shareholder of record may revoke a proxy by giving written notice to the Company's 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 meeting.

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If you are a beneficial shareholder, you may change your vote by following the nominee's procedures for revoking or changing your proxy.

Q: When are shareholder proposals for next year's annual meeting due?

A: To be considered for inclusion in next year's proxy statement, shareholder proposals must be delivered in writing to the Company at 11690 N.W. 105th Street, Miami, Florida 33178, Attention: Corporate Secretary, no later than November 28, 2005.

There are additional requirements under the Company's By-Laws and the proxy rules to present a proposal, such as continuing to own a minimum number of Ryder shares until the annual meeting and appearing in person at the meeting to explain your proposal. A copy of the Company's By-Laws can be obtained from the Company's Corporate Secretary. The By-Laws are also included in the Company's filings with the Securities and Exchange Commission which are available on the SEC's website at www.sec.gov.

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**ELECTION OF DIRECTORS
(Proposal 1)**

Under Ryder's By-Laws, directors are elected for three-year terms, typically with one-third of the directors standing for election in any given year. The three directors whose terms expire at the 2005 Annual Meeting are Joseph L. Dionne, Lynn M. Martin and Hansel E. Tookes II. Mr. Dionne is retiring from the Board of Directors effective May 6, 2005, in accordance with the Company's retirement policy for directors. Ms. Martin and Mr. Tookes are nominated for re-election at the 2005 Annual Meeting for a three-year term that expires at the 2008 Annual Meeting, and have each consented to serve if elected.

John M. Berra, Daniel H. Mudd and Gregory T. Swienton are currently serving terms that expire at the 2006 Annual Meeting. David I. Fuente, Eugene A. Renna, Abbie J. Smith and Christine A. Varney are currently serving terms that expire at the 2007 Annual Meeting.

The principal occupation and certain other information about each director and director nominee appears on the following pages.

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

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**NOMINEES FOR DIRECTOR
FOR A TERM OF OFFICE EXPIRING AT THE 2008 ANNUAL MEETING**

Lynn M. Martin, 65, served as Secretary of Labor under President George Bush from 1991 to 1993. Ms. Martin currently serves as Chairperson of Deloitte & Touche LLP's Council for the Advancement of Women and as an advisor to that firm. Ms. Martin is also the President of Martin Hall Group LLC, a consulting firm. She is a regular commentator, panelist, columnist and speaker on issues relating to the changing global economic and political environment Ms. Martin was the Davie Chair at the J.L. Kellogg Graduate School of Management and a Fellow of the Kennedy School Institute of Politics.

Ms. Martin was elected to the Board of Directors in August 1993 and is the Chair of the Corporate Governance and Nominating Committee and a member of the Compensation Committee.

Ms. Martin serves on the Boards of Directors of The Procter & Gamble Company, SBC Communications, Inc., The Dreyfus Funds, Constellation Energy Group, Inc. and Chicago's Lincoln Park Zoo. She is also a member of the Council on Foreign Relations.

Hansel E. Tookes II, 57, retired from Raytheon Company in December 2002. He joined Raytheon in September 1999 as President and Chief Operating Officer of Raytheon Aircraft Company. He was appointed Chief Executive Officer in January 2000 and Chairman in August 2000. Mr. Tookes became President of Raytheon International in May 2001. Prior to joining Raytheon in 1999, Mr. Tookes had 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.

Mr. Tookes was elected to the Board of Directors in September 2002 and is the Chair of the Finance Committee and a member of the Audit Committee.

Mr. Tookes serves on the Board of Directors of Corning Incorporated.

DIRECTORS CONTINUING IN OFFICE

John M. Berra, 57, is Executive Vice President of Emerson Electric Company and President of Emerson Process Management, a global leader in providing solutions to customers in process control. Mr. Berra joined Emerson's Rosemount division as a marketing manager in 1976 and thereafter 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.

Mr. Berra was elected to the Board of Directors in July 2003 and is a member of the Compensation Committee and the Finance Committee.

Mr. Berra serves as an advisory director to the Board of Directors of Emerson Electric Company. He also serves as Chairman of the Fieldbus Foundation and is a past Chairman of the Measurement, Control, and Automation Association.

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David I. Fuente, 59, served as Chairman and Chief Executive Officer of Office Depot, Inc. from 1987, one year after the company was founded, until he retired as its Chief Executive Officer in June 2000 and as Chairman in December 2001. Before joining Office Depot, Mr. Fuente served for eight years at the Sherwin-Williams Company as President of its Paint Stores Group. Before joining Sherwin-Williams, he was Director of Marketing at Gould, Inc.

Mr. Fuente was elected to the Board of Directors in May 1998 and is the Chair of the Compensation Committee and a member of the Finance Committee.

Mr. Fuente serves on the Boards of Directors of Office Depot, Inc. and Dick's Sporting Goods, Inc.

Daniel H. Mudd, 46, is Vice Chairman and Chief Operating Officer of Fannie Mae, the nation's largest financier of home mortgages, and is currently serving as that company's Interim Chief Executive Officer. As Chief Operating Officer, Mr. Mudd is responsible for originations, marketing, operations, systems, local outreach and administration. Prior to joining Fannie Mae in February 2000, Mr. Mudd was President and Chief Executive Officer of GE Capital, Japan. During his career at GE Capital, Mr. Mudd served in Business Development, International Financing and European Fleet Services. He served as President of GE Capital Asia-Pacific from 1996 to 1999. Prior to his tenure at GE Capital, Mr. Mudd held positions in management consulting and financial services with Xerox Corporation, Ayers Whitmore and Company, and the World Bank.

Mr. Mudd was elected to the Board of Directors in July 2002 and is a member of the Audit Committee and the Corporate Governance and Nominating Committee.

Mr. Mudd serves on the Boards of Directors of Fannie Mae, Oriental and General Fund, Ltd., the Fannie Mae Foundation, the National Building Museum, Hampton University and St. Patrick's School. He is also a member of the Council on Foreign Relations.

Eugene A. Renna, 60, retired from ExxonMobil Corporation in January 2002 where he was an Executive Vice President and a member of its Board of Directors. 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 such as: responsibility for all marketing and refining operations in the Pacific Rim, Africa and Latin America; Executive Vice President of International Marketing and Refining Division; Vice President of Planning and Economics; President of Mobil's worldwide Marketing and Refining Division; and Executive Vice President and Director of Mobil.

Mr. Renna was elected to the Board of Directors in July 2002 and is the Chair of the Audit Committee and a member of the Finance Committee.

Mr. Renna serves on the Board of Directors of Fortune Brands, Inc.

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Abbie J. Smith, 51, is the Boris and Irene Stern Professor of Accounting at the Graduate School of Business of the University of Chicago. She joined their faculty in 1980 upon completion of her Ph.D. at Cornell University. The primary focus of her research is corporate restructuring, transparency, and corporate governance. Professor Smith is a co-editor of the *Journal of Accounting Research*.

Ms. Smith was elected to the Board of Directors in July 2003 and is a member of the Audit Committee and the Finance Committee.

Ms. Smith serves on the Boards of Directors of HNI Industries Inc., DFA Investment Dimensions Group Inc. and Dimensional Investment Group Inc.

Gregory T. Swienton, 55, was appointed Chairman of Ryder System, Inc. in May 2002 having been named Chief Executive Officer in November 2000. Mr. Swienton joined Ryder as President and Chief Operating Officer in June 1999. Before joining Ryder, Mr. Swienton was Senior Vice President-Growth Initiatives of Burlington Northern Santa Fe Corporation (BNSF). Prior to that he was BNSF s Senior Vice President-Coal and Agricultural Commodities Business Unit and previously had been Senior Vice President of its Industrial and Consumer Units. He joined the former Burlington Northern Railroad in June 1994 as Executive Vice President-Intermodal Business Unit. Prior to joining Burlington Northern, Mr. Swienton was Executive Director-Europe and Africa of DHL Worldwide Express in Brussels, Belgium from 1991 to 1994, and prior to that he was DHL s Managing Director-Western and Eastern Europe from 1988 to 1990, also located in Brussels. For the five years prior to these assignments, Mr. Swienton was Regional Vice President of DHL Airways, Inc. in the United States. From 1971 to 1982, Mr. Swienton held various national account, sales and marketing positions with AT&T and Illinois Bell Telephone Company.

Mr. Swienton was elected to the Board of Directors in June 1999.

Mr. Swienton serves on the Board of Directors of Harris Corporation, and is on the Board of Trustees of St. Thomas University in Miami.

Christine A. Varney, 49, is a Partner in the law firm of Hogan & Hartson LLP, which she rejoined in 1997 after five years in government service. She leads the Internet Law practice group for the firm. Ms. Varney served as a Federal Trade Commissioner from 1994 to 1997 and as a Senior White House Advisor to the President from 1993 to 1994. She also served as Chief Counsel to the President s Campaign in 1992 and as General Counsel to the Democratic National Committee from 1989 to 1992. Prior to her government service, Ms. Varney practiced law with the firms of Pierson, Semmes & Finley (1986 to 1988) and Surrey & Morse (1984 to 1986).

Ms. Varney was elected to the Board of Directors in February 1998 and is a member of the Compensation Committee and the Corporate Governance and Nominating Committee.

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CORPORATE GOVERNANCE

The Company maintains a Corporate Governance page on its website at www.ryder.com which includes information regarding the Company's corporate governance practices including the Company's Corporate Governance Guidelines, Principles of Business Conduct and Board Committee charters. The Corporate Governance Guidelines set forth the Company's governance principles relating to, among other things, director independence; qualifications and responsibilities; Board structure; director compensation; management succession; and periodic performance evaluation of the Board. The Principles of Business Conduct apply to officers, employees and directors of the Company and cover all areas of professional conduct including conflicts of interest, confidentiality and compliance with law. The Principles of Business Conduct include a Finance Code of Ethics applicable to the Company's Chief Executive Officer, Chief Financial Officer, controller and senior financial management. Any changes to these documents and any waivers granted by the Company with respect to its Finance Code of Ethics will be posted on the Company's website.

BOARD OF DIRECTORS

Director Independence

It is the Company's policy that a substantial majority of the members of its Board of Directors and all of the members of the Company's Audit Committee, Compensation Committee, Corporate Governance and Nominating Committee and Finance Committee qualify as independent under the independence standards set forth in the NYSE corporate governance listing standards and in the Company's By-Laws. In addition, no director will be considered independent if he or she has a material relationship with the Company.

Pursuant to the Company's Corporate Governance Guidelines, the Board undertook its annual review of director independence in February 2005. During this review, the Board considered any transactions and relationships between each director and any member of his or her immediate family and the Company or members of the Company's senior management, and all other relevant facts and circumstances, including each director's commercial, banking, consulting, legal, accounting, charitable and family relationships. Based on this review, the Board has determined that each of the following directors (which together constitute all of the members of the Board other than Mr. Swienton, the Company's Chief Executive Officer) is independent: John M. Berra, Joseph L. Dionne, David I. Fuente, Lynn M. Martin, Daniel H. Mudd, Eugene A. Renna, Abbie J. Smith, Hansel E. Tookes II and Christine A. Varney.

Communications with the Board

Shareholders and other interested parties can communicate with the Company's independent directors as a group on the Corporate Governance page of the Company's website at www.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 manner described above will be collected and organized by the Company's Corporate Secretary and will be periodically, but in any event prior to each regularly-scheduled Board meeting, reported and/or delivered to the Company's 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 Board. Correspondence relating to certain of these matters such as service issues may be distributed internally within the Company for review and possible response. The procedures for communicating with the Company's independent directors as a group are available on the Corporate Governance page of the Company's website at www.ryder.com.

The Company's 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 the Company's employees or members of the general public may confidentially communicate concerns about any of these matters to any supervisor or manager, the Group Director of Internal Audit, the Vice President, Deputy General Counsel-Global Compliance, Labor and Employment, or on an anonymous basis by way of a toll-free hotline number, ethics@ryder.com, or audit@ryder.com. All of the reporting mechanisms are publicized on the Company's website, in its Principles of Business Conduct and through wallet cards, brochures and location posters. Upon receipt of a complaint or concern, a determination will be made whether it pertains to accounting, internal control or auditing matters and if it does, it will be handled in accordance with the procedures established by the Audit Committee.

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The Board of Directors held six meetings in 2004. Each of the directors attended 75% or more of the aggregate number of meetings of the Board and Committees on which the director served in 2004. The Company's independent directors meet in executive session without management present as part of each regularly-scheduled Board meeting. The Chair of the Company's Corporate Governance and Nominating Committee presides over these executive Board sessions.

The Company expects each of its directors to attend the Company's annual meeting of shareholders. Because the Board of Directors holds one of its regular meetings in conjunction with the Company's annual meeting of shareholders, unless one or more members of the Board are unable to attend, all of the members of the Board are present for the annual meeting. All of the directors attended the 2004 Annual Meeting of Shareholders.

BOARD COMMITTEES

The Board has four standing committees—Audit, Compensation, Finance and Corporate Governance and Nominating. All of the Committees are composed entirely of independent directors. The Company has adopted written charters for each of the Committees that comply with the NYSE's corporate governance listing standards and applicable provisions of the Sarbanes-Oxley Act of 2002 (Sarbanes-Oxley) and SEC rules. The Committee charters set forth each committee's responsibilities, and provide for a periodic review of the charter and an annual evaluation of the committee's performance. The charters grant each committee the authority to obtain the advice and assistance of, and receive appropriate funding from the Company for, outside legal, accounting or other advisors as the committee deems necessary to fulfill its obligations. The Committee charters are available on the Corporate Governance page of the Company's website at www.ryder.com. Following is information regarding the committee's membership, responsibilities and meetings.

Audit Committee*Members:*

Eugene A. Renna (Chair)
Joseph L. Dionne
Daniel H. Mudd
Abbie J. Smith
Hansel E. Tookes II

Number of Meetings in 2004:

13

Responsibilities:

The Audit Committee is responsible for appointing, overseeing and determining the compensation and independence of the Company's independent auditors. The Committee approves the scope of the annual audit and the related audit fees as well as the scope of internal audit procedures. The Committee reviews audit results, financial disclosure and earnings guidance and reviews risks that may have a significant impact on the Company's financial statements. The Committee is also responsible for overseeing investigations into accounting and financial complaints.

In addition to the independence standards applicable to all Board members, rules issued by the SEC pursuant to Sarbanes-Oxley require that all members of the Company's Audit Committee meet additional independence standards. The Board undertook a review of the independence of Audit Committee members and based on this review, the Board determined that each member of the Audit Committee meets the enhanced independence standards for audit committee members

required by the SEC.

Each member of the Audit Committee is financially literate, knowledgeable and qualified to review financial statements. In addition, all of the members of the Audit Committee qualify as audit committee financial experts under SEC rules and have accounting and related financial management expertise within the meaning of the NYSE's corporate governance listing standards.

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Compensation Committee

Members: David I. Fuente (Chair)
John M. Berra
Lynn M. Martin
Christine A. Varney

Number of Meetings in 2004: 5

Responsibilities: The Compensation Committee is responsible for evaluating the CEO's performance and recommending to the independent directors, the CEO's compensation. The Committee approves and recommends the appointment of new officers. The Committee approves the compensation (including the stock grants and incentive plan payouts) of senior management and recommends the compensation of non-management directors. The Committee is also responsible for approving changes to, and recommending the adoption of, benefit, compensation and stock-related plans.

Corporate Governance and Nominating Committee

Member: Lynn M. Martin (Chair)
Joseph L. Dionne
Daniel H. Mudd
Christine A. Varney

Number of Meetings in 2004: 5

Responsibilities: The Company is responsible for recommending criteria for Board membership and evaluating and recommending nominees for director (including nominees recommended by shareholders that are submitted in writing to the Company's Corporate Secretary in accordance with the Company's By-Laws). The Committee recommends the size, structure, composition and functions of Board Committees, and reviews and recommends changes to the committee charters. The Committee oversees the Board evaluation process, and reviews and recommends changes to the Company's Corporate Governance Guidelines and Principles of Business Conduct. The Committee is also responsible for identifying and analyzing trends in public policy, public affairs and corporate responsibility.

Finance Committee

Member: Hansel E. Tookes II (Chair)
John M. Berra
David I. Fuente
Eugene A. Renna
Abbie J. Smith

Number of Meetings in 2004: 6

Responsibilities:

The Committee is responsible for reviewing the Company's overall financial goals, position, arrangements and requirements. The Committee reviews, approves and recommends capital expenditures, issuances of debt and equity securities, dividend policy and pension contributions. The Committee is also responsible for reviewing the Company's relationships with rating agencies, banks and analysts, and reviewing and assessing the Company's risk management policies and procedures and tax planning strategy.

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NOMINATION OF DIRECTORS

The Corporate Governance and Nominating Committee is responsible for identifying qualified individuals to serve as directors, reviewing the qualifications of director candidates, including those recommended by the Company's shareholders pursuant to its By-Laws, and recommending to the Board the nominees to be proposed by the Board for election as directors at the Company's annual meeting of shareholders.

In identifying individuals to nominate for election to the Company's Board, the Committee seeks candidates that:

- have a high level of personal integrity and exercise sound business judgment;
- are highly accomplished in his or her field, with superior credentials and recognition and have a reputation, both personal and professional, consistent with the image and reputation of the Company;
- have relevant expertise and experience, and are able to offer advice and guidance to the Company's senior management;
- have an understanding of, and concern for, the interests of the Company's shareholders; and
- have sufficient time to devote to fulfilling his or her obligations as a director.

The Committee will seek to identify individuals that would qualify as independent under the applicable NYSE listing standards and that are independent of any particular constituency. The Committee may, based on the composition of the Board, seek individuals that have specialized skills or expertise, experience as a leader of another public company or major complex organization, or relevant industry experience. In addition, the Committee will attempt to select candidates that will assist in making the Board a diverse body in terms of age, gender, ethnic background and professional experience.

Generally, the Committee identifies individuals for service on the Company's Board through experienced director search firms that are paid to use their extensive resources and networks to find qualified individuals that meet the minimum qualifications established by the Board. These search firms create a comprehensive record of a candidate's background, business and professional experience and other information that would be relevant to the Committee in determining a candidate's capabilities and suitability. The Committee will also consider qualified candidates that are proposed by other members of the Board, the Company's senior management and, to the extent submitted in accordance with the procedures described below, the Company's shareholders. The Committee will not consider a director candidate unless it has received a document evidencing the candidate's willingness to serve on the Board if elected and sufficient information relating to the candidate to determine whether he or she meets the minimum qualifications established by the Board.

If a shareholder would like to recommend a director candidate to the Committee, they must deliver to the Committee the same information and statement of willingness to serve described above. In addition, the recommending shareholder must deliver to the Committee a representation that the shareholder owns shares in the Company 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 the Company at 11690 N.W. 105th Street, Miami, Florida 33178, Attention: Corporate Secretary, for delivery to the Committee on or before the date on which shareholder proposals are required to be delivered to the Company in order to be included in the proxy statement for the next annual meeting of the Company's shareholders. Any candidates properly recommended by a shareholder will be considered and evaluated in the same way as any other candidate submitted to the Committee.

Upon receipt of this information, the Committee will evaluate and discuss the candidate's qualifications, skills and characteristics in light of the current composition of the Board. The Committee may request additional information from the recommending party or the candidate in order to complete its initial evaluation. If the Committee determines that the individual would be a suitable candidate to serve as a director of the Company, the candidate will be asked to meet with members of the Committee, members of the Board and/or members of senior management, including in each case, the Company's CEO, to discuss the candidate's qualifications and ability to serve on the Board. Based on the Committee's discussions and the results of these meetings, the Committee will recommend a nominee or nominees for election to the Board either by the Company's shareholders at its annual meeting of shareholders or by the Board to fill vacancies on the Board between annual meetings. The Board will, after consideration of the Committee's

recommendations, nominate a slate of directors for election by the Company's shareholders, or with regards to filling vacancies, elect a nominee to the Board.

Table of Contents**DIRECTOR COMPENSATION****2004 Compensation**

The compensation of directors during 2004 was as follows:

Retainer	\$21,500 (with an option to receive \$11,500 in cash and \$15,000 worth of Ryder common stock which cannot be sold until six months after the date on which the person ceases to be a director)
Meeting Fees	\$35,000 per year; if the Board or any committee meets more than eight times in one year, a director receives \$1,000 for each additional Board or Committee meeting attended
Committee Chairs	\$5,000 per year
Restricted Stock Units	500 annually; 1,000 upon election as a director
Stock Options	5,000 annually
Expenses	Reimbursement of travel expenses in connection with service

2005 Compensation

The Board of Directors revised its compensation structure effective January 1, 2005 to recognize the increased time commitment of the directors. The new compensation arrangements were recommended by an independent consultant to the Compensation Committee based upon relevant benchmarks and was approved by the Board. The new compensation structure is as follows:

Retainer	\$32,000 (with an option to receive all or any portion in Ryder common stock which cannot be sold until six months after the date on which the person ceases to be a director)
Meeting Fees	\$35,000 per year; if the Board or any committee meets more than eight times in one year, a director receives \$1,000 for each additional Board or Committee meeting attended
Committee Chairs	\$5,000 per year for Chair of Compensation Committee, Finance Committee and Corporate Governance and Nominating Committee; \$10,000 per year for Chair of Audit Committee
Restricted Stock Units	Equivalent of \$80,000 annually (based on the market price of Ryder common stock on the date of grant which is generally the date of the Annual Meeting of Shareholders)
Stock Options	None
Expenses	Reimbursement of travel expenses in connection with service

Description of Benefits

Eligibility: Directors who are employees of the Company receive no compensation or benefits for service as a director.

Options: Issued at the fair market value on date of grant (generally on the date of the Annual Meeting of Shareholders). The options vest over a three-year period and expire ten years from the grant date. Upon the occurrence of a change in control, as defined, all outstanding options become exercisable.

Restricted Stock Units: Generally issued on the date of the annual meeting of shareholders. The restricted stock units vest and are paid (either as a lump sum or in annual installments) upon termination of a director's service on the Board. The initial grant of restricted stock units will not vest unless the director has served a minimum of three years. Effective January 1, 2005, the vesting period for initial grants of restricted stock units was reduced to one

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year. The units receive dividends which are reinvested through the Company's Dividend Reinvestment Program, but do not have voting rights. Upon the occurrence of a change in control, as defined, all outstanding restricted stock units will vest and be paid to the director in a lump sum.

Deferred Compensation: Directors may elect to defer receipt of their cash retainer and meeting and other fees, which deferred amounts are part of the general assets of the Company and are credited with earnings based on several investment options selected by the director. The compensation may be deferred until the later to occur of a fixed date, retirement, disability or removal, and is payable in a lump sum or in installments. Upon a change of control of the Company, however, all deferred amounts will be paid immediately in a lump sum.

Directors Charitable Award Program: Under this program, each director may designate up to two charitable organizations to which the Company will contribute an aggregate of \$500,000, in ten annual installments in the director's name following the director's death. The program may be funded with the proceeds of insurance policies and the directors obtain no financial benefits from the program. All of the Company's directors currently participate in the program. The Board elected to terminate this program effective January 1, 2005. As a result, no director elected after that date will be entitled to participate in the program.

Company Matching Gifts to Education: Directors may participate in the Company's matching program available to all employees, where the Company matches director contributions to eligible educational institutions up to an annual maximum of \$10,000 per director.

Insurance: During 2004, the Company provided directors who joined the Board prior to May 3, 2002 with \$100,000 accidental death and dismemberment coverage under its travel accident policy, \$100,000 of group term life insurance and coverage under the Company's medical plan. Effective January 1, 2005, the Company ceased providing accidental death and dismemberment and life insurance coverage to its directors. Effective June 30, 2005, the Company will cease providing medical plan coverage to its directors.

Stock Ownership Requirements: To further align the interests of the Company's directors and shareholders, the Company imposes stock ownership requirements on its directors. Directors are expected to own Ryder stock or stock equivalents having a minimum value equal to one times such director's total annual compensation. The ownership guidelines must be proportionately satisfied within five years of the director's election to the Board.

CERTAIN RELATIONSHIPS

In the ordinary course of business, the Company engages in transactions with organizations with which certain of our directors are affiliated. All such transactions are conducted on an arm's length basis and are not material to either the Company or the other organization.

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**RATIFICATION OF INDEPENDENT AUDITORS
(Proposal 2)**

Upon the recommendation of the Audit Committee, the Board of Directors has appointed KPMG LLP as the Company's independent auditors for the 2005 fiscal year. The Audit Committee is responsible for selecting the Company's independent auditors. Although shareholder ratification of the appointment of KPMG LLP is not required, the Board of Directors believes that submitting the appointment to the 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 the Company's independent auditors. Even if the selection of KPMG LLP is ratified, the Audit Committee, in its sole 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 its shareholders. Representatives of KPMG LLP will be present at the 2005 Annual Meeting to respond to questions and to make a statement if they desire to do so.

Fees and Services of KPMG LLP

The following fees were paid to KPMG LLP for services rendered in fiscal years 2004 and 2003 (\$ in millions):

	2004	2003
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