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Chairman and
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Dear Ryder Investor:

Let me begin by thanking our customers, employees, business partners and investors, who believed in our improved business model and remained committed to Ryder through a challenging multi-year economic downturn. That solid foundation of support enabled our team to serve as a trusted and resourceful problem-solver for our customers through a period when they needed our help more than ever. Through these uncertain times, we generated strong profits and increased dividends, while also generating strong cash flow to invest in improving our competitiveness, driving innovation into our product lines, expanding into new industry sectors, and further developing our people advantage.

In 2011, Ryder delivered double-digit growth in both revenue and earnings despite economic conditions that remained volatile. Total revenue for the full-year 2011 rose 18% and exceeded \$6 billion for the first time since 2008. Net earnings improved 44% to \$170 million in 2011. Our transactional products, including commercial rental and used vehicle sales, continued to perform exceptionally well, showing improvement not only in volume, but also commanding better pricing. In our contractual business, we saw significant organic improvement in Supply Chain Solutions, and our largest Fleet Management Solutions product line, full service lease, began to show organic fleet growth in the latter part of the year. Dedicated Contract Carriage earnings also increased modestly in the year. Our 2011 performance benefited from the effective integration and financial performance of five accretive acquisitions completed since December of 2010. Additionally, we achieved a positive spread between our return on capital and cost of capital, and improved our return on equity by 350 basis points to 11.9%.

CONTINUOUSLY IMPROVING OUR MARKET POSITION

We've been aggressive in identifying new ways to operate smarter, better, faster – and with more focus and flexibility to meet customer needs.

Improved Business Model

Over the last decade, we've made substantial improvements to our business model. As a team, we faced significant challenges, made well-reasoned decisions and showed great organizational determination to implement a wide range of improvements and process enhancements. Today, our largely contract-based business model tends to drive strong earnings leverage in better economic times, while demonstrating the unique counter-cyclical ability to generate significant increases in free cash flow in downturns.

During the current slow and elongated recovery, when businesses have remained uncertain about making long-term commitments, we've seen exceptionally strong pick up in our transactional product lines of commercial rental and used truck sales. These important offerings were significant contributors to our better-than-anticipated financial performance in 2011.

Successful Acquisitions

While our principal objective is profitable organic growth, our past success afforded us the ability to grow our business and improve our competitiveness through acquisitions. In recent years, we've done more than a dozen acquisitions, including five that were successfully concluded in the past 18 months. These additions to our network have brought new geographies, capabilities and customers to both of our business segments. And because of the disciplined processes that we've employed, all of these acquisitions have been accretive upon implementation.

Two examples are quite illustrative. The first was our acquisition of Total Logistic Control (TLC) on the last day of 2010. In our Supply Chain Solutions business segment, we had previously signaled our intent to develop solutions in the consumer packaged goods and retail industries. With this one strategic acquisition, we diversified our customer base and added approximately \$250 million in annual revenue, new state-of-the-art capabilities, including more than 11 million square feet of dry and temperature-controlled warehousing, and an operations team with deep expertise in consumer packaged goods. The acquisition instantly established Ryder as a leading supply chain solutions provider in this industry, which we had targeted for future expansion.

The second example was our acquisition of Hill Hire, a U.K. market leader in commercial truck leasing, rental and maintenance, with a solid base of contractual customers and operational capabilities that were complementary to our existing presence in the U.K. The acquisition included approximately 4,000 heavy duty vehicles and a large trailer fleet for contractual lease and rental, 13 well-equipped vehicle maintenance facilities, and a skilled workforce of 300 employees, including maintenance technicians. In total, the acquired business added nearly \$150 million in annualized revenue to Ryder's Global Fleet Management Solutions (FMS) business segment. This acquisition was significantly accretive to earnings in the latter half of 2011.

New Products, Enhancements and Innovations

We have continued to re-invest in our business and innovate to further strengthen our market position and provide customers with improved products and services.

Improving and Expanding Our Rental Fleet – In 2011, we expanded and refreshed our global commercial rental fleet with approximately 9,000 new trucks, tractors, and trailers to meet accelerating demand as the economy continued to rebound. These new vehicles added to the infusion of approximately 6,000 new vehicles introduced in 2010 to accommodate economic growth. Together, the nearly 15,000 new vehicles raised the percentage of EPA 2010 technology vehicles in the fleet to approximately 40 percent and the total fleet count to nearly 40,000, globally. With the recent expansion, Ryder's commercial rental fleet is one of the largest in the industry and is proactively positioned to address growing demand as Ryder's customers require increased capacity.

Developing Innovative Supply Chain Practices – Using our real-world expertise and third-party vantage point, we developed an innovative expansion of Ryder's reverse logistics capability to include a co-location solution. The new offering integrates forward and reverse logistics into a single facility to further optimize the returns process and drive greater value recovery of returned assets. By co-locating the distribution management of finished goods with returns processes such as technical repair, refurbishment, and repackaging in the same facility, this solution offers companies the ability to achieve greater speed to shelf, visibility, and cost-savings. These factors are important to all industries, but are particularly critical in high-tech and consumer electronics sectors, where product features and technical capabilities change extremely rapidly.

Increasing Education and Access to Alternative Fuel Technologies – To build on last year's launch of Ryder's groundbreaking heavy-duty natural gas truck rental and leasing project in Southern California, and our earlier introduction of hybrid vehicles and other green technologies, in 2011, we launched an alternative fuels website at www.ryder.com/alternativefuels. The site helps customers and fleet owners better understand how to reduce transportation costs while meeting sustainability objectives, and provides information about the financial, environmental, and long-term advantages of natural gas, hybrid, and electric vehicle technologies. To increase customer access to alternative fuel technologies, we also launched our new Flex-to-Green Lease, a flexible leasing program that makes it easier for customers to incorporate alternative fuel vehicles into their fleets.

RECOGNITION

In 2011, we were grateful to be recognized by many of our customers and leading publications. Among the major customer awards received during the year, were:

- "Best Service Logistics Supplier" award from Cisco Systems;
- "Carrier of the Year" award from Toyota Motor Sales U.S.A., Inc.; and
- "Above & Beyond" award from Delphi Automotive.

Ryder was again recognized by leading industry publications for the performance of our service offerings. Significant recognition received in 2011 included:

- "Quest for Quality" award from *Logistics Management Magazine* for the fourth year in a row in recognition of outstanding performance in the Third-Party Logistics (3PL) category;
- "Top 10 Logistics Excellence Awards" from *Inbound Logistics Magazine's* annual ranking, placing Ryder among the top five companies for the fourteenth consecutive year; and
- "Top 100 3PLs" from *Food Logistics Magazine*, naming Ryder as a leading third-party logistics provider and cold storage provider for the food industry.

Ryder also received accolades for its business practices, achievements and innovations in the area of sustainability and the environment, including:

- Named "One of the Top Green Companies in the U.S." by *Newsweek* magazine, improving its overall position to No. 111 out of 500 ranked companies; and
- Named a "Green Supply Chain Partner" by *Inbound Logistics* as one of the top companies that demonstrate a deep commitment to green initiatives and supply chain sustainability.

A FOCUS ON OUR PEOPLE

Our customers tell us that the exceptional value of a Ryder relationship starts with our people. In fact, one of Ryder's four core values states "Our people provide us with the competitive edge, and through our commitment to training and development, as well as diversity, we expect to have the best and most passionate people in the industry." Our value comes from understanding a customer's business and then utilizing our deep expertise to bundle and configure a wide range of products, innovative processes and services to build creative and cost-effective solutions. By combining our employees' experience with our proven processes and technologies, we are able to innovate and execute consistently in real world conditions, and that's really important to our customers who count on us to bring them continuous improvement and efficiency. That's why we're investing and launching initiatives in many areas to help ensure that we are able to continue to recruit, develop and retain the diverse talents, viewpoints and expertise we need today and that we'll need even more of as we strive to grow and achieve future success. In recent years, we've established a formal leadership competency model, formed a company-wide Diversity & Inclusion Council, and held our first-ever Women's Leadership Forum.

We're also particularly proud of our increased focus on hiring military Veterans. Ryder has long benefited from hiring talented military Veterans and drawing on their distinct logistical, mechanical, and management skills. We are grateful to the men and women who make extraordinary sacrifices while serving, and we see great opportunities to support their transition back into the workforce by actively recruiting Veterans to fill open positions at Ryder. In 2011, we joined the U.S. Chamber of Commerce Veterans Employment Advisory Council and became a participant in their Hiring Our Heroes program to help recruit Veterans to join Ryder. We also teamed with another organization, Hire Heroes USA, which works to provide career coaching and job search assistance to U.S. Veterans. These alliances are proving to be very productive, with more than 600 military Veterans hired in 2011.

RYDER CARES

Although the progress we made and the financial results we've delivered through the economic downturn required a tremendous amount of focus on the business, we're proud that our Ryder team continued to actively participate in the communities where we work and live. In fact, charitable giving through the Ryder Charitable Foundation has continued to increase every year. In 2009, during one of the most challenging years of the downturn, Ryder entered into a \$1 million multi-year commitment to become an Annual Disaster Giving Program partner of the American Red Cross. In 2011, this program helped to deliver more than \$245 million for Japan Earthquake recovery, while also funding more than 46 relief operations for tornado, flood and other relief efforts in 31 states. Ryder's business operations also deployed more than 300 trucks supporting six disasters. To mark the celebration of Ryder's 40th anniversary of doing business in the United Kingdom, our U.K. team made a donation to support the Red Cross in the U.K. The Ryder team also again met and surpassed its 2011 United Way Campaign goal with a combined company and employee contribution that represented another increase, rising approximately 10% from the previous year. Through recommendations from regional Public Affairs Councils established by Ryder near Atlanta, Detroit and Dallas/Ft. Worth, as well as from our Diversity & Inclusion team, the company has supported a wide variety of issues and community causes. For 2011, those included medical research and treatment, AIDS vaccines, hunger, homelessness, child abuse and neglect, minority and women's causes, educational support, anti-discriminatory programs and many others. In addition to corporate giving, thousands of Ryder employees made personal donations or volunteered time to help with worthy causes throughout the year.

A LOOK AHEAD

We've made enormous progress leading up to and including 2011. We've entered 2012 as a much stronger company, and are confident that we will be able to increase sales in all of our business segments again this year. We expect to realize increased revenue and deliver solid earnings leverage, even with only modest economic improvement anticipated for 2012. We expect both our market position and financial performance to benefit from Ryder's continued focus on tactical execution. However, our greatest opportunity for growth comes from leveraging the macro trends that are making Ryder's portfolio of outsourced solutions increasingly attractive to businesses whose primary expertise is not in transportation and logistics. Here are just a few of the factors that bode well for our offerings:

Truck Fleet Age – The average age of trucks on the road today is at historically high levels, because businesses have been reluctant to make large purchases in an uncertain economy. Vehicle age and the related increases in maintenance costs and breakdowns will soon force many businesses to make decisions about how to operate and/or pay for their fleet replacements.

Increased Vehicle Cost and Complexity – New EPA-mandated clean-burning engine technologies have resulted in initial costs that are 40% to 50% more than the vehicles that are now being replaced. New engines and components are also more complex and costly to maintain.

Limited Credit Environment – While effective use of capital is always a concern for businesses, the tightening of capital availability has caused companies to question the value of investing in non-core areas such as vehicles, parts, and transportation and logistics facilities.

Driver and Maintenance Technician Shortages – As government compliance standards increase and baby-boomers transition into retirement, finding safe and reliable professional drivers and qualified technicians presents a challenge for many companies. Businesses must also prepare to support the unique and ongoing training and development required to keep these critical roles operating safely, efficiently and in compliance.

Changing Global Supply Chains – Global supply chains are continually and sometimes quickly evolving to achieve the lowest total landed cost of production, while also avoiding expensive disruptions to their lengthening supply chains.

Increasing Management and Oversight Requirements – Increases in domestic and international regulatory requirements, safety and cargo security concerns, environmental concerns, risk and insurance, and many other responsibilities require substantial management time and monitoring of new developments to stay compliant and up-to-date.

WHAT INVESTORS SHOULD LOOK FOR IN 2012

We have sound reasons to be optimistic about the future of our company. In Fleet Management Solutions, we're forecasting higher contractual sales and better renewal rates, resulting in continued organic growth throughout the year. Our commercial rental product should continue to perform very well, with improved demand and solid pricing on a larger fleet. Used vehicle sales activity is expected to generate higher volumes with continued strong pricing. During the first half of the year, Fleet Management Solutions earnings comparisons will also reflect the benefit of the U.K.-based Hill Hire acquisition completed in June of 2011. In our Supply Chain Solutions business segment, which is now integrated to include all dedicated activity, we expect 2012 performance to benefit from our focus on key vertical industry sectors, including automotive, high-tech, consumer packaged goods and retail, resulting in new business and higher volumes.

CLOSING

During the multi-year freight and economic downturn, we made significant strides to improve the long-term prospects for our business. With only moderate economic improvement in recent periods, we have started to show the results of those efforts and our improved business model. As we increasingly focus on taking advantage of secular outsourcing trends to grow the business, we fully expect the results of our multi-year work will become increasingly apparent. We're prepared to deliver positive earnings in any environment, but our team is particularly eager to demonstrate what we can do in an economy that is recovering more normally and, in fact, growing. We are extremely well positioned to take advantage of an improving economy and significant trends to reach new heights in revenue growth and earnings.

We trust you will agree that together we have much to look forward to in the months and years ahead. Thank you for your ongoing interest in and commitment to Ryder.

Sincerely,

