



Gregory T. Swienton
Executive Chairman
Ryder System, Inc.

Robert E. Sanchez
President and Chief Executive Officer
Ryder System, Inc.

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Dear Ryder Investor,

This is an exciting time to be a Ryder shareholder. We're celebrating our 80th year as a world-class provider of outsourced transportation solutions. We closed 2012 on an upswing, generating higher revenue and double-digit earnings growth. Total revenue rose 3%, operating revenue grew 5%, comparable earnings per share increased 16%, and net earnings per share grew 25%. Our two business segments – Fleet Management Solutions (FMS) and Supply Chain Solutions (SCS) – each posted noteworthy gains in key strategic service offerings. In FMS, we grew our core Full Service Lease fleet and expanded our Contract Maintenance business. In SCS, we achieved solid growth through strong performance, especially from our Automotive business and our Ryder Dedicated offering. The growing momentum in our business has allowed two key performance metrics, comparable earnings per share and return on capital spread, to nearly return to pre-recession levels.

This is also a time of change at Ryder as we transition the role of Chairman. *(Note: In May 2013, Greg will retire as Chairman of Ryder after nearly 14 years with the company, including 12 years as CEO, and Robert, a 20-year Ryder employee, and current President and CEO, will assume the role of Chairman and CEO.)* Our commitment to developing our people, the effectiveness of our teamwork, and the quality of our formalized succession planning efforts has allowed for a smooth and effective transition.

We thank you for believing in the strength of our improving business model, our people, and our growth opportunities. Your confidence and investment in Ryder has empowered us to successfully navigate through a multi-year freight recession and has afforded us the opportunity to get fundamentally better at what we do. Better at executing on our core offerings and solving customer problems. Better at the technology we deploy to optimize efficiency and assure consistent execution. Better at attracting and developing the best people in the industry. And better at the new services and innovative solutions we continue to introduce along the way.

REALIZING GROWTH BY LEVERAGING OPERATIONAL EXCELLENCE, INNOVATIVE SOLUTIONS, BEST-IN-CLASS TALENT, and INDUSTRY-LEADING INFORMATION TECHNOLOGY

Over the past decade, we've significantly and measurably improved our business model. We executed changes across the board from the implementation of centralized asset management, vehicle procurement and disposition processes, to improved contract terms, metrics, and incentives. These business model changes enabled us to be even more nimble as we responded to an unexpected decline in rental demand in mid-2012. We were able to make timely adjustments to our fleet to match changing market demand because of our improved analytics and asset management capabilities. We've maintained a strong balance

sheet and access to capital, enabling us to support organic growth, strategic investments and acquisitions. Further strengthening our financial position, our improved business model has proven its ability to continue to deliver positive free cash flow over a business cycle. Moreover, we're especially pleased with the enhanced value of our customer solutions. We've also expanded our sales and marketing capabilities to help us leverage long-term outsourcing trends in all segments.

We made real progress in our goal to gain share in Full Service Lease – our core FMS offering – through improved execution as well as through acquisitions. We've enhanced and expanded our focus on maintenance solutions to meet a broader range of customers' needs. We completed the Euroway acquisition in the U.K., not only fortifying our fleet management and maintenance services reach in that important geographic region – but also complementing the 2011 acquisition of a leading U.K.-based commercial truck leasing, rental and maintenance provider, Hill Hire. These transactions successfully build on the 13 strategic acquisitions closed by FMS in the past decade. At year-end 2012, we proudly served nearly 40,000 Commercial Rental customers and upwards of 14,000 Full Service Lease/Contract Maintenance customers through our network of more than 800 locations throughout the U.S., Canada, the U.K. and Germany.

In SCS, we reaffirmed our pledge to be known for best operational execution in the marketplace, and stepped up our game by developing and marketing new services targeted at key industries. We've been able to leverage our expertise serving the transportation needs of the Automotive and High-Tech industries by growing our presence in other targeted industry segments such as Consumer Packaged Goods and Retail. In fact, revenue from Consumer Packaged Goods and Retail has surpassed that of Automotive, which had long been our largest industry segment. With thousands of well-qualified drivers spread across North America, Ryder Dedicated continued to meet market demand with operating revenue growth of 11% during 2012. We're also entering new markets like oil and gas logistics, by offering targeted industry solutions. Our Transportation Management solution allows customers to gain access to competitive rates, by placing shipments with nearly 1,800 providers of air, ground, rail and sea freight that have contracted with Ryder to fill their available capacity. We're maximizing value for customers by implementing "lean" guiding principles in our network of more than 30 million square feet of warehousing space, to eliminate waste, increase employee engagement, and boost performance and productivity.

By the end of 2012, SCS was providing comprehensive solution sets to more than 600 customers with demanding service requirements in Integrated Logistics, Distribution Management, Dedicated services, and Transportation Management.

RYDER PEOPLE: CORNERSTONE TO OUR FOUNDATION

As much as we focus on strategy, processes and innovation, we never lose sight that Ryder's greatness really comes from our people. This includes truly amazing frontline employees, such as skilled technicians in FMS and our safety-focused drivers in SCS, who provide a level of service that is deeply valued by our customers. We have hundreds of engineers in SCS who've developed a profound level of industry- and

customer-specific knowledge, and who function as dependable, informed consultants tackling the most critical customer questions. We don't have to look far to find just how good our employees are. Our customers tell us. That's why we're doing everything possible to attract and develop the best people. This includes fostering an environment where leaders engage and develop diverse people, skills and approaches to innovate and continuously find ways to become better connected to customer objectives.

LOOKING AHEAD

These are exciting times at Ryder. We're looking forward to the opportunities ahead as we grow our business and increase our market leadership with new and innovative solutions to our customers' transportation and logistics challenges. We believe there are five strategic priorities that will channel our company-wide efforts as we work toward this goal.

- ***Attract the Best People in the Industry*** – Ryder's greatest strength has been and will continue to be our people. Ryder's people make the real difference in how we serve our customers – so we will continue to attract and develop the best people in the industry.
- ***Deliver on Our Promises to Customers*** – Because our customers rely on us to provide vital fleet management and supply chain solutions for their business, we're relentless about finding more reliable, efficient and safe ways to provide these services.
- ***Innovate with New Solutions*** – We operate in very large markets with more than seven million commercial vehicles on the road and hundreds of billions of dollars of supply chain activities. However, roughly 90% of the market does not outsource to Ryder or any of our competitors. This represents our greatest growth opportunity: convincing prospects who currently perform fleet management and supply chain services in-house to outsource those services to us. To meet this challenge, we're bringing to market new innovative maintenance services and energy-efficient natural gas offerings in our FMS business. We're also providing specially tailored supply chain solutions that strategically target industries with unique requirements such as the previously mentioned oil & gas industry.
- ***Grow Our Business*** – Growth is important to us as a company and to our shareholders. We are working across all functional areas, regions and business segments to create more value, grow our relationships with new and existing customers, and drive significantly increased sales activity.
- ***Develop the Best Technology in the Industry*** – As an important foundation for the solutions we provide to our customers, we're leveraging web, mobile and tablet technology to create the best customer-facing technology in the industry and help customers manage their businesses each day.

OPPORTUNITY AWAITS IN 2013

The progress we've made and the foundations we've formed continue to gain momentum. Building on our recent performance, we expect to increase sales in both of our business segments again in 2013. Although we anticipate low to modest growth for the overall economy, we again expect to grow revenue at a better rate than GDP and continue to deliver solid earnings leverage.

In FMS, we're anticipating continued solid contractual sales, including elevated levels of fleet replacement activity. Strong lease replacement activity is expected to lead to further declines in the average age of our fleet. A newer lease fleet, combined with the execution of maintenance initiatives, is expected to result in ongoing maintenance cost reductions. With respect to Commercial Rental, we're expecting improved utilization and better pricing. Higher volumes of used vehicle sales activity are expected to continue in 2013 with pricing declining slightly from historically high levels. In SCS, we expect growth in revenue due to strong new sales, including many deals signed in the second half of 2012. In aggregate, we're expecting continued improvement in SCS earnings, driven both by revenue growth and leverage of overheads.

CLOSING

We're in a great position today. We have the best people and brand in the industry. We're investing in technology. We serve very large markets with significant opportunities for growth. We're growing our business by delivering on our service promises to current customers and innovating with new solutions to attract new customers.

This is why we're looking forward to the road ahead and why we're so grateful to count on your support, enthusiasm and confidence as a shareholder. We thank you for believing in our company, sharing in our vision and trusting in the promise that tomorrow holds for Ryder.

Sincerely,



Greg Swienton
Executive Chairman



Robert Sanchez
President and Chief Executive Officer

This letter includes certain non-GAAP financial measures that are reconciled in Ryder's Form 10-K, which accompanies this letter and is available online at www.ryder.com.