Dear Shareholders,

Ryder marked a major milestone in 2018, celebrating 85 years of providing innovative outsourcing solutions for our customers' transportation and logistics needs. Our longevity is a testament to the trust we have earned from our customers and the value we provide them. In the past 85 years, we have grown from one man, Jim Ryder, and a single truck, to a workforce of nearly 40,000; a managed fleet of more than 272,000 vehicles; and more than 55 million square feet of managed warehouse and distribution space — all dedicated to ensuring the success of the more than 50,000 businesses we serve.

In 2018, we continued to execute on our growth strategy of targeting the large, non-outsourced transportation and logistics market and demonstrating the benefits of outsourcing. Secular trends such as driver and technician shortages, complex regulations, and rising vehicle purchase and maintenance costs, continue to favor the outsourcing decision. These trends combined with Ryder's initiatives in sales and marketing and customer service resulted in record contractual sales in 2018, positioning us well for the years ahead.

2018 was our seventh consecutive year of organic lease fleet growth, with a record 9,600 vehicles added. In addition, nearly 40% of new lease business came from customers new to outsourcing — demonstrating our continued success penetrating the non-outsourced transportation and logistics markets.

Fleet Management Solutions (FMS)

In our FMS business, total revenue increased 11% and operating revenue was up 9% from 2017, driven by continued growth in our contractual ChoiceLease and SelectCare offerings and higher growth in commercial rental. In ChoiceLease, our largest offering, we achieved record lease fleet growth driven by fleet expansions with existing customers in addition to new customer wins. Secular trends, favorable freight conditions, and Ryder's sales and marketing initiatives continue to support strong contractual sales activity. Growth in commercial rental revenue was strong at 18%, benefitting from higher demand and pricing. Earnings from revenue growth offset the ongoing impact from the recent downturn in the used vehicle sales market.

Dedicated Transportation Solutions (DTS)

In our DTS business, total revenue was up 22% and operating revenue was up 10%, reflecting robust sales activity and higher customer volumes. Tight freight conditions and the driver shortage continue to drive private fleet owners to recognize the value of an outsourced solution with Ryder. In addition to new customer activity, we continue to grow our dedicated business by expanding the services we provide to existing lease customers to include drivers as well as routing, scheduling, and administrative activities. Earnings growth from higher volumes and new business was partially offset by a challenging customer start-up in the second half of the year.

Supply Chain Solutions (SCS)

In our SCS business, total revenue grew by 24% and operating revenue increased by 17% driven by double-digit revenue growth in three of our four industry verticals and revenue from the MXD Group, Inc. acquisition. Excluding the MXD acquisition, total and operating revenue growth remained strong at 16% and 12%, respectively. Following the acquisition in April, we rebranded MXD's last mile service offering for big and bulky goods as Ryder Last Mile and are excited to leverage the opportunities in the growing e-commerce and e-fulfillment space. Higher customer volumes, new business and improved operating performance increased pre-tax earnings in SCS by 29%.

Our Progress

Looking across our business, we were pleased with the growth across all three business segments. We continue to focus on expanding our capabilities leveraging the disruptive trends in transportation to better position us for future revenue and earnings growth.

- We expanded our maintenance footprint in key markets, including the Baltimore-metro area, with our acquisition of Metro Truck & Tractor Leasing, Inc., providing truck leasing, rental, and maintenance services to more than 150 customers with a fleet of approximately 900 units
- Our acquisition of MXD and the launch of Ryder Last Mile enables us to deliver big and bulky items to 95% of the U.S. and Canada in a two-day time frame
- Our new e-commerce fulfillment solution allows manufacturers to directly fill online consumer orders, and offers an alternative to third-party online retail marketplaces
- The launch of COOP by Ryder™, the first of its kind commercial truck sharing platform, provides fleet owners with the opportunity to list and rent underutilized vehicles and a way to monetize and share idle truck capacity
- We continued investing in RyderShare, a cloud-based platform that provides load location visibility, tracking, and customized communications through one source
- Through innovations like our RyderGyde fleet management app and our Ryder Assist Now customer service solution, we're making it even easier for companies to do business with us
- We continue to pursue opportunities and expand strategic partnerships with next generation vehicle technology and recently executed a customer agreement for 1,000 commercial electric trucks — the largest deal of its kind in the United States

Corporate Responsibility

We are honored to have been recognized by some of the most respected organizations in business. For the sixth year in a row, Ryder was named one of Fortune Magazine's World's Most Admired Companies for 2018. Forbes named us as one of the America's Best Employers for the fourth consecutive year, as well as naming us to their inaugural list of America's Best Employers for Women. We continue to focus on being a preferred employer and are committed to supporting a diverse and inclusive work environment.

We are also very proud of the work we do in support of hiring from the U.S. military. We are grateful to the men and women who make extraordinary sacrifices while serving our nation. As a leader in transportation and logistics, Ryder understands the unique work experiences of military personnel and values their inherent leadership qualities. Veterans continue to be a great source of talent for us. In 2018, we again exceeded our veteran hiring goals, hiring more than 1,400 veterans, bringing the percentage of veterans in our U.S. workforce to 10 percent.

Ryder is committed to the safety and well-being of our people. A strict adherence to safety is what ensures our employees go home to their families each and every day. There is no more important goal. Preventing injuries and collisions safeguards our employees' and the general public's quality of life. Ryder's safety record is a leading factor in gaining and keeping the trust of our customers. We view outstanding safety, health, security, and environmental performance as a mark of employee quality and skill.

We also strive to integrate corporate responsibility and sustainability into every aspect of our business from how we engage with employees and local communities to our expansion into more sustainable offerings of products and services to customers. Achieving our mission responsibly is critical to attracting and retaining the best talent, execute on our strategy, maintaining a robust supplier base and innovating to provide technologically advance and affordable products for our customers.

We recently published our 2017/2018 Corporate Sustainability Report outlining our sustainability strategy and how Ryder's core values of trust, innovation, collaboration, expertise, and safety guide how we do business every day and how we engage with our customers, employees, and communities. This strategy is critical to Ryder's long-term interests financially, operationally, and ethically, and our commitment to being a responsible corporate citizen extends into every aspect of our business.

Looking Ahead

Several years ago, we charted a course to accelerate profitable growth, making strategic investments in our sales and marketing capabilities and product development; focusing on innovation and technology; engaging in collaborative selling across business units; and taking actions to lower overhead costs and drive efficiencies.

The benefits from executing this strategy are evident in 2018 as earnings generated from multi-year contractual growth, supported by solid rental performance, offset headwinds from a challenging used vehicle environment. This has been a further validation of the strength of our business model, our growth strategy, and the ability of our team to be nimble and execute in ever-changing market conditions. Looking ahead, we will continue executing on our strategy to penetrate the large, non-outsourced market that represents some of our best growth opportunities. In addition, we plan to continue to develop new, innovative solutions that make it easier for companies to do business with Ryder by capitalizing on industry trends that continue to favor outsourcing.

In 2019, we are again anticipating solid earnings growth across all business segments driven by robust contractual revenue growth from record sales results in 2018 as well as the strength of our sales pipeline. We forecast record ChoiceLease fleet growth, driven by a continued trend toward outsourcing, our ongoing sales and marketing initiatives, and expansion with existing customers. We expect solid rental revenue growth, primarily in the expanding light- and medium-duty truck markets. We are planning significantly higher capital expenditures this year primarily due to increased investments to grow and refresh our contractual lease fleet.

We remain focused on cost management and expect to see additional savings in 2019 from our Zero-Based Budgeting process as well as our newly launched multi-year initiative to reduce maintenance costs.

In closing, I want to thank you for your continued confidence and investment in Ryder. We are committed to continuing Ryder's success as an investment, a solutions provider, and a corporate citizen. On behalf of Ryder's leadership team and our nearly 40,000 employees, we appreciate your support and interest in Ryder.

Robert Sanchez
Chairman and CEO
March 2019

This letter includes the following non-GAAP financial metrics: segment-operating revenue for our FMS, SCS and DTS business segments. For a reconciliation of these non-GAAP financial measures, starting on page 57 of the accompanying Annual Report on Form 10-K.