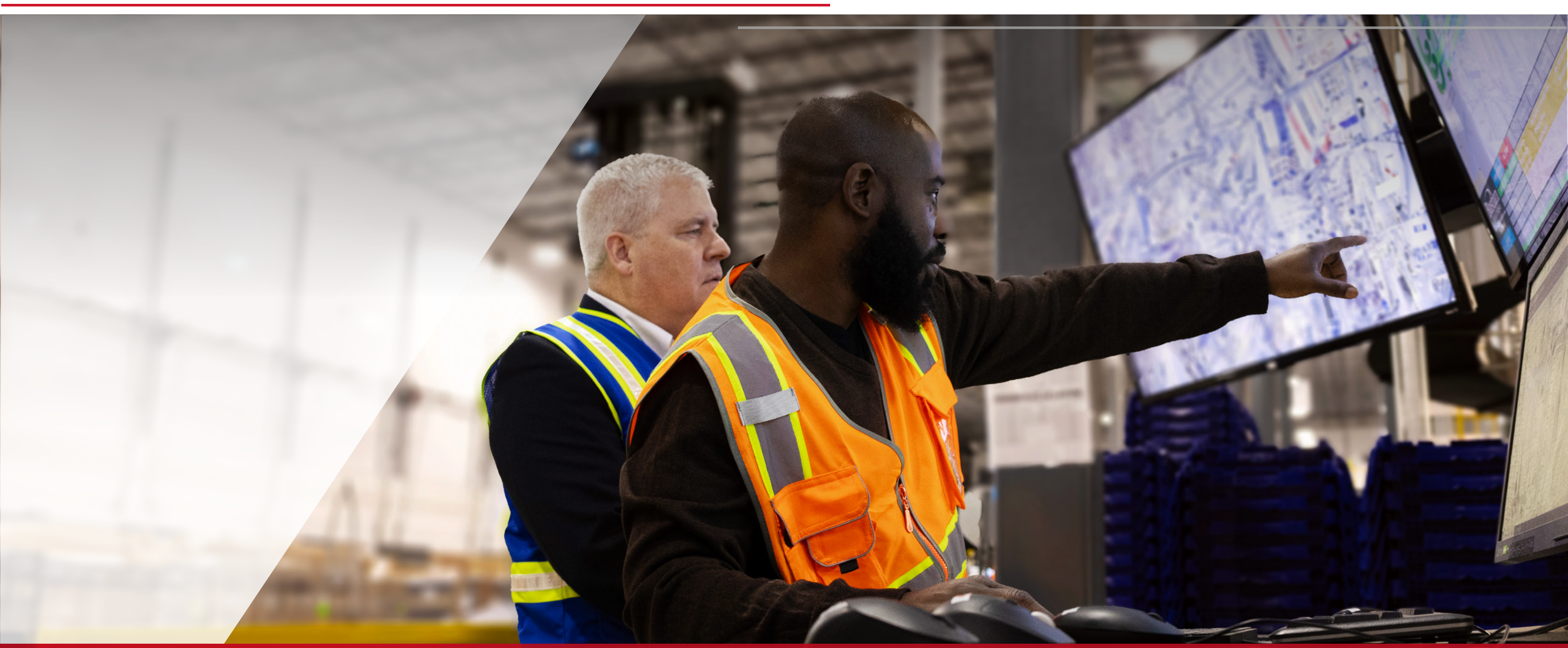
Ryder
Ever better.

2023 ANNUAL REPORT

# TRANSFORMATION

## OUR STRATEGY AT WORK



## CORPORATE PROFILE

Ryder System, Inc. is a $12 billion fully integrated port-to-door logistics and transportation company. We operate behind the scenes managing critical fleet, transportation, and supply chain functions for more than 40,000 customers, many of which make products consumers use every day.

## DIVERSIFIED CUSTOMER BASE

21% Food & Beverage

18% Retail & Consumer Goods

15% Transportation & Logistics

13% Automotive

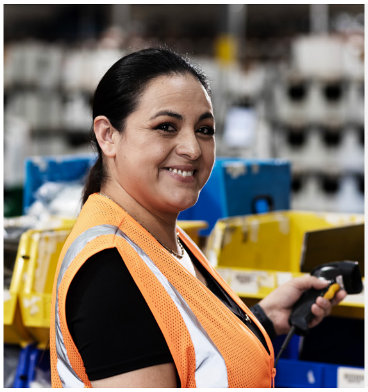
10% Industrial

7% Housing

5% Technology

5% Business & Personal Services

6% Other



**41%**
OF TOTAL REVENUE

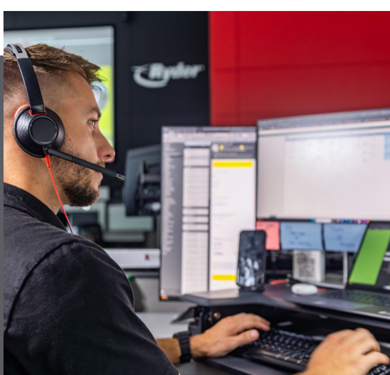
**SCS** **Ryder's Supply Chain Solutions** business segment offers companies an end-to-end suite of solutions that includes warehousing, distribution, transportation logistics, e-commerce and omnichannel fulfillment, and last mile delivery to turn logistics networks into competitive advantages.

**15%**
OF TOTAL REVENUE

**DTS** **Ryder's Dedicated Transportation Solutions** business segment provides customers all the benefits of a private fleet by combining the best of Ryder's leasing and maintenance capabilities with the safest and most professional drivers and technology in the industry.

**44%**
OF TOTAL REVENUE

**FMS** **Ryder's Fleet Management Solutions** business segment offers full-service leasing, contract maintenance, and commercial rental of trucks, tractors, and trailers to help businesses of all sizes across virtually every industry deliver for their customers.



1933
YEAR FOUNDED

~47,500
FULL TIME EMPLOYEES

~41,000
COMMERCIAL CUSTOMERS

248,900
VEHICLES SERVICED

$10B
FREIGHT UNDER MANAGEMENT

>100M
SQ. FT. OF WAREHOUSE SPACE

NYSE: R
Ryder System, Inc.

LEADING PROVIDER OF OUTSOURCED LOGISTICS AND TRANSPORTATION SOLUTIONS IN NORTH AMERICA

# **TRANSFORMATION.** Our Strategy at Work

## TRANSFORMATIVE BUSINESS MODEL CHANGES: 2018 - TODAY

| DE-RISK AND OPTIMIZE THE MODEL | ENHANCE RETURNS & FREE CASH FLOW | DRIVE LONG-TERM PROFITABLE GROWTH |
|---|---|---|
| CHOICELEASE<br>Less reliance on vehicle proceeds; pricing residuals significantly reduced | CHOICELEASE<br>Expanded pricing spreads by segment; $125M annual benefit by 2025 | REVENUE MIX<br>56% asset-light (SCS/DTS); up from 44% in 2018 |
| FMS BUSINESS MIX<br>Exited UK and liability insurance coverage lines | VEHICLE MAINTENANCE COSTS<br>$100M+ annual cost reduction; higher warranty coverage | SCS GROWTH<br>24% 3-year CAGR; up from 16% in 2018 |
| | FREE CASH FLOW<br>Positive most years and over cycle - moderate fleet growth | |

## 2023 HIGHLIGHTS

**19%**
Adjusted ROE

**$460M**
Returned to shareholders through buybacks and dividends

**15%**
Dividend Increase

# **TRANSFORMATION.** Our Strategy at Work

"Actions taken to de-risk the business model, enhance returns and drive profitable growth are contributing to our significant outperformance versus prior cycles."

ROBERT SANCHEZ
Chair and Chief Executive Officer

## KEY ATTRIBUTES OF TRANSFORMED BUSINESS MODEL

**GROWTH FROM LARGE ADDRESSABLE MARKETS AND SECULAR TRENDS**

- Only 5-25% of US addressable market is outsourced
- Market demand for supply chain resiliency and optimization
- Labor challenges and vehicle technology complexity

**RECURRING REVENUE FROM HIGH-PERFORMING CONTRACTUAL PORTFOLIO (LEASE, SCS, DTS)**

- ~85% of operating revenue from long-term contracts
- Reduced reliance on used vehicle proceeds to achieve returns
- Expanded pricing spreads by customer segment
- Diversified SCS revenue base

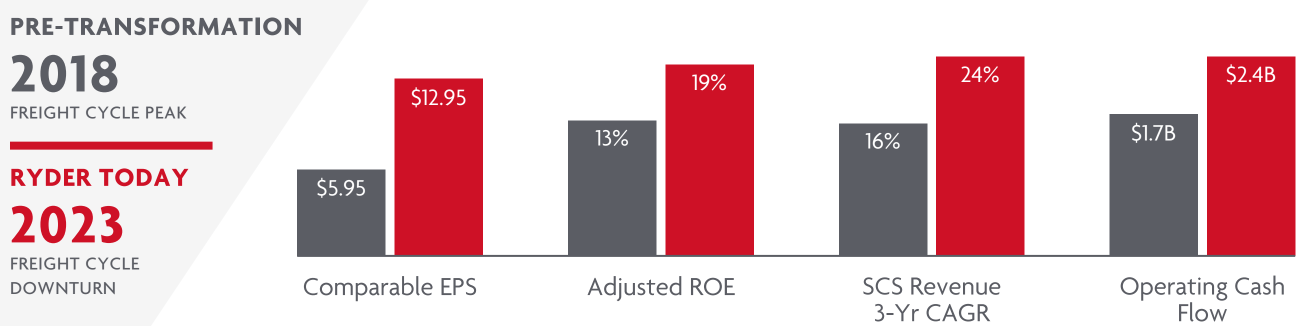
**COST MANAGEMENT DISCIPLINE**

- Leverage scale for cost and operational efficiencies
- Maintenance cost savings
- Zero-based budgeting

**INVESTMENT AND INNOVATION TO SUPPORT BALANCED GROWTH STRATEGY**

- Disciplined capital allocation
- Completed ~$1.2B of strategic acquisitions since 2018
- Technology investments

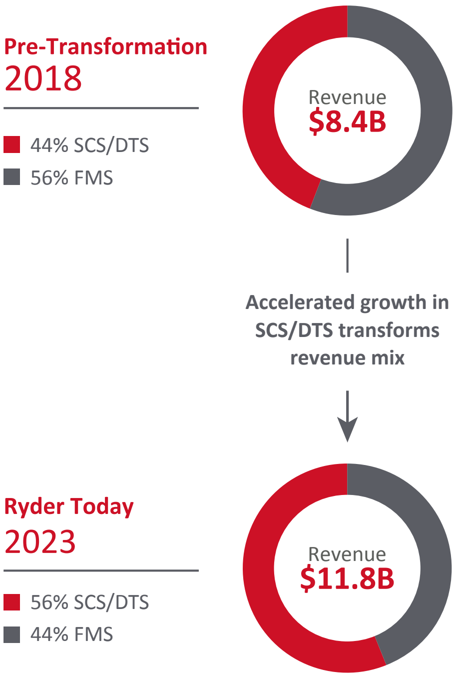
## More resilient business model outperforms prior cycles




Adjusted ROE and comparable EPS are non-GAAP financial measures. For a reconciliation of these non-GAAP financial measures, see pages 45-52 of our Annual Report on Form 10-K for the year ended December 31, 2023.

ROBERT SANCHEZ

Chair and Chief Executive Officer




## DEAR SHAREHOLDERS:

I am extremely proud of the Ryder team for continuing to execute our balanced growth strategy and for delivering strong results again in 2023. Our operating performance continues to demonstrate that the transformative changes we've made to de-risk our business model, enhance returns and free cash flow, and drive long-term profitable growth have significantly increased the earnings and return profile of the business relative to prior cycles. Secular trends continue to favor transportation and logistics outsourcing, and our operational expertise and strategic investments continue to enable us to create value for customers and shareholders.

## 2023 RESULTS

Our 2023 performance clearly illustrates the significant impact our balanced growth strategy is having on our earnings and return profile versus prior cycles. In 2018, prior to the implementation of the balanced growth strategy, we generated comparable earnings per share (EPS) from continuing operations of $5.95 and adjusted return on equity (ROE) of 13%. This was during peak freight cycle conditions. At that time, the majority of our $8.4 billion total revenue was from our Fleet Management Solutions (FMS) business. Our Supply Chain Solutions (SCS) business revenue had a 3-year growth rate of 16%, and operating cash flow was $1.7 billion.

In 2023, during a freight cycle downturn, our transformed model generated meaningfully higher earnings and returns than it did during the 2018 peak. Comparable EPS from continuing operations was $12.95, and ROE was 19%. Through organic growth, strategic acquisitions, and innovative technology, we have shifted our revenue mix toward SCS and Dedicated Transportation Solutions (DTS), with 56% of 2023 revenue coming from these more asset-light businesses compared to 44% in 2018. The SCS three-year growth rate has also increased to 24%.

The business generated strong operating cash flow of $2.4 billion, reflecting contractual growth, partially offset by lower rental demand. We continued to return capital to shareholders through buybacks and dividends. During 2023, we repurchased 3.6 million shares. Since 2021, we have repurchased approximately 16% of our shares outstanding. We also increased our dividend by 15% mid-year.

Adjusted ROE, comparable EPS, and free cash flow are non-GAAP financial measures. For a reconciliation of these non-GAAP financial measures, see pages 37, 45-52 of our Annual Report on Form 10-K for the year ended December 31, 2023.


As we invest in the future of Ryder, we are also taking steps to further strengthen and widen the reach of the Ryder brand. In February 2023, we announced our sponsorship and advertising campaign with professional golfer Sam Ryder, now in his seventh season on the PGA TOUR®.

I'm encouraged by the results of our transformation thus far and am confident that our solid execution in 2023 and momentum from multi-year initiatives position us well for 2024 and beyond.

## INVESTING IN THE FUTURE

We continue to reaffirm our commitment to growing the business through a combination of organic growth and strategic acquisitions. In November 2023, we completed the acquisition of Impact Fulfillment Services ("IFS"), which added contract packaging and contract manufacturing to our SCS service offerings and expanded our warehousing business. The acquisition of IFS also provides us with the opportunity to enhance existing customer relationships, as well as develop new relationships with a blue chip customer base that includes some of the largest and best-known consumer brands in the United States. More recently, in February 2024, we completed the acquisition of Cardinal Logistics, further strengthening our position as a leading provider of customized dedicated transportation solutions in North America.

In July 2023, Torque by Ryder™ expanded into new markets with its offering of retail mobile maintenance at a business's location with no long-term contract. Torque by Ryder provides a portfolio of maintenance solutions with its fleet of fully equipped mobile maintenance trucks and professionally trained technicians.

Moving into 2024, advanced vehicle technologies will be top-of-mind for many of our customers, with some already having questions about how to electrify their fleets. In May 2023, we rolled out RyderElectric+™, a new turnkey solution with electric vehicle advisory, vehicle lease, charging, telematics, and maintenance services. In September 2023, we deployed additional light duty electric vehicles into our rental fleet.

## CORPORATE RESPONSIBILITY

In 2023, we published our annual Corporate Sustainability Report for 2022, outlining our initiatives and investments in sustainability. These investments and our progress demonstrate our commitment to maintaining economic viability with an eye towards the future. We expect these initiatives will continue to generate value for our company and our stakeholders as a trusted logistics and transportation provider, grounded by strong governance.

"We continually strive to make Ryder a better provider for our customers, a better place to work for our employees, and a better corporate citizen for the communities we support."

Ryder is fully committed to having a direct positive impact on the many communities where our employees work and live. In October 2023, we hosted our annual United Way workplace campaign and Ryder employees showed their generosity as never before. Between employee contributions and Ryder's corporate gift, we raised a record $1.1 million.

Continuous improvement is a key philosophy in logistics and a way of life at Ryder, as reflected in our corporate tagline "Ever better!" We continually strive to make Ryder a better provider for our customers, a better place to work for our employees, and a better corporate citizen for the communities we support. I'm proud to say our efforts did not go unnoticed in 2023. For the 12th consecutive year, FORTUNE® named us among its "World's Most Admired Companies," while Newsweek named Ryder one of the "Most Trustworthy Companies in America." Two of Ryder's largest customers, Toyota North America and General Motors, honored us with their "Innovation" and "Overdrive" awards, respectively. In addition, the U.S. EPA recognized us for our Leadership in Environmental Performance, ranking us among the top 2% of all SmartWay truck carriers. Of course, one of our most important distinctions is being an employer of choice. That's why I was proud to see Ryder named among Forbes "America's Best Large Employers" in 2023.

On behalf of Ryder's leadership team and all our employees, thank you for your investment and confidence in Ryder. We remain focused on executing our balanced growth strategy, which we believe will continue to deliver value to our customers and shareholders.

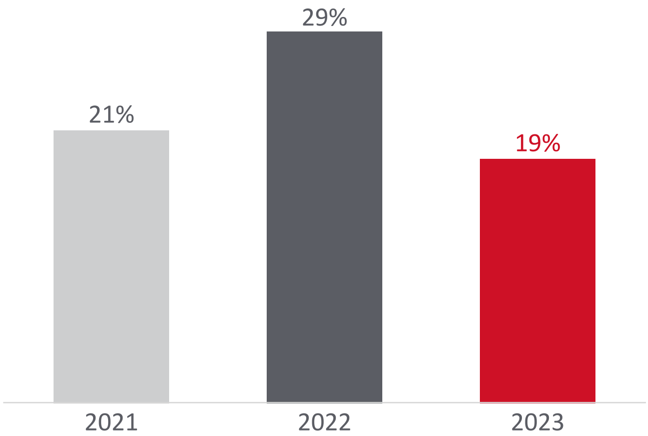
Sincerely,

**Robert Sanchez**

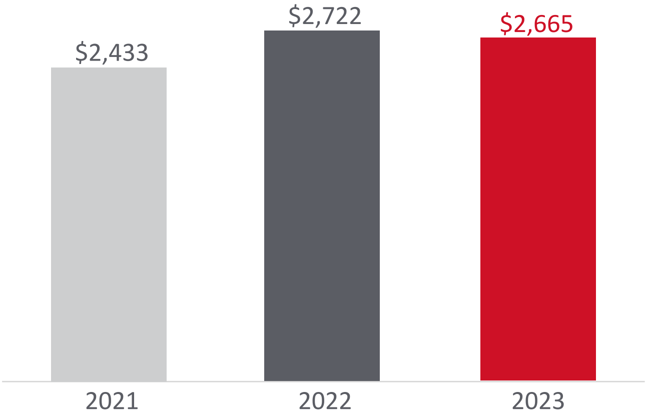
Chair and Chief Executive Officer
March 2024

(in millions, except per share amounts)

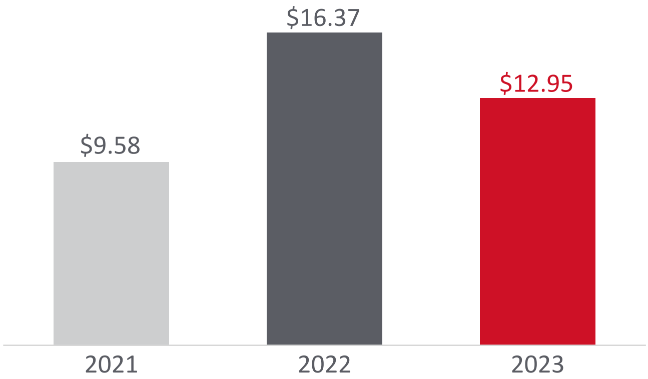
## Adjusted ROE



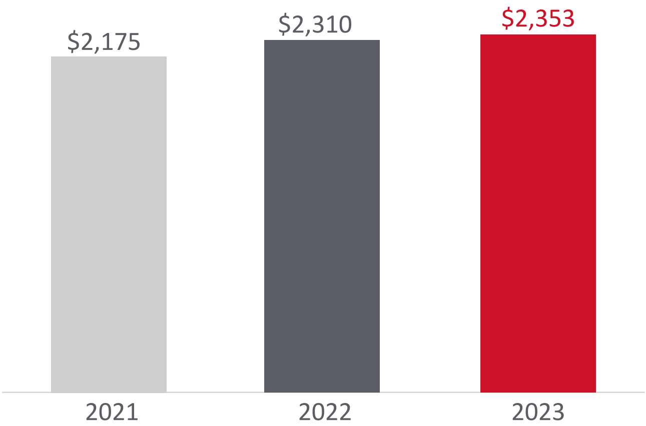

## Comparable EBITDA



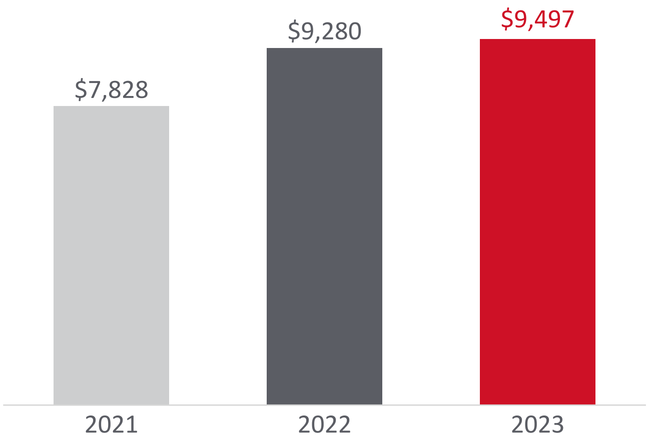

## Comparable EPS



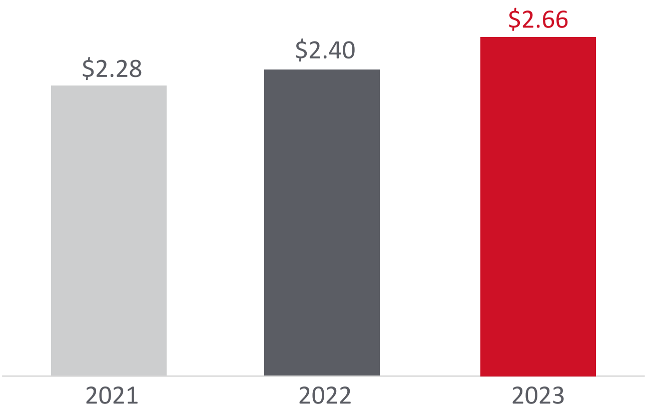

## Cash Flow from Operations



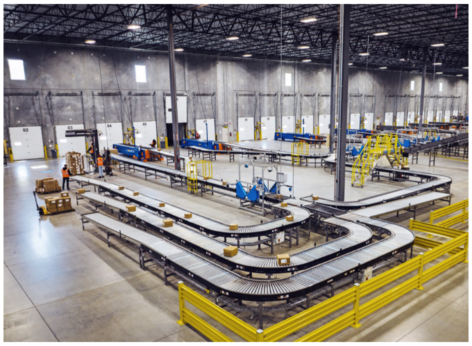

## Operating Revenue




## Dividend Per Common Share




Adjusted ROE, comparable EBITDA, comparable EPS, and operating revenue are non-GAAP financial measures.
For a reconciliation of these non-GAAP financial measures, see pages 37, 45-52 of our Annual Report on Form 10-K for the year ended December 31, 2023.



STAYING AHEAD OF THE CURVE

# EXPANDING SCS CAPABILITIES

### IFS ACQUISITION

With the 2023 acquisition of Impact Fulfillment Services (IFS), Ryder gained new capabilities in contract packaging and contract manufacturing in both food and non-food products. While Ryder already serves the top 10 U.S. food and beverage companies, the acquisition is expected to continue to expand and strengthen those relationships while also attracting new customers in additional verticals, especially in retail, health, and beauty.

"We see considerable opportunity to leverage our new capabilities across industry verticals. As a fully integrated port-to-door logistics provider, we're in a position to deliver significantly increased value for customers looking for more advanced supply chain solutions."

STEVE SENSING

President, Supply Chain Solutions and Dedicated Transportation Solutions

### UPDATE ON OTHER ACQUISITIONS

In addition to Ryder's acquisition of IFS, acquisitions in e-commerce and multiclient warehousing also support the company's strategy to accelerate profitable growth in its supply chain business.

In e-commerce, Ryder expanded its e-fulfillment portfolio with a proven technology and operating platform that enables digitally native and omnichannel retailers to easily scale. It has added an impressive roster of consumer brand names and entered new e-commerce industry verticals in health, beauty, and cosmetics. Ryder's e-commerce fulfillment solution now delivers to 100% of the U.S. within two days and 60% of the U.S. within one day.

Ryder also continues to build out its multiclient warehouse network, providing an entry point for emerging brands looking for a third-party logistics provider that can help them scale, and offering existing customers storage for inventory overflow.

When you combine these expanded capabilities with Ryder's flexible mix of end-to-end transportation logistics solutions, including the Ryder Last Mile delivery network for big-and-bulky goods, Ryder offers an incredible value for customers looking for greater flexibility, efficiency, and ultimately, resiliency.

INVESTED

**$1.2 Billion**

IN SCS ACQUISITIONS SINCE 2018

"We're investing in the brightest technology minds and providing them with the space and freedom to create, so we can continue to build on the strategic investments we've made to develop, acquire, and invest in innovative technologies, products, and services that help make our customers' logistics networks more efficient and resilient."

KAREN JONES

Executive Vice President and Chief Marketing Officer

### STAYING AHEAD OF THE CURVE

# INVESTING IN INNOVATIVE TECHNOLOGIES

### RYDERSHARE™

Ryder's one-of-a-kind visibility and collaborative logistics technology RyderShare™ enables everyone involved in moving goods through supply chains – shippers, receivers, carriers, and service providers – to work together in real-time to prevent costly delays and find efficiency gains.

It's the only digital platform by a 3PL that provides end-to-end visibility, collaboration, and exception management as goods move inbound on trucks to within the walls of warehouses and distribution centers and, ultimately, outbound to their final destinations.

To date, RyderShare has logged more than 13 million shipments with customers realizing significant improvements in productivity, labor efficiency, on-time delivery performance, and instant revenue recognition.

### BATON, A RYDER TECHNOLOGY LAB

Following the acquisition of logistics tech startup Baton in 2022, Ryder established an innovation lab based in Silicon Valley. The mission of Baton, A Ryder Technology Lab is to pioneer a suite of groundbreaking customer-facing technologies designed to revolutionize how Ryder's customers interact with their transportation and supply chain networks. These technologies will digitize and optimize networks at a level not currently available in the industry and will prepare Ryder for future advancements.

Baton's first challenge is to create a first-of-its-kind, AI-powered digital platform and optimization engine that facilitates a new, integrated approach to managing transportation networks for customers where seasonality and fluctuating demand inhibit the continuous use of resources.


## TORQUE BY RYDER™

In 2023, Ryder launched Torque by Ryder™, a new service offering retail mobile maintenance at a business's location with no long-term contract. Torque by Ryder operates separately from Ryder's existing fleet maintenance locations and with a separate vehicle technician workforce, offering customers a first-of-its-kind retail maintenance solution that combines the convenience of mobile maintenance with the simplicity of a transactional model. In addition, Torque by Ryder is positioned to provide off-hours maintenance, minor repairs, and Federal DOT inspection services for fleets and trailers.

Torque by Ryder is currently available in 22 markets in 11 states, with plans to expand into additional states over the next year. Driven by the growing demand for agile technology-based solutions, Torque by Ryder was created to provide fleet managers with a new and more convenient way to procure retail maintenance that maximizes fleet uptime.

## WAREHOUSE AUTOMATION

To keep customers ahead of ever-changing omnichannel fulfillment demands, Ryder continues to invest in technologies that deliver advanced automation solutions that are mobile, flexible, and scalable, as well as require minimum investment and deliver maximum return. Ryder smart warehouses feature goods-to-person technology, such as automated storage-and-retrieval systems and autonomous mobile robots, to improve efficiency, mitigate warehouse labor challenges, optimize space, enable scalability, and increase productivity – all of which lead to improved resiliency.

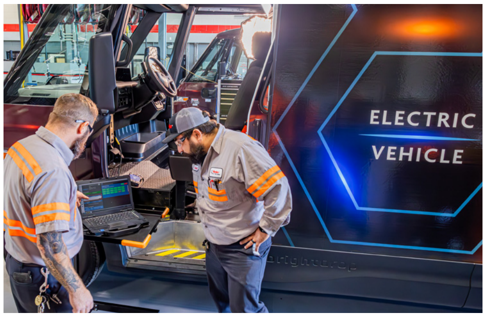
> "Ryder has a strong history of identifying cutting-edge vehicle technology, while functioning as an extended research and development partner for our customers. Through close collaboration with both customers and electric vehicle technology providers, Ryder stands at the forefront of fleet management innovation as we continuously strive to implement efficient, low-carbon strategies that align with the operational objectives of our customers."

TOM HAVENS

President, Fleet Management Solutions

STAYING AHEAD OF THE CURVE

# POSITIONING FOR NEXT GENERATION VEHICLES


## RYDERELECTRIC+™

Ryder unveiled its new turnkey electric vehicle (EV) fleet solution RyderElectric+™, which helps our customers navigate the EV landscape and provides electrification advisory services, vehicles, charging, telematics, and maintenance all for one price. By combining Ryder's industry expertise, its network of facilities, and the best-in-class relationships with vehicle, charging and telematic providers, RyderElectric+ helps companies adopt and maintain an electric fleet that fits their needs. Ryder's aim is to help make the integration of electric vehicles simple by offering solutions that are streamlined through one provider, at one cost, and under one contract package.

## NEXT GENERATION COMMERCIAL VEHICLES

To ensure Ryder customers have access to the most modern fleets in the industry, Ryder collaborates with leading truck manufacturers and vehicle technology innovators. In 2023, Ryder added electric vans to its rental fleet in three regions and purchased EVs for Ryder ChoiceLease customers under RyderElectric+. In addition, charging and infrastructure capabilities were set up in key facilities to support Ryder's rental fleet expansion.

“We continue to evolve our solutions by adding new capabilities and making strategic investments in customer-facing technologies that enhance our existing suite of services.”

STEVE SENSING
President, Supply Chain Solutions
and Dedicated Transportation Solutions

ASSET SHARING

E-COMMERCE FULFILLMENT

SUPPLY CHAIN MANAGEMENT

DATA & ANALYTICS

TRANSPORTATION & SUPPLY CHAIN TECHNOLOGY

NEXT GENERATION VEHICLES

### STAYING AHEAD OF THE CURVE

## LEVERAGING TRENDS IN LOGISTICS


### NEAR-SHORING

Supply chains are facing a range of challenges, from the need to get products to consumers quickly to rising labor costs to geopolitical instability. Because of this, near-shoring has emerged as a popular strategy for companies looking to optimize their supply chains.

At Ryder, the strength of our operations in Canada, Mexico, and the U.S. puts us in a leading position to help companies that want to near-shore their operations. In addition to leveraging this expertise, we develop relationships with local authorities, enabling us to deliver comprehensive, safe, and fast cross-border solutions.

Our solutions for companies choosing to near-shore their operation help improve speed to market, get companies closer to customers, and allow them to gain access to new markets by leveraging an established infrastructure and geographic footprint.

### RYDERVENTURES

Through RyderVentures, our $50 million corporate venture capital fund, we’re committed to investing in and collaborating with start-up companies that are tackling disruptions in our industry, driven by accelerating demand for e-commerce fulfillment, commercial asset sharing, next generation vehicles, and digital technologies. With RyderVentures, we gain early access to emerging technologies that address our customers’ pain points and help speed them to market. To date, RyderVentures has made investments in start-ups that range from warehouse automation to autonomous vehicles, computer vision to mobile carbon capture, among others.

# SUSTAINABILITY

"Sustainability is integrated into the solutions we develop for our customers and is a key component of our operational excellence. At the core of our success are our employees, who drive remarkable safety performance, innovative solutions, and record-breaking charitable giving."

ROBERT SANCHEZ

Chair and Chief Executive Officer

Sustainability at Ryder is about being thoughtful, purposeful, and focused on the areas of environmental, social, and governance (ESG). Our sustainability initiatives guide innovations to improve safety and efficiency, reduce emissions, and inspire our team to develop the best solutions for our customers.

### ENVIRONMENTAL

Ryder is committed to reducing our environmental footprint through efficiency and innovation. Our environmental programs reflect our commitment to conserve resources and mitigate costs, while investing in our buildings, fleet, and emerging technologies to enhance operational efficiencies.

### SOCIAL

We strive to create a high-performance culture that embraces diverse perspectives and experiences while ensuring our employees have opportunities to develop skills needed to grow and excel. Our priority is the safety of our employees, customers, and the public, which is enhanced through training and technology. We develop our talent by providing a safe, collaborative, and innovative work environment.

### GOVERNANCE

We are proud to be a trusted logistics and transportation partner, grounded by strong governance. We value our relationships with investors and maintain a strong governance profile that provides shareholders with meaningful participation rights. At Ryder, upholding high standards of governance and ethical behavior is important to our long-term growth and success.

**LEARN MORE ABOUT RYDER'S SUSTAINABILITY REPORTING AND INITIATIVES HERE.**

Ryder's Corporate Sustainability Report references the Global Reporting Initiative (GRI) Standards, Sustainability Accounting Standards Board (SASB) Air Freight & Logistics Standards, and Task Force on Climate-Related Financial Disclosures (TCFD).


## OUR KEY ESG TOPICS

### ENVIRONMENTAL

Air Quality
Energy
Environmental management
Greenhouse gas emissions

### SOCIAL

Accident and safety management
Diversity, equity, and inclusion
Employee engagement
Employee health and safety
Employee talent and development
Employment
Human rights
Labor management
Non-discrimination

### GOVERNANCE

Anti-corruption
Business ethics and integrity
Customer privacy
Data security
Supply chain management

## EXECUTIVE OFFICERS

**ROBERT E. SANCHEZ**
Chair and Chief Executive Officer

**JOHN J. DIEZ**
Executive Vice President and
Chief Financial Officer

**THOMAS M. HAVENS**
President,
Fleet Management Solutions

**J. STEVEN SENSING**
President,
Supply Chain Solutions and Dedicated
Transportation Solutions

**STEVE W. MARTIN**
Executive Vice President,
Dedicated Transportation Solutions

**ROBERT D. FATOVIC**
Executive Vice President,
Chief Legal Officer and
Corporate Secretary

**KAREN M. JONES**
Executive Vice President and
Chief Marketing Officer

**FRANCISCO LOPEZ**
Executive Vice President and
Chief Human Resources Officer

**SANFORD J. HODES**
Senior Vice President and
Chief Procurement and
Corporate Development Officer

**RAJEEV RAVINDRAN**
Executive Vice President and
Chief Information Officer

**CRISTINA GALLO-AQUINO**
Senior Vice President, Controller
and Principal Accounting Officer

## BOARD OF DIRECTORS

**ROBERT E. SANCHEZ**
Chair and Chief Executive Officer

**ROBERT J. ECK** [2,3,5]
Retired Chief Executive Officer
of Anixter International Inc.

**ROBERT A. HAGEMANN** [1,4]
Retired Senior Vice President and Chief
Financial Officer of Quest Diagnostics
Incorporated

**MICHAEL F. HILTON** [2,3]
Retired President and Chief Executive Officer
of Nordson Corporation

**TAMARA L. LUNDGREN** [1,3]
Chairman, President and Chief Executive
Officer of Radius Recycling

**LUIS P. NIETO, JR.** [2,4]
Retired President of the Consumer Foods
Group for ConAgra Foods Inc.

**DAVID G. NORD** [1,4]
Retired Chairman, President and Chief
Executive Officer of Hubbell Incorporated

**ABBIE J. SMITH** [1,4]
Professor of Accounting at the University of
Chicago Booth School of Business

**E. FOLLIN SMITH** [2,3]
Retired Executive Vice President, Chief Financial
Officer and Chief Administrative Officer of
Constellation Energy Group, Inc.

**DMITRI L. STOCKTON** [2,4]
Retired Chairman, President and CEO of
GE Asset Management

**CHARLES M. SWOBODA** [1,3]
Retired Chairman, President and Chief
Executive Officer of Cree, Inc.

## NEW YORK STOCK EXCHANGE

**NYSE: R**

## ANNUAL MEETING

Ryder System, Inc. will be hosting its Annual Meeting of Shareholders on Friday, May 3, 2024, at 10 am EDT. The Annual Meeting will be held in person at the Hotel Colonnade Coral Gables, 180 Aragon Avenue, Coral Gables, Florida 33134.

## INDEPENDENT REGISTERED CERTIFIED PUBLIC ACCOUNTING FIRM

**PricewaterhouseCoopers LLP**

## TRANSFER AGENT AND REGISTRAR

**EQ Shareholder Services**
Post Office Box 64854
St. Paul, MN 55164-0854
(866) 927-3884
(651) 450-4085 (fax)

www.shareowneronline.com

**Outside the U.S.**
(651) 450-4064

## DIVIDEND REINVESTMENT PLAN

Shareholders may automatically reinvest their dividends and cash in additional shares of Ryder System, Inc. stock by enrolling in the Company's Dividend Reinvestment Plan. Information about the Dividend Reinvestment Plan may be obtained by contacting:

**EQ Shareholder Services**
Post Office Box 64854
St. Paul, MN 55164-0854
(866) 927-3884
(651) 450-4085 (fax)

www.shareowneronline.com

**Outside the U.S.**
(651) 450-4064

For Dividend Reinvestment Plan Optional Cash Investments:

**EQ Shareowner Services**
Post Office Box 64856
St. Paul, MN 55164-0856

## PHYSICAL ADDRESS

**RYDER CORPORATE HEADQUARTERS**
2333 Ponce de Leon Blvd. Suite 700
Coral Gables, FL 33134

## INVESTOR RELATIONS

https://investors.ryder.com
(305) 500-4053
RyderForInvestors@ryder.com

**CALENE CANDELA**
Vice President, Investor Relations
ccandela@ryder.com

**NICOLE DOMINGUEZ**
Group Director, Investor Relations
nicole_dominguez@ryder.com

## BOARD COMMITTEE MEMBERSHIP

1-Audit Committee
2-Compensation Committee
3-Corporate Governance and
Nominating Committee
4-Finance Committee
5-Lead Independent Director

**UNITED STATES**
**SECURITIES AND EXCHANGE COMMISSION**
**Washington, D.C. 20549**

# FORM 10-K

☑ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

**For the fiscal year ended December 31, 2023**

**OR**

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

**For the transition period from to**

**Commission File Number: 1-4364**

# RYDER SYSTEM, INC.

*(Exact name of registrant as specified in its charter)*

| | |
|---|---|
| **Florida** | **59-0739250** |
| *(State or other jurisdiction of incorporation or organization)* | *(I.R.S. Employer Identification No.)* |
| **2333 Ponce de Leon Blvd., Suite 700**<br>**Coral Gables, Florida 33134** | **(305) 500-3726** |
| *(Address of principal executive offices, including zip code)* | *(Telephone number, including area code)* |

Securities registered pursuant to Section 12(b) of the Act:

| Title of each class | Trading symbol(s) | Name of exchange on which registered |
|---|---|---|
| **Ryder System, Inc. Common Stock ($0.50 par value)** | **R** | **New York Stock Exchange** |

Securities registered pursuant to Section 12(g) of the Act: **None**

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☑ No ☐

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☑

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☑ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☑ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of “large accelerated filer,” “accelerated filer,” “smaller reporting company” and “emerging growth company” in Rule 12b-2 of the Exchange Act.

| | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| Large accelerated filer | ☑ | Accelerated filer | ☐ | Non-accelerated filer | ☐ | Smaller reporting company | ☐ | Emerging growth company | ☐ |

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant has filed a report on and attestation to its management’s assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☑

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements. ☐

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to § 240.10D-1(b). ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes ☐ No ☑

The aggregate market value of the voting and non-voting common equity held by non-affiliates of the registrant computed by reference to the price at which the common equity was sold at June 30, 2023 was $3.8 billion. The number of shares of Ryder System, Inc. Common Stock outstanding at January 31, 2024 was 43,913,498.

| Documents Incorporated by Reference into this Report | Part of Form 10-K into which Document is Incorporated |
|---|---|
| **Ryder System, Inc. 2023 Proxy Statement** | **Part III** |

**RYDER SYSTEM, INC.**
**FORM 10-K ANNUAL REPORT**

**TABLE OF CONTENTS**

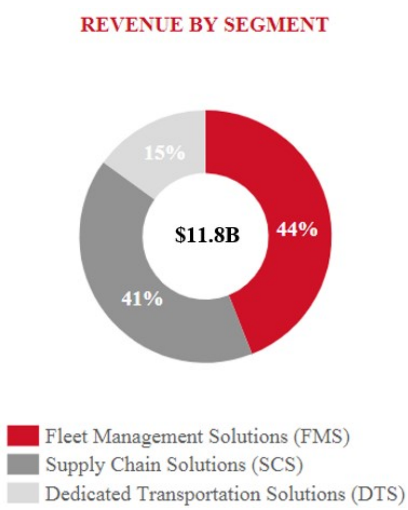
PART I

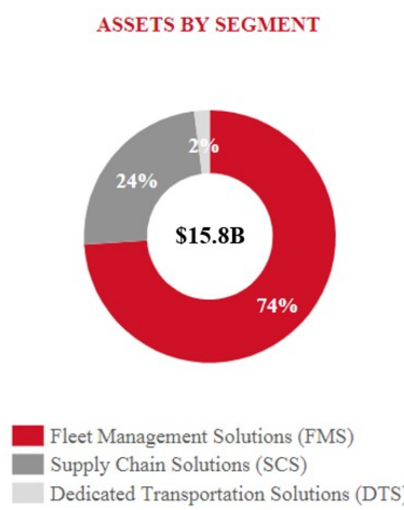
ITEM 1. BUSINESS

## OVERVIEW

Ryder System, Inc. (Ryder) is a leading provider of outsourced logistics and transportation services with significant growth opportunities from secular trends and large addressable markets. We provide supply chain, dedicated transportation, and commercial fleet management solutions. We report our financial performance based on three business segments: (1) Fleet Management Solutions (FMS), which provides full service leasing that includes our contractual maintenance offering, commercial rental and maintenance services of trucks, tractors and trailers to customers principally in the United States (U.S.) and Canada; (2) Supply Chain Solutions (SCS), which provides fully integrated port-to-door logistics solutions, including distribution management, dedicated transportation, transportation management, freight brokerage, e-commerce fulfillment, last-mile delivery, contract packaging, and contract manufacturing in North America; and (3) Dedicated Transportation Solutions (DTS), which provides turnkey transportation solutions in the U.S., including dedicated vehicles, professional drivers, management, and administrative support. Dedicated transportation services provided as part of an operationally integrated, multi-service supply chain solution to SCS customers are primarily reported in the SCS business segment.

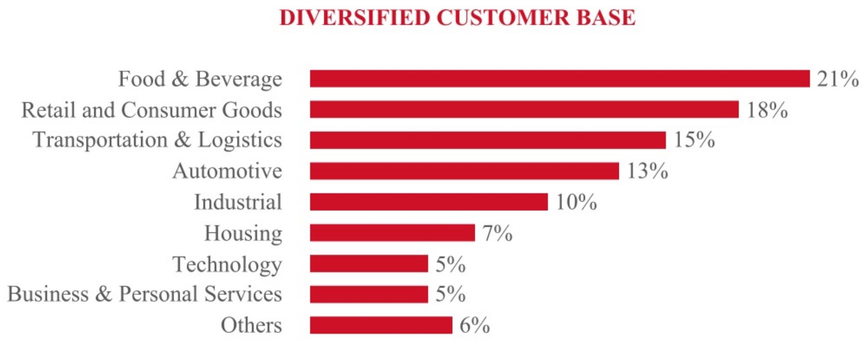
In the beginning of 2022, we announced our intention to exit our lower return FMS Europe (primarily United Kingdom (U.K.)) business. We completed the shutdown of operations as well as the sale of the remaining vehicles and properties in 2023.




*FMS revenue includes eliminations*

We operate in highly competitive markets. Our customers select us based on numerous factors including service quality, price, technology and service offerings. As an alternative to using our services, customers may choose to provide these services for themselves, or may choose to obtain similar or alternative services from other third-party vendors. Our customer base includes enterprises operating in a variety of industries as shown below:




Further information on our business and business segments are presented in Part II, Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations", and in Note 3, "Segment Reporting" of the Notes to Consolidated Financial Statements included in Part II, Item 8, "Financial Statements and Supplementary Data" in this Annual Report.

## MISSION AND STRATEGY

Ryder's mission is to responsibly deliver innovative supply chain and transportation solutions that are reliable, safe and efficient, enabling our customers to deliver on their promises. Companies performing their own logistics and transportation services face increasing challenges of dynamic supply chains, disruptive technologies, labor shortages, and increased vehicle cost and complexity. Our strategy is to accelerate growth in our less capital intensive supply chain and dedicated businesses guided by our balanced growth strategy, and grow our fleet management business at or above targeted returns. We aim to achieve this by focusing on companies either internally managing their supply chain services or outsourcing their needs to other providers. We are also focused on delivering positive free cash flow over the freight cycles and returning capital to shareholders. The balanced growth strategy focuses on three transformative objectives: (i) de-risk and optimize the model, (ii) enhance returns and free cash flow, and (iii) drive long-term profitable growth. This strategy is supported by:

- leveraging secular trends that favor the decision to outsource logistics and transportation services, such as dynamic supply chains, labor constraints, increased cost and complexity, supply chain disruptions, government regulations, e-commerce, and disruptive technologies;
- growing earnings from our contractual businesses;
- offering innovative products, solutions and support services to create and strengthen customer relationships;
- delivering operational excellence through continuous productivity and process improvements;
- attracting, developing and retaining the best talent;
- deploying technology to accelerate growth while improving operational efficiencies; and
- executing our disciplined capital allocation priorities that include investing in organic growth, pursuing targeted acquisitions and investments, and returning capital to shareholders.

## INDUSTRY AND OPERATIONS

### Fleet Management Solutions

#### Value Proposition

Through our FMS business, we provide our customers with a variety of fleet solutions that are designed to improve their competitive position. By outsourcing these services to us, our customers can focus on their core business, improve their efficiency and productivity, and lower their costs. Our FMS product offering is comprised of full service leasing as well as leasing with flexible maintenance options; shorter-term commercial vehicle rental; contract or transactional maintenance services; digital and technology support services that optimize asset performance, compliance, safety; and comprehensive fuel services. In addition, we provide our customers the ability to purchase a large selection of used trucks, tractors and trailers through our used vehicle sales facilities or through our digital channel. FMS also provides vehicles and maintenance, fuel and other services for vehicles used in our SCS and DTS businesses.

**Market Trends**

The U.S. commercial fleet market is estimated to include 10 million vehicles, of which 5 million vehicles are privately owned by companies, 2 million vehicles are with for-hire carriers, 1 million vehicles are leased from banks or other financial institutions, and 1 million vehicles are being leased or rented from third parties, including Ryder[1]. The companies that privately own their fleets generally provide all or a portion of the fleet management services for themselves rather than outsourcing those services to third parties such as Ryder.

Over the last several years, many key trends have been reshaping the transportation industry. Companies that own, maintain and manage their own fleet of vehicles have put greater emphasis on the quality of their preventive maintenance and safety programs because of increased demand for efficiency and reliability. The maintenance and operation of commercial vehicles has become more complex and expensive, requiring companies to spend a significant amount of time and money implementing new technology, diagnostics, retooling and training. Companies must also manage global supply chain disruptions and labor issues, such as a limited supply of commercial vehicles and a shortage of mechanics and qualified truck drivers. Maintenance and other vehicle operational processes have also become more costly as a result of increased regulation and active enforcement efforts by federal and state governments. In addition, volatility in the used vehicle sales market, fluctuating energy prices, and alternative fuel technologies have and will continue to make it difficult for businesses to predict and manage fleet costs. We believe these trends increase the value of our product offering and will increasingly lead privately held fleets to outsource.

**Operations**

In 2023, our global FMS business accounted for 44% of our consolidated revenue.

*U.S.* Our FMS customers in the U.S. range from small businesses to large national enterprises operating in a wide variety of industries, the most significant of which are transportation and warehousing, food and beverage, housing, business and personal services, and industrial. As of December 31, 2023, we had 559 operating locations, excluding ancillary storage locations, in 49 states, the District of Columbia and Puerto Rico. Our operating locations serve multiple customers and have maintenance facilities that typically include a shop for preventive maintenance and repairs; a service island for fueling, safety inspections and preliminary maintenance checks; offices for sales and other personnel, and in many cases, a commercial rental vehicle counter. We also operate on-site at 158 customer locations, which primarily provide vehicle maintenance solely for that customer's fleet.

*Canada*. As of December 31, 2023, we had 28 operating locations throughout seven Canadian provinces. We also operate 14 maintenance facilities on-site at customer properties in Canada.

**FMS Product Offerings**

*ChoiceLease*. Our lease offering, ChoiceLease, provides customers with vehicles, maintenance services, supplies, and related equipment necessary for operation of the vehicles while our customers furnish and supervise their own drivers and exercise control over the vehicles. The ChoiceLease offering allows customers to select the terms of their lease alongside the level of maintenance they prefer, from full service coverage to on-demand, or pay-as-you-go, maintenance.

Our ChoiceLease customers receive the following benefits:

- *Competitive Prices* as we are able to leverage our vehicle buying power for the benefit of our customers. Once we have signed an agreement with the customer, we acquire vehicles and components that are custom engineered to the customer’s requirements and lease the vehicles to the customer for periods generally ranging from three to seven years for trucks and tractors and typically ten years for trailers.
- *Extensive Network of Maintenance Facilities and Trained Technicians* for maintenance, vehicle repairs, 24-hour emergency roadside service, and replacement vehicles for vehicles that are temporarily out of service.
- *Preventative and Flexible Maintenance Programs* based on vehicle type and time or mileage intervals that are cost-effective and designed to reduce vehicle downtime.

*(1) U.S. Fleet as of September 2023, Class 3-8, IHS Markit Ltd.*

- *Access to Lease Vehicles* as we are able to leverage our original equipment manufacturer (OEM) relationships to secure access to vehicles.
- *No Vehicle Residual Risk Exposure* as we typically retain vehicle residual risk exposure.
- *Optional Fleet Support Services*, including our fuel services; safety services such as safety training, driver certification and loss prevention consulting; vehicle use and other tax reporting, permitting and licensing, and regulatory compliance (including hours of service administration); physical damage insurance coverage extension under our existing insurance policies and related insurance services; environmental services.
- *Digital Fleet Management Platform* as access to *RyderGyde™ on ryder.com®*, our customer-facing platform that enables fleet managers and drivers to engage with our services in a digital way.

For the year ended December 31, 2023, ChoiceLease revenue accounted for 54% of our FMS total revenue.

*Commercial Rental*. We offer rental vehicles to customers that have a need to supplement their private fleet of vehicles on a short-term basis (one day up to one year in length) to handle seasonal increases in their business or discrete projects. ChoiceLease customers also utilize our commercial rental fleet to handle their peak or seasonal business needs, as substitute vehicles while their lease vehicles are undergoing maintenance, and while they are awaiting delivery of new lease vehicles. Although a portion of our commercial rental business is purely occasional in nature, we focus on building long-term relationships with customers so that we become their preferred source for commercial vehicle rentals. In addition to vehicle rental, we may extend liability insurance coverage under our existing policies to our rental customers as well as the benefits of cost savings and convenience of our comprehensive fuel services program. For the year ended December 31, 2023, commercial rental revenue accounted for 20% of our FMS total revenue.

*SelectCare*. Through our SelectCare product, we provide maintenance services to customers who choose not to lease some or all of their vehicles from us. Our SelectCare customers have the opportunity to utilize our extensive network of maintenance facilities and trained technicians to maintain the vehicles they own or lease from third parties. There are several bundles of services available to SelectCare customers including full service contract maintenance, preventive only maintenance and on-demand maintenance. Vehicles covered under this offering are typically serviced at our own facilities. However, based on the size and complexity of a customer's fleet, we may operate an on-site maintenance facility at the customer's location or through our mobile service vehicles.

We may also offer our lease and maintenance customers additional maintenance and repair services, as needed, that are not included in contractual agreements, such as services when a customer damages a vehicle. In such situations, we generally charge the customer on an hourly basis for work performed. By servicing all of our customers' maintenance needs, we create stronger, long-term relationships and have greater opportunity to provide customers with a wide range of outsourcing solutions.

In 2023, we launched Torque by Ryder® in select markets, a pay-as-you-go retail mobile maintenance solution and digital platform that enables all fleet owners and managers to order maintenance with an expert technician anytime, anywhere, with no long term contract.

For the year ended December 31, 2023, SelectCare revenue accounted for 12% of our FMS total revenue.

The following table provides information regarding the number of vehicles and customers by FMS product offering as of December 31, 2023:

| | U.S. | | Canada | | Total | |
|---|---|---|---|---|---|---|
| | Vehicles | Customers | Vehicles | Customers | Vehicles | Customers |
| ChoiceLease | 130,300 | 10,400 | 8,600 | 1,200 | 138,900 | 11,600 |
| Commercial rental (1) | 34,400 | 23,700 | 2,000 | 3,000 | 36,400 | 26,700 |
| SelectCare (2) | 48,200 | 1,700 | 3,400 | 200 | 51,600 | 1,900 |

*(1) Commercial rental customers represent those who rented a vehicle more than three days during the year and include 5,400 ChoiceLease customers.*
*(2) Our SelectCare customers include approximately 1,000 ChoiceLease customers.*

*Fuel Services.* We provide our FMS customers with access to diesel fuel at competitive prices at 415 of our maintenance facilities across the U.S. and Canada. We also provide fuel services such as fuel planning, fuel tax reporting, centralized billing, fuel cards and fuel monitoring. Although fuel sales do not have a significant impact on our FMS earnings, as it is largely a pass-through cost to customers, we believe allowing customers to leverage our fuel buying power is a significant and valuable benefit to our customers. For the year ended December 31, 2023, fuel services revenue accounted for 14% of our FMS total revenue.

*Used Vehicles.* We primarily sell our used vehicles from our 57 retail sales centers throughout the U.S. and Canada (12 of which are co-located at an FMS shop), at our branch locations and through our website at *www.ryder.com/used-trucks*. Typically, before we offer used vehicles for sale, our technicians ensure that the vehicles are *Ryder Certified*™, which means that they have passed a comprehensive, multi-point performance inspection based on specifications formulated through our maintenance program; *Ryder DOT Verified*™, which are fully inspected to be compliant with Department of Transportation (DOT) standards with some wear and tear; or *Ryder As-Is* vehicles. Given our focus on maximizing sales proceeds, we primarily sell our used vehicles through our retail channel, which allows us to leverage our maintenance expertise and strong brand reputation to realize higher sales proceeds than in the wholesale market. The realized sales proceeds of used vehicles are dependent upon various other factors, including the general state of the used vehicle market, the supply and demand for used commercial vehicles in wholesale and retail markets, and the age and condition of the vehicle at the time of its disposal. In recent years, the general state of the used vehicle sales market has been particularly volatile. In 2023, pricing in the used vehicle market declined from the historical highs of the prior year, reflecting softer economic conditions and higher market inventories. We have used vehicle inventory of 8,000 vehicles, in line with our long-term target range of 7,000-9,000.

**FMS Business Strategy**

Our FMS business strategy is to be the leading provider of fleet management outsourcing services for light, medium and heavy duty commercial vehicles. This strategy revolves around the following interrelated goals and priorities:

- drive fleet growth that maximizes our return on investment by (1) successfully implementing sales and marketing initiatives designed to encourage private fleet operators and for-hire carriers to outsource all or some portion of their fleet management needs to us, (2) reducing costs through operational efficiencies, including long-term maintenance initiatives, and (3) offering innovative products, solutions and support services that will create and strengthen new and existing customer relationships;
- deliver a consistent, industry-leading and cost-effective lease and maintenance program to our customers through continued process improvement, productivity initiatives, and technology improvements, which also help us attract new customers; and
- optimize asset utilization and management, particularly with respect to our rental fleet, used vehicle operations and maintenance facility infrastructure.

**Competition**

As an alternative to using our fleet management services, companies may choose to provide these services for themselves or to obtain similar or alternative services from other third-party vendors.

Our FMS business segment competes with companies that provide and manage maintenance services themselves and those providing similar services on a national, regional and local level. Many regional and local competitors provide services on a national level through their participation in various cooperative programs. We compete with finance lessors, truck and trailer manufacturers and independent dealers who provide full service lease products, finance leases, extended warranty maintenance, rental and other transportation services. We compete with other companies based on factors such as price, geographic coverage, equipment, maintenance options, and service reliability and quality. We also face competition from managed maintenance providers who are hired to coordinate and manage the maintenance of large fleets of vehicles through a network of third-party maintenance providers.

## Supply Chain Solutions

**Value Proposition**

Through our SCS business, we offer a broad range of innovative logistics management services that are designed to optimize customers' supply chain and address customers' key business requirements. Our business is organized by industry vertical (omnichannel retail (includes retail, technology, last mile and e-commerce), automotive, consumer packaged goods (CPG), and industrial and other (includes healthcare)) to enable our teams to focus on the specific needs of their customers. Our SCS product offerings provide port-to-door solutions including distribution management, dedicated transportation, transportation management, brokerage, e-commerce, and last mile. These offerings are supported by our continued investments in a variety of information technology and engineering solutions that can be provided independently or as an integrated solution to optimize supply chain effectiveness. Key aspects of our value proposition are our operational execution, industry expertise, and customer-facing visibility platform, which are important differentiators in the marketplace.

### Market Trends

Logistics spending in our key target markets in North America was approximately $2.7 trillion, of which $388 billion was outsourced[2]. Outsourced logistics is a market with significant growth opportunity. More sophisticated, cost-effective and reliable supply chain practices are required as supply chains expand and become more complex and susceptible to global disruptions. For example, we believe secular trends continue to accelerate demand for supply chain resiliency, outsourcing, e-commerce fulfillment and final mile delivery of big and bulky goods, and a movement towards onshoring and nearshoring of manufacturing and supply chain operations. The more complicated the supply chain or the product requirements, the greater the need for companies to utilize the expertise of supply chain solution providers.

### Operations

For the year ended December 31, 2023, our global SCS business accounted for 41% of our consolidated revenue, and our customer accounts and warehousing square footage were as follows:

| | December 31, 2023 | | |
|---|---|---|---|
| *(Square footage in millions)* | **Customer Accounts** | **Number of Warehouses** | **Square Footage (1)** |
| SCS | | | |
| United States | **750** | **236** | **92** |
| Foreign (2) | **163** | **51** | **9** |
| Total | **913** | **287** | **101** |

*(1) Includes Ryder leased and owned, and Ryder managed.*
*(2) Includes 15 managed warehouses in Mexico.*

In the U.S., SCS customer accounts are mostly large enterprises that maintain large, complex supply chains. Most of our core SCS business operations are strategically located to maximize efficiencies and reduce costs. We also centralize certain logistics expertise in locations not associated with specific customer sites. For example, our carrier procurement, contract management, freight bill audit and payment services, and transportation optimization and execution groups operate out of our logistics centers in Novi, Michigan and Fort Worth, Texas. In Mexico, our operations offer a full range of SCS services, which are often highly integrated with our distribution and transportation operations, and manage approximately 20,900 border crossings each month between the U.S. and Mexico. Our Canadian operations are highly coordinated with their U.S. and Mexico counterparts and manage approximately 6,000 border crossings each month.

### SCS Product Offerings

*Distribution Management*. Our SCS business offers a wide range of services relating to a customer's distribution operations, such as designing a customer's distribution network; managing distribution facilities; coordinating warehousing and transportation for inbound and outbound material flows; handling import and export for international shipments; coordinating just-in-time replenishment of component parts to manufacturing plants and final assembly; and providing shipments to customer distribution centers or end customer delivery points, including support for e-commerce fulfillment networks. Additional value-added services, such as light assembly of components into defined units, packaging and refurbishment, are also offered to our customers. For the year ended December 31, 2023, distribution management solutions accounted for approximately 35% of our SCS revenue.

*(2) Armstrong & Associates - Transition: Soft Landing at a New level, Latest Third Party Logistics Market Results and Predictions for 2023, July 2023*

*Dedicated Transportation.* Dedicated transportation services are offered as part of an integrated supply chain solution to our customers with a high degree of specialization and a combination of outside carriers, equipment, professional drivers and dedicated services. Our dedicated transportation services offering is designed to increase our customers' competitive position, improve risk management and integrate their transportation needs with their overall supply chain. As part of our dedicated transportation services, we also offer routing and scheduling, fleet sizing, safety, regulatory compliance, risk management, technology and communication systems support including on-board computer and other technical support. These additional services allow our customers to mitigate labor challenges associated with maintaining a private fleet of vehicles, such as driver recruitment and turnover, and government regulation, including hours of service regulations, DOT audits and workers' compensation. Dedicated transportation operations are located at our customer facilities, and our dedicated offering utilizes and benefits from our extensive network of FMS facilities, which provides maintenance for all Ryder vehicles used in SCS solutions. For the year ended December 31, 2023, approximately 32% of our SCS revenue was related to dedicated transportation services.

*Transportation Management and Brokerage*. Our SCS business offers freight transportation, transportation management, and brokerage services relating to all aspects of a customer’s transportation network, including shipment optimization, load scheduling, and delivery confirmation through a series of technological and web-based solutions. Our transportation consultants focus on carrier procurement of all modes of transportation with an emphasis on truck-based transportation, and also includes rate negotiation, freight bill audits and payment services. In addition, our SCS business provides customers with brokerage services designed to provide prequalified trucking capacity in North America. For the year ended December 31, 2023, we purchased or executed $10.0 billion in freight moves on our customers' behalf, including $173 million in brokerage services. For the year ended December 31, 2023, transportation management solutions accounted for 10% of our SCS revenue.

*E-commerce and Last Mile.* Our e-commerce and last mile services offer omnichannel delivery with two-day delivery across the entire U.S. and one-day delivery across the majority of the U.S. Our e-commerce and last mile services are provided through a network of over 106 sites strategically located throughout the U.S. These sites may be owned or leased by us, our customers or our agents. For our e-commerce customers, we receive, pick, pack, and ship smaller items via parcel carriers to the end consumer’s home or through our carrier networks to our customer’s warehouse or retail stores. For our last mile customers, we receive, assemble, and prepare big and bulky items through a third-party agent network for final delivery to the end consumer. Consumers can then choose from multiple levels of delivery services, including minor installation of the item and disposal of the replaced item. We use proprietary scheduling Ryder View 2.0 software for maximum efficiency that optimizes routes and allows customers to select their appointment time. For the year ended December 31, 2023, our e-commerce and last mile services accounted for 19% of our SCS revenue.

*Contract Packaging and Contract Manufacturing.* On November 1, 2023, we acquired all the outstanding equity of IFS Holdings, LLC, a holding company for Impact Fulfillment Services, LLC (IFS), for an approximate purchase price of $255 million. IFS specializes in contract packaging, contract manufacturing and warehousing, for some of the largest and best-known consumer brands in the U.S., primarily in the consumer packaged goods, retail, and healthcare industries. The acquisition is included within the consumer packaged goods industry vertical in our SCS business segment. For the year ended December 31, 2023, our contract packaging and contract manufacturing services and other services accounted for 4% of our SCS revenue.

**SCS Business Strategy**

Our SCS business strategy is to offer our customers differentiated, functional execution and proactive solutions from our expertise in key industry verticals. The strategy revolves around the following interrelated goals and priorities:

- provide customers with best in class execution and quality through reliable and flexible supply chain solutions;
- develop innovative solutions and capabilities that drive value for our customers, such as *RyderShare*™, a real-time collaborative visibility tool showing all goods moving across the supply chain;
- create a culture of innovation and collaboration to provide solutions to meet our clients' needs;
- focus consistently on network optimization and continuous improvement;
- execute on targeted sales and marketing growth strategies; and
- expand customer relationships to include fast growing offerings in e-commerce fulfillment and last mile.

### Competition

As an alternative to using our services, companies may choose to internally manage their own supply chains and logistics operations, or obtain similar or alternative services from other third-party vendors.

In the SCS business segment, we compete with a large number of companies providing similar services, each of which has a different set of core competencies. We compete with a handful of large, multi-service companies across all of our product offerings and industries. We also compete against other companies on specific service offerings (for example, in transportation management, distribution management or dedicated transportation) or with companies specializing in a specific industry. We face different competitors in each country or region where they may have a greater operational presence. We compete based on factors such as price, service offerings, market knowledge, expertise in logistics-related technology and overall performance (e.g., timeliness, accuracy, and flexibility).

## Dedicated Transportation Solutions

### Value Proposition

Through our DTS business, we combine equipment, maintenance, professional drivers, engineering, administrative services and additional services, including routing and scheduling, fleet sizing, safety, regulatory compliance, risk management, and technology and communication systems support to provide customers with a dedicated transportation solution that is designed to increase their competitive position, improve risk management and integrate their transportation needs with their overall supply chain. This solution allows us to mitigate our customers' labor challenges associated with maintaining a private fleet of vehicles, such as driver recruitment and retention, and government regulation, including electronic logging devices and hours of service regulations, DOT audits and workers' compensation. Our DTS solution offers a high degree of specialization to meet the needs of customers with sophisticated service requirements such as tight delivery windows, high-value or time-sensitive freight distribution, closed-loop distribution, multi-stop shipments, specialized equipment and integrated transportation needs.

### Market Trends

The U.S. dedicated market was estimated to be $29 billion[3] from an addressable market of approximately $660 billion[4]. This market is affected by many of the same trends that impact our FMS business. The administrative requirements relating to regulations issued by the DOT regarding driver screening, training and testing, as well as record keeping and other costs associated with the hours of service requirements, make our DTS offering an attractive alternative to private fleet and driver management. There continues to be significant pressure on the availability of qualified truck drivers, and shippers continue to seek dedicated capacity from quality transportation and logistics providers, which makes our offering attractive to potential customers. In addition, market demand for just-in-time delivery creates a need for well-defined routing and scheduling plans that are based on comprehensive asset utilization analysis and fleet rationalization studies offered as part of our DTS services.

### Operations/Product Offerings

For the year ended December 31, 2023, our DTS business accounted for 15% of our consolidated revenue. As of December 31, 2023, we had 189 DTS customer accounts in the U.S. Because it is highly customized, our DTS product is particularly attractive to companies that operate in industries that have time-sensitive deliveries or special handling requirements, as well as companies who require a highly engineered transportation solution with specialized services. DTS accounts typically operate in a limited geographic area, and, therefore, most of the professional drivers assigned to these accounts are short haul drivers, meaning they return home at the end of each work day, which helps with driver recruiting and retention. Although a significant portion of our DTS operations are located at customer facilities, our DTS business also utilizes and benefits from our extensive network of FMS facilities, including the FMS maintenance network that services the vehicles used in DTS solutions.

---

*(3) Armstrong & Associates - A Roaring 2021: Demand Drives 3PLs to the Best Growth and M&A Year on Record, July 2022.*
*(4) Addressable market as of June 2023, Class 3-8, IHS Markit Ltd. (formerly RL Polk) & Ryder Internal Estimates.*

In order to customize a DTS transportation solution for our customers, our DTS logistics specialists perform a transportation analysis using advanced logistics planning and operating tools. Based on this analysis, they formulate a logistics design that includes the routing and scheduling of vehicles, the efficient use of vehicle capacity and overall asset utilization. The goal of each customized plan is to create a distribution system that optimizes freight flow while meeting a customer's service goals. A team of DTS transportation specialists can then implement the plan by leveraging the resources, expertise and technological capabilities of both our FMS and SCS businesses.

To the extent a distribution plan includes multiple modes of transportation (air, rail, sea and highway), our DTS team, in conjunction with our SCS transportation specialists, selects appropriate transportation modes and carriers, places the freight, monitors carrier performance and audits billing. In addition, through our SCS business, we can reduce costs and add value to a DTS customer's distribution system by aggregating orders into loads, looking for shipment consolidation opportunities and organizing loads for vehicles that are returning from their destination point back to their point of origin (backhaul).

**DTS Strategic Investment**

On February 1, 2024, we acquired all the outstanding equity of CLH Parent Corporation (Cardinal Logistics) for a purchase price of $290 million. Cardinal Logistics is a leading customized dedicated contract carrier in North America, providing dedicated fleets and professional drivers, as well as complementary freight brokerage services, last-mile delivery and contract logistics services. Cardinal Logistics primarily serves the consumer packaged goods, omnichannel retail, automotive, and industrial verticals. This acquisition increases our scale and network density and further advances our strategy to accelerate growth in dedicated. The transaction is expected to add approximately $1 billion in annualized total revenue.

**DTS Business Strategy**

Our DTS business strategy is to offer services to customers who need specific vehicles, specialized handling, dedicated capacity, or integrated transportation services. This strategy revolves around the following interrelated goals and priorities:

- increase market share to provide more specialized services with customers across industries, including customers in the retail, metals and mining, energy and utility, consumer product goods, construction, and food and beverage industries;
- develop innovative solutions and capabilities that drive value for our customers, such as *RyderShare™*, a real-time collaborative visibility tool showing all goods moving across the supply chain;
- utilize the support of the FMS sales team to compel private fleet operators to outsource all or some of their transportation needs to us;
- align the DTS business with other SCS product lines to create revenue opportunities and improve operating efficiencies in both segments;
- improve competitiveness in the non-specialized and non-integrated customer segments, including dedicated capacity solutions;
- focus consistently on network optimization and continuous improvement; and
- recruit and retain professional drivers.

**Competition**

Our DTS business segment competes with other dedicated providers to furnish highly engineered solutions, often involving specialized handling or service requirements. To a lesser extent, DTS competes with truckload carriers providing dedicated solutions for standard freight. We compete with these companies based on a number of factors, including price, equipment options and features, maintenance, service and geographic coverage, driver availability and operations expertise. As an alternative to using our services, companies may choose to internally manage their own private fleets, or obtain similar or alternative services from other third-party vendors. We are able to differentiate our DTS product offering by leveraging our FMS vehicles and maintenance services and integrating the DTS services with those of SCS to create a more comprehensive transportation solution for our customers. Our strong safety record and focus on customer service also enables us to uniquely meet the needs of customers with high-value products that require specialized handling in a manner that differentiates us from truckload carriers.

## CYCLICALITY

Our business is impacted by economic and market conditions. In a strong economic cycle, there is generally more demand for our fleet management, dedicated transportation and supply chain services. In a weak or volatile economy, demand for our services decreases and is considerably more unpredictable. Because of these factors, we have continued to focus on increasing the diversity of our customer base and strengthening our long-term business relationships with our customers. Although we believe these efforts help mitigate the immediate impact of an economic downturn, customers are often unwilling to commit to a full service lease or long-term supply chain and dedicated contracts during a protracted or severe economic downturn. Because commercial rental and used vehicle sales are transactional, they are more cyclical in nature and are also heavily dependent on economic and market conditions, and results can vary significantly in both the short- and long-term. We mitigate some of the potential impact of an economic downturn through a disciplined and centralized approach to asset management. This approach allows us to manage the size, mix and location of our operating fleet and used vehicle inventories to try and maximize asset utilization and used vehicle proceeds in both strong and weak market conditions.

**REGULATION**

Our business is subject to regulation by various federal, state, local and foreign governmental entities. The DOT and various federal and state agencies exercise broad powers over certain aspects of our business, generally governing such activities as authorization to engage in motor carrier operations, safety and operations. The Federal Motor Carrier Safety Administration (FMCSA), under the DOT, manages a Compliance, Safety, Accountability initiative (CSA), partnering with state agencies designed to monitor and improve commercial vehicle motor safety, which uses roadside inspections and violations to measure motor carriers and drivers. The FMCSA also has regulations mandating electronic logging devices in commercial motor vehicles that impact various aspects of our dedicated, supply chain and rental businesses.

We are also subject to a variety of laws and regulations promulgated by national, state, provincial and local governments, including the U.S. Environmental Protection Agency (EPA) and the Occupational Safety and Health Administration (OSHA), which regulate safety, the management of hazardous materials, water discharges, air emissions, solid waste disposal and the release and cleanup of regulated substances, and the Food and Drug Administration (FDA) and United States Department of Agriculture (USDA), which regulate foodstuffs and other products for human consumption. In addition, we must comply with licensing and other requirements imposed by the U.S. Department of Homeland Security and the U.S. Customs Service as a result of increased focus on homeland security and our Customs-Trade Partnership Against Terrorism certification. We may also become subject to new or more restrictive regulations imposed by these agencies or other authorities or states relating to carbon emissions controls and reporting, engine exhaust emissions, drivers' hours of service, wage and hour requirements, employee and independent contractor classification, security, including data privacy and cybersecurity, and ergonomics.

Additional information about the regulations that we are subject to can be found in Item 1A. "Risk Factors" in this Annual Report on Form 10-K.

**HUMAN CAPITAL**

We strive to create a high-performance culture that embraces diverse perspectives and experiences and ensures that all of our employees have opportunities to develop the skills they need to grow and excel in their fields. Human capital management is a priority for our executives and board of directors. We are committed to identifying and developing the talent necessary for our long-term success throughout all levels of our organization, including our front-line employees interacting with our customers or behind-the-scenes supporting our field teams. We have a robust talent and succession planning process and have established programs to support the development of our talent pipeline for critical roles in our organization. Annually, we conduct a robust review with the leadership team focusing on high performing and high potential talent, diverse talent and the succession plan for our critical roles.

We also recognize that it is important to develop our future leaders. We provide a variety of resources to help our employees build and develop their skills, including online development resources as well as individual development opportunities and projects for key talent. Additionally, we have leadership development resources for our future leaders as they continue to develop their skills. We invest in our employees by offering comprehensive health, welfare and retirement programs, along with wellness programs and well-being initiatives.

In addition, we provide our professional drivers, technicians and warehouse workers with on-going training opportunities. For example, we pair our professional drivers with certified driver trainers during onboarding and provide position and customer-specific training. Our technicians also receive both online and in-person training and we collaborate with our OEMs to ensure our technicians possess the knowledge and skills necessary to service our customers. Our warehouse workers also receive regular safety and compliance training that is specific to their location.

At December 31, 2023, we had approximately 47,500 full-time employees in North America. We currently employ approximately 10,800 professional drivers and 4,800 technicians. We have approximately 31,300 hourly employees in the U.S., approximately 3,700 of which are organized by labor unions. Those employees organized by labor unions are principally represented by the International Brotherhood of Teamsters, the International Association of Machinists and Aerospace Workers, and the United Auto Workers. Their wages and benefits are governed by 98 separate labor agreements which are renegotiated periodically. Although we have not experienced a material work stoppage or strike, these events can potentially occur given the types of businesses in which we currently engage. We consider the relationship with our employees to be good. Refer to Item 1A. Risk Factors for further information regarding risk associated with our human capital and the attraction, development, and retention of personnel.

**Safety**

Our safety culture is founded upon a core commitment to the safety, health and well-being of our employees, customers and the community. As a core value, our focus on safety is embedded in our day-to-day operations, reinforced by many safety programs and continuous operational improvement and supported by a talented and dedicated safety organization. We have created and implemented policies, processes and training programs to minimize safety events, and we review and monitor our performance closely. Our safety organization team oversees our overall safety strategy and consists of three divisions: Safety Standards & Technology, Field Safety Solutions, and U.S. Department of Transportation Compliance. Together, our safety organization manages our safety policies, technologies and training, all field safety processes, risks assessments, safety site investigations and regulatory compliance activities, among other things.

We deploy relevant vehicle safety systems in the vehicles we operate, including active brake assistance, lane departure warning systems, adaptive cruise control and stability control, to enhance safety performance. We also install aftermarket safety monitoring systems that provide effective means for our operations teams to measure and improve driver performance, including in-vehicle video event recorders. Driver training is also a key component of our safety program. We use certified driver trainers to on-board and train our professional drivers. Proactive injury and crash prevention and remedial training are also delivered regularly online to each employee through a highly interactive lesson platform. Our technicians also receive both online and in-person training to enable them to continuously improve their maintenance skills to ensure we are servicing our customers in compliance with best-in-line safety measures. We provide annual training to warehouse employees on safe cutting, trailer securement, proper lifting/material handling techniques, and equipment safety along with regular OSHA training. Our proprietary, web-based safety management system, *Ryder SafetyNet*, delivers monthly proactive safety programs as well as safety compliance tasks tailored to every location and helps measure safety activity effectiveness across the organization.

The safety policies and procedures in place require that all managers, supervisors and employees incorporate safe processes in all aspects of our business. Monthly safety scorecards are tracked and reviewed by management for progress toward key safety objectives.

The safety of our customers is also paramount at Ryder. Safety support is provided to customers through Ryder Fleet Risk Services (FRS). FRS helps customers navigate the increasingly complex industry landscape through customized consultation, innovative solutions, and best-in-class safety programs.

## INFORMATION ABOUT OUR EXECUTIVE OFFICERS

| Name | Position | Current Position Since | Prior Business Experience | Age |
|---|---|---|---|---|
| Robert E. Sanchez | Chair and Chief Executive Officer | 2013 | President and Chief Operating Officer from February 2012 to December 2012. President, Global FMS from September 2010 to February 2012. Executive Vice President and Chief Financial Officer from October 2007 to September 2010. Executive Vice President of Operations, U.S. FMS from October 2005 to October 2007. Senior Vice President and Chief Information Officer from January 2003 to October 2005. | 58 |
| John J. Diez | Executive Vice President and Chief Financial Officer | 2021 | President, Global FMS from August 2019 to May 2021. President of DTS from March 2015 to August 2019. Senior Vice President of Ryder Dedicated from March 2014 to February 2015. Senior Vice President of Asset Management from January 2011 to February 2014. | 53 |
| Thomas M. Havens | President, Fleet Management Solutions | 2021 | Senior Vice President and Global Chief of Operations for FMS from November 2012 to May 2021. Vice President and General Manager for FMS in Canada from September 2011 to November 2012. | 55 |
| J. Steven Sensing | President, Supply Chain Solutions and Dedicated Transportation Solutions | 2015 | Vice President and General Manager of the Hi-Tech and Healthcare industry groups for SCS from February 2007 to February 2015. | 56 |
| Steve W. Martin | Executive Vice President, Dedicated Transportation Solution | 2024 | Senior Vice President, Dedicated Transportation Solutions from August 2019 to February 2024. Vice President and General Manager of the Automotive, Aerospace and Industrial vertical from February 2017 to August 2019. Vice President, Dedicated Transportation Services - East from February 2012 to February 2017. Vice President for Supply Chain Excellence from February 2009 to February 2012. | 60 |
| Robert D. Fatovic | Executive Vice President, Chief Legal Officer and Corporate Secretary | 2012 | Executive Vice President, General Counsel and Secretary from June 2004 to July 2012. Senior Vice President, U.S. Supply Chain Operations, Hi-Tech and Consumer Industries from December 2002 to May 2004. Vice President and Deputy General Counsel from May 2000 to December 2002. | 58 |
| Karen M. Jones | Executive Vice President and Chief Marketing Officer | 2014 | Senior Vice President and Chief Marketing Officer from September 2013 to October 2014. | 61 |
| Francisco Lopez | Executive Vice President and Chief Human Resources Officer | 2018 | Chief Human Resources Officer February 2016 to February 2018. Senior Vice President, Global Human Resources Operations from July 2013 to February 2016. | 49 |
| Sanford J. Hodes | Senior Vice President and Chief Procurement and Corporate Development Officer | 2022 | Senior Vice President and Deputy General Counsel and Safety, Health, and Security from February 2011 to October 2022. | 56 |
| Rajeev Ravindran | Executive Vice President and Chief Information Officer | 2018 | Chief Information Officer and Group Vice President at JM Enterprises from 2012 to January 2018. | 58 |
| Cristina Gallo-Aquino | Senior Vice President, Controller and Principal Accounting Officer | 2020 | Vice President and Chief Financial Officer, Global FMS from August 2015 to August 2020. Vice President and Controller from September 2010 to August 2015. | 50 |

## FURTHER INFORMATION

For further discussion concerning our business, see the information included in Items 7 and 8 of this report. Industry and market data used throughout Item 1 was obtained through a compilation of surveys and studies conducted by industry sources, consultants and analysts.

We make available our Annual Report on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and all amendments to those reports through the Investor Relations page on our website at *www.ryder.com* as soon as reasonably practicable after such material is electronically filed with or furnished to the Securities and Exchange Commission (SEC). The SEC maintains an Internet site that contains our reports, proxy and information statements, and our other SEC filings. The address of the SEC's website is *www.sec.gov*.

In addition, our Corporate Governance Guidelines, Principles of Business Conduct and Board committee charters are posted on the Corporate Governance page of our website at *investors.ryder.com*. Upon request to our Investor Relations page on our website, we will provide a copy of these documents to anyone, free of charge.

## ITEM 1A. RISK FACTORS

*The following is a cautionary discussion of the material risks and uncertainties that management believes affect us. Any of the following risks, as well as risks that are not currently known to us or that we currently deem immaterial, could materially affect our business, financial condition or results of operations. Accordingly, you should carefully consider the following risk factors in conjunction with all of the other information set forth in or incorporated by reference in this Form 10-K.*

### Business and Operating Risks

**Decreased customer demand for transportation services due to adverse economic conditions, competition or other factors has impacted and could in the future adversely impact our business and operating results.**

The transportation industry is highly cyclical and susceptible to trends in economic activity. Our business relies on the strength of our customers' businesses and their level of confidence in current and future economic conditions. In our FMS business, vehicles are leased or rented to customers that transport goods commercially, hence, the demand for our products and services is directly tied to the production and sale of goods by our customers, and more generally, the health of the North American economy. In our SCS and DTS businesses, our logistics and transportation services are tied to the demand of our customers' goods. If demand for our customers' products declines, our customers may experience a decline in volumes, which may impact our financial results. As a result, our business may begin to slow before overall market slowdowns, at the point of customer uncertainty, and may recover later than overall market recoveries, as our customers may continue to feel uncertain about future market conditions. If uncertainty around macroeconomic conditions and the transportation and logistics industries increase, such as due to recessionary conditions, unexpected interest rate fluctuations or inflationary pressures, our future growth prospects, business and results of operations could be materially adversely affected.

Among our services and product offerings, demand for used vehicles, rental, and longer-term contractual services are particularly susceptible to changes in economic and market conditions. For example, in a weak or volatile economy (such as during an economic recession or downturn), our customers may not need additional vehicles, may experience reduced shipping needs, or are often unwilling to commit or unable to fulfill long-term contracts. Accordingly, any sustained weakness in demand or a protracted economic downturn can negatively impact performance and operating results in used vehicle sales, rental and longer-term contractual services across our business segments.

**We bear the risk that we will not be able to resell our used vehicles at a price at or above their residual value estimates.**

To determine the residual value estimates and useful life of our vehicle fleet, management is required to make judgments about future events that are subject to risks and uncertainties outside of their control. While we regularly review and update our outlook for the used vehicle market, as management believes appropriate, the used vehicle pricing market has historically been subject to significant pricing volatility. Despite management's best estimates, we may be unable to accurately forecast the residual value of our vehicle fleet or accurately and timely adjust our residual estimates to better align with future market conditions at the end of a vehicle's useful life. A variety of factors, many of which are outside of our control, could cause residual value estimates to differ from actual used vehicle sales pricing, such as changes in supply and demand of used vehicles; volatility in market conditions; changes in vehicle technology; competitor pricing; regulatory requirements; wholesale market prices; customer requirements and preferences; and changes in underlying assumption factors.

Any material decrease in residual value estimates could have a material adverse impact on our financial results. In the past, we have realized losses on sales of used vehicles at the end of a vehicle's useful life when our residual value estimates were above used vehicle market prices due to rapidly changing market conditions. In addition, when we have materially decreased residual value estimates, our earnings over the vehicle's remaining useful life have decreased due to an increase in depreciation expense. Alternatively, we may realize gains on sales of used vehicles at the end of a vehicle's useful life when our residual value estimates are below used vehicle market prices. While management determines residual value estimates with the goal of minimizing losses on sales of used vehicles or to record the best estimate of fair value at the end of a vehicle's useful life, there is no assurance our residual value estimates will be at or below used vehicle market sales.

For a detailed discussion on our accounting policies and assumptions relating to depreciation and residual values, please see "Critical Accounting Estimates - Residual Value Estimates and Depreciation" in Management's Discussion and Analysis of Financial Condition and Results of Operations.

**Disruptions in global supply chains have impacted, and may continue to impact, our business, results of operations and financial condition.**

Our business is highly susceptible to disruptions in global supply chains as services are directly tied to the production and sale of goods. Disruptions in global supply chains have impacted each of our business segments as the supply and demand of commercial vehicles directly impacts our FMS business, and the production and supply of certain goods impacts the businesses of our customers in SCS and DTS, and therefore our own business.

For example, when COVID-19 measures prohibited many of our customers from continuing their operations, our business was initially adversely impacted because we experienced lower demand for commercial rental and used vehicles in our FMS business and reduced volumes in our SCS business. To the extent that customers are prohibited from continuing or are unable to continue their operations, whether due to measures implemented in response to a public health or safety crisis or to labor strikes, our business and results of operations may be adversely affected. On the other hand, when global supply chain disruptions caused a semiconductor shortage, we experienced a significant increase in demand for rental and used vehicles, as well as lease, due to the limited supply of commercial vehicles. However, we may experience limited rental and lease fleet growth and have a limited inventory of used vehicles for sale during an extended period of limited supply of commercial vehicles. After a period of limited commercial vehicle supply, if OEMs then produce an oversupply of new commercial vehicles, our FMS business may experience reduced rental demand and used vehicle sales in the future. In addition, when global supply chains have been disrupted, we have experienced increased inflationary pressures that increased costs in certain areas like payroll and third-party services.

Overall, the extent to which future supply chain disruptions impact our business, operations and financial results will depend on numerous factors that are difficult to accurately predict. Depending on the circumstances of a particular supply chain disruption, economic and commercial activity may be impacted, and, as a result, we may again experience slowdowns, reduced demand and a negative impact to a portion of our earnings.

**Our profitability has been and could in the future be negatively impacted if our key operational assumptions and pricing structure prove to be invalid.**

Substantially all of our SCS and DTS services, as well as our ChoiceLease and SelectCare products offered through FMS, are provided under long-term contractual arrangements with our customers. These contractual arrangements include pricing terms that are subject to a number of key operational assumptions:

- with respect to our SCS contracts, the scope of services, production volumes, operational efficiencies, the mix of fixed versus variable costs, market wages, availability of labor, productivity, inflation, interest rates and other factors;
- with respect to our DTS contracts, market wages, availability of labor, equipment costs, insurance rates, inflation, interest rates, and other operating factors; and
- with respect to our ChoiceLease and SelectCare contracts, residual value estimates (ChoiceLease only) and maintenance costs (including inflation and interest rates), as well as other factors.

If we are incorrect in our operational assumptions, or, as a result of subsequent changes in customer demand or other market forces that are outside of our control, these assumptions prove to be invalid, we could have lower margins than anticipated in a contract or segment, lose business, or be unable to offer competitive products and services. Although these contracts include indexed price escalation clauses or permit renegotiation upon a material change, there is no assurance that we will be successful in obtaining the necessary price adjustments or that pricing will be sufficient to cover the risk. For example, our SCS and DTS services are highly customized and offer a high degree of specialization to meet the needs of our customers. We may not be able to adjust the pricing terms in some of our SCS and DTS contracts in the event any of our assumptions prove to be invalid. As a result, if we do not accurately predict our costs to execute SCS or DTS contracts, it could result in a significant decrease in revenue or loss that could adversely affect our operating results and financial

**Our capital-intensive business requires us to make capital decisions based upon projected customer activity levels and market demand for our commercial rental product line.**

We make significant investments in vehicles to support our rental business based on anticipated customer demand. We make commitments to purchase the vehicles many months in advance of the expected use of the vehicle and seek to optimize the size and mix of the commercial rental fleet based on demand projections and various other factors. As a result, our business is dependent on our ability to accurately estimate future levels of rental activity and consumer preferences to effectively capitalize on market demand in order to drive the highest levels of utilization and revenue per unit. Missing our projections could result in too much or too little capacity in our rental fleet. Overcapacity could require us to deploy or sell vehicles at lower than anticipated pricing levels, which may result in higher depreciation or losses on vehicle sales. In addition, overcapacity could result in lower revenues and higher costs and have an adverse impact on profitability. Undercapacity could impact our ability to reliably provide rental vehicles to our customers and may negatively affect our reputation. We employ a sales force and operations team on a full-time basis to manage and optimize this product line; however, their efforts may not be sufficient to overcome unforeseen changes in market demand in the rental business. In contrast, in our ChoiceLease product line, we typically do not purchase vehicles until we have an executed contract with a customer.

**We may fail to respond adequately or in a timely manner to innovative changes in new technology in our industry.**

In recent years, our industry has been characterized by rapid changes in technology, leading to innovative transportation and logistics concepts that have impacted, or have the potential to significantly impact, our business model, competitive landscape, and the industries of our customers and suppliers. While we are actively engaged in deploying emerging technology and developing strategic alliances and new products, we cannot be certain that our initiatives will be successful or timely, and our failure to effectively implement any initiative could have an adverse impact on our financial condition or results of operations.

For example, new concepts are currently under development for advanced electric vehicles, autonomous or semi-autonomous self-driving vehicles and connected vehicle platforms. There is also a rapidly growing demand for e-commerce services, last-mile home delivery, and asset- and freight-sharing services. In addition, there may be other innovations that could impact the transportation, trucking, and supply chain and logistics industries, such as machine learning and artificial intelligence, as well as other technologies we cannot yet foresee. Our inability to quickly adapt to and adopt innovations desired by our customers may result in a significant loss of demand for our service offerings. An increase in customer use of electric vehicles could reduce the demand for our vehicle maintenance services, diesel vehicles and related offerings. Likewise, self-driving vehicles may reduce the demand for our dedicated service offerings, where, in addition to a vehicle, we provide a driver as part of an integrated, full service customer solution. Moreover, advances in technology may require us to increase investments in order to remain competitive, and our customers may not be willing to accept higher prices to cover the cost of these investments. In addition, the timing of when we have to adopt new technologies may be affected by changes in the political or regulatory environment, which could further increase our investment costs, operating complexity, and our ability to offer such technologies to our customers in the jurisdictions in which we operate.

**Failure to maintain, upgrade and consolidate our information technology networks, or maintain adequate controls over such technology systems, could adversely affect us.**

Our success depends on the functionality of information technology systems to support our business and service offerings. When outages, system failures or delays in timely access to data occur in our information technology systems that support key business processes, for example our financial reporting and service offerings, our business may be adversely impacted. In addition, extended delays or cost overruns in securing, developing, managing and otherwise implementing technology solutions to support our business may delay and possibly prevent us from realizing the projected benefits of these solutions. Any failure to develop or maintain effective controls, including the risk of human error or misconduct, or to adequately monitor and control access to data in our systems, may result in our financial reporting being unreliable or cause us to fail to meet our reporting obligations. Further, any deficiencies found in the technology system we use to support our controls or any difficulties encountered in their implementation or improvement may also adversely affect our financial reporting.

We are continuously upgrading and consolidating our information technology systems by enhancing or replacing legacy systems. When we acquire new businesses, we also have to integrate those acquired systems to our network. These activities subject us to additional costs and risks, including disruption of our internal control structure, substantial capital expenditures, additional administration and operating expenses, impairment of our ability to provide our services, retention of sufficiently skilled personnel to implement and operate the new systems, and other costs and risks. Our system implementations may not result in productivity improvements at a level that outweighs the costs of implementation, or any increased productivity.

**We face risks related to cybersecurity attacks and other breaches of our systems and information technology.**

We depend on the integrity of our information and the proper functioning and availability of our information systems in operating our business. It is important that the data processed by these systems remains confidential and accurate as it may include sensitive customer information, confidential customer transaction data, employee records, and key financial and operational results and statistics. While we maintain an information security program that consists of industry standard safeguards and controls to help safeguard our confidential information, including security training and compliance protocols, we cannot prevent or mitigate all data breaches or cyberattacks. Threats to network and data security are becoming increasingly diverse and sophisticated, with attacks increasing in frequency (especially with the shift to remote work environments), scope and potential harm.

We have experienced cybersecurity threats and breaches targeting our information technology systems and networks and those of our third-party providers. Although, to date, these incidents have not had a material impact on our financial condition or results of operations, future events could expose us to these risks. Moreover, these types of events could also expose us, our vendors, or our customers to loss or misuse of such information and restrict or prevent operations or financial reporting for a period of time. Depending on the type and scope of the intrusion or cybersecurity attack, we could face litigation or other potential liability and harm to our business. Likewise, data privacy breaches from our systems could expose personally identifiable information of our employees or contractors, sensitive customer data, or vendor data to unauthorized persons, adversely impacting our customer service, employee and customer relationships, and our reputation.

In addition, some of our software applications are utilized by third parties who provide outsourced administrative functions. Such third parties may have access to confidential information that is critical to our business operations and services. While our information security program includes enhanced controls to monitor third-party providers' security programs, these third parties are subject to their own data breaches, cyberattacks and other events or actions that could damage, disrupt or close down their networks or systems, which in turn may adversely impact our performance capabilities. Moreover, weaknesses in vendor management or third-party controls could expose us, our vendors, or our customers to additional cybersecurity risks. Also, efforts to prevent, detect and mitigate data breaches and cyberattacks subject us to additional costs.

Regulatory authorities continue to focus on how companies collect, process, use, store, share and transmit personal data. Privacy security laws and regulations pose increasingly complex and rigorous compliance challenges, which may increase our compliance costs. Any failure to comply with data privacy laws and regulations could result in significant penalties, fines, legal challenges and reputational harm.

**We may fail to establish sufficient insurance reserves to adequately cover workers' compensation and vehicle liabilities.**

We are substantially self-insured for vehicle liability and workers' compensation claims. Our self-insurance accruals are based on actuarially estimated, undiscounted cost of claims, which includes claims incurred but not reported. While we believe that our estimation processes are well designed and comply with generally accepted accounting principles in the United States, actuarial techniques and best practices, any projection of losses concerning workers' compensation and vehicle coverage is subject to a considerable degree of variability. The causes of this variability include litigation trends, claim settlement patterns, rising medical and other costs, as well as fluctuations in the frequency or severity of accidents. If actual losses incurred are greater than those anticipated, our self-insurance reserves may be insufficient, and additional costs could be recorded in our consolidated financial statements. If we suffer a substantial loss in excess of our self-insured limits, the loss and related expenses may be covered by traditional insurance and excess insurance we have in place, but if not covered or above such coverages, losses could harm our business, financial condition or results of operations. For a detailed discussion on our accounting policies and assumptions relating to our self-insurance reserves, please see the "Critical Accounting Estimates - Self-Insurance Accruals" section in Management's Discussion and Analysis of Financial Condition and Results of Operations.

**Strategic Risks**

**We operate in a highly competitive industry, and our business may suffer if we are unable to adequately address potential downward pricing pressures and other competitive factors.**

The transportation industry is highly competitive. We face competition in all geographic markets and each industry sector in which we operate. Increased competition or our inability to compete successfully may lead to a reduction in revenues, reduced profit margins, increased pricing pressure, or a loss of market share, any one of which could affect our financial results. Numerous competitive factors could impair our ability to maintain our current profitability, including:

- our inability to obtain expected customer retention levels or profitability;
- customers may choose to provide the services we provide for themselves;
- we compete with many other transportation and logistics service providers, some of which have greater capital resources or lower cost structures than we do;
- our inability to compete with new entrants in the transportation and logistics market that may offer similar services at lower cost or have greater technological capabilities;
- our competitors may periodically reduce their prices to gain business, especially during times of declining economic growth, which may limit our ability to maintain or increase prices or impede our ability to maintain our profitability or grow our market share or profitability;
- many customers periodically accept bids from multiple carriers for their shipping needs, and this process may depress rates or result in the loss of some of our business to competitors;

- the continuing trend toward consolidation in the trucking industry may result in larger carriers with greater financial resources than we have;
- advances in technology require increased investments to remain competitive, and our customers may not be willing to accept higher prices to cover the cost of these investments; and
- because cost of capital is a significant competitive factor, any increase in either the cost of our debt or equity as a result of, for example, reductions in our debt rating or stock price volatility could have a significant impact on our competitive position.

**Failure to execute our business strategy, explore strategic transactions, and develop, market and deliver high-quality services that meet customer expectations may cause our revenue and earnings to suffer.**

Our balanced growth strategy focuses on de-risking and optimizing the business model, enhancing returns and free cash flow, and driving long-term profitable growth, including by moving clients to outsource their logistics and transportation needs and thereby expand the market for our services, among other factors. We seek to execute our strategy by providing innovative solutions, operational excellence, top customer service, superior talent and best-in-class information technology, while also attempting to mitigate risks to the business. Failure to execute our business strategy may negatively impact our ability to continue to create long-term shareholder value and may result in stock price volatility.

To successfully execute on this strategy, we must continue to focus on developing innovative solutions that meet both our existing and target customers' evolving needs and keep pace with our competitors. Expanding our service offerings to entice and support new clients may strain our management, capital resources, information systems and customer service. We may also need to hire new employees, which may increase costs and may result in temporary inefficiencies until those employees become proficient in their jobs.

In furtherance of our strategy, we routinely evaluate opportunities and may enter into agreements for possible strategic transactions, including acquisitions, partnerships or divestitures. We may be unable to identify strategic transactions or we may be unable to negotiate commercially acceptable terms. Other risks involved in engaging in these strategic transactions include the possible failure to realize the expected benefits of such transactions within the anticipated time frame, or at all, such as cost savings, synergies, sales and growth opportunities. In addition, the integration of an acquired business may result in material unanticipated challenges, expenses and liabilities. Any one of these factors could result in lower than expected revenues or earnings from the acquisition or strategic transaction and could adversely impact our financial condition or results of operations. For example, in 2023 we completed an acquisition that expanded our contract packaging, contract manufacturing and warehousing capabilities; however, if we fail to properly integrate that business, there is a risk that the acquisition will not add the forecasted revenue to SCS or provide the expected incremental growth to earnings.

Notwithstanding our efforts, new or enhanced service offerings may not meet customer demands, prove to be profitable, or succeed in the long term. If we do not respond to current customer needs and establish new, and further develop existing, customer relationships, our ability to maintain a competitive advantage and continue to grow our business profitability could be negatively affected.

**We and the vehicle equipment manufacturers in our FMS business rely on a small number of suppliers.**

We buy vehicles and related equipment from a relatively small number of OEMs in our FMS business. Some of our OEMs rely on a small concentration of suppliers for certain vehicle parts, components and equipment. A discrete event in a particular OEM's or supplier's industry or location, or adverse regional economic conditions impacting an OEM or supplier's ability to provide vehicles or a particular component, has and could in the future adversely impact our FMS business and profitability. In addition, our business and reputation could also be negatively impacted if any parts, components or equipment from one of our suppliers suffer from broad-based quality control issues or become the subject of a product recall and we are unable to obtain replacement parts from another supplier in a timely manner. Although we believe we have alternative sources of supply for the equipment and other supplies used in our business, termination or significant alteration of our relationship with any of our key suppliers could have a material adverse effect on our business, financial condition or results of operations in the unlikely event that we were unable to obtain adequate equipment or supplies from other sources in a timely manner or at all.

**We derive a significant portion of our SCS and DTS revenue from a limited number of customers.**

In our SCS and DTS businesses a limited number of customers account for a significant portion of revenue. Although we maintain multiple service contracts with each of these large customers, the loss of or reduction in business from one or more of these large customers could have a material adverse effect on our business, results of operations and financial condition. While we continue to focus our efforts on diversifying our customer and carrier base, we may not be successful in doing so. During

2023, sales to our top ten SCS customers accounted for about 40% of our SCS total revenue and about 35% of our SCS operating revenue (a non-GAAP measure excluding fuel and subcontracted transportation). Our top ten DTS customers accounted for about 40% of DTS total revenue and about 35% of DTS operating revenue (a non-GAAP measure excluding fuel and subcontracted transportation).

We are also subject to credit risk associated with the concentration of our accounts receivable from our SCS and DTS customers. We have had to take an asset impairment charge in the past when one of our SCS customers filed for bankruptcy, which adversely impacted our operating results. If one or more of our customers were to become bankrupt, insolvent or otherwise were unable to pay for the services we provide, we may incur significant write-offs of accounts receivable or incur lease or asset impairment charges that could adversely affect our operating results and financial condition.

In addition, many of our SCS customers operate in cyclical or seasonal industries, or operate in industries, such as the food and beverage industry, that may be impacted by unanticipated weather, growing conditions (such as drought, insects or disease), natural disasters, pandemics, and other conditions over which we have no control. Because of the concentration of customers in our SCS business, a downturn in our customers' businesses could cause a reduction in freight volume shipped by those customers or a reduction in their need for our services, which could materially and adversely affect our operating results and financial condition.

**Human Capital**

**If we are unable to mitigate labor shortage challenges, our financial results may continue to be negatively impacted.**

We have experienced high labor costs due to labor shortage challenges across all of our business segments, particularly our DTS and SCS segments. These higher labor costs as well as higher subcontracted transportation costs have negatively impacted our earnings in both DTS and SCS. If labor shortages continue for an extended period of time, our earnings may be further adversely impacted.

**Professional Drivers.** We hire professional drivers primarily for our SCS and DTS business segments. There is significant competition for qualified professional drivers in the transportation industry. Additionally, interventions and enforcement under the CSA program may shrink the industry's pool of professional drivers as those drivers with unfavorable scores may no longer be eligible to drive for us. As a result of driver shortages, we have, and in the future could continue to be required to, increase driver compensation, let trucks sit idle, use outside driver agencies and subcontracted transportation carriers, or face difficulty meeting customer demands, all of which could adversely affect our growth and profitability.

**Technicians.** Similarly, we hire technicians in our FMS business segment to perform vehicle maintenance services on our ChoiceLease, SelectCare and rental fleets. In recent years, there has been a decrease in the overall supply of skilled maintenance technicians, particularly new technicians with qualifications from technical programs and schools, which could make it more difficult to attract and retain skilled technicians. If we are unable to maintain an adequate number of qualified technicians, whether through the retention of current technicians or the hiring of new qualified technicians, our business could be adversely affected.

**Management and Other Key Personnel.** The foundation to our success is developing a skilled and diverse workforce that is motivated and committed to providing our customers with extraordinary service. If we fail to recruit, retain and motivate our employees in senior management and other key roles such as technology and supply chain management, or fail to preserve company culture, then we may not be able to execute on our strategy and grow our business as planned.

In addition, we are committed to creating a positive and collaborative work environment throughout our organization. If we do not, or are perceived not to, have such a work environment, our reputation or ability to recruit and retain talent may be adversely impacted. Moreover, our current employees may terminate their employment with us at any time with minimal advance notice, and we are experiencing increased competition for talent that is making it more difficult for us to retain the employees we have and to recruit new employees. In addition, we are facing increased regulatory and compliance requirements that further decrease the pool of available candidates.

**A significant labor dispute involving us, our vendors, or one or more of our customers, or that could otherwise affect our operations, may result in strikes, work stoppages or substantially higher labor costs.**

We have approximately 3,700 employees in the U.S. that are organized by labor unions whose wages and benefits are governed by 98 labor agreements that are renegotiated periodically. Disputes with regard to the terms of these agreements or our potential inability to negotiate acceptable contracts with these unions in the future could result in, among other things, a material work stoppage, slowdown or strike by the affected employees. If our workers were to engage in a work stoppage, strike or other slowdown, other employees were to become unionized, or the terms and conditions in future labor agreements were renegotiated, we could experience significant business disruptions or higher operating costs, which could have an adverse effect on our financial position, results of operations or cash flows. Moreover, a current or future labor dispute involving our vendors or customers, or that could otherwise affect our operations, could affect our business, financial condition or results of operations.

**Environmental, Climate and Weather Risks**

**Our business may be affected by global climate change and legal, regulatory or other market responses to such change.**

Global, federal, state and local legislative and regulatory efforts to address the effects of global warming and climate change have affected and will likely continue to affect our businesses. For example, federal, state and local governments are considering or implementing environmental disclosure requirements, emission reduction (e.g., greenhouse gas and nitrogen dioxide) regulatory requirements and related taxes, zero-emission vehicle mandates and other increased compliance requirements. These and other similar efforts may impose restrictions on our activities or require us to take certain actions, all of which may, over time, increase our costs and adversely affect our business and results of operations.

For instance, a regulatory mandate for the use of zero-emission vehicles or ban of diesel- or gasoline-powered vehicles could reduce the resale value and demand for our vehicles as well as the demand for maintenance services in FMS and offerings in our SCS and DTS businesses. In addition, in the U.S., compliance with environmental regulations and the associated potential cost is complicated by the fact that states are following different approaches to the regulation of climate change. As a result, we cannot predict the ultimate effect on our operating results or cost structure until the timing, scope and extent of any such regulations become known.

On the other hand, even absent any such regulation, increased awareness on the impact of climate change and any adverse publicity about emissions by the transportation industries could accelerate the adoption of new technology and potentially decrease customer demands for some of our services and used vehicles if consumers change their purchasing behaviors in response to the effects of climate change.

**Severe weather or other natural occurrences could result in significant business interruptions and expenditures in excess of available insurance coverage.**

Our business is more susceptible to severe weather and other natural occurrences as we operate a capital-intensive business with a large number of vehicles and need to access roads and warehouses in order to service our customers. Severe weather may negatively affect our operations as it may damage our vehicles and facilities and prohibit our workforce from servicing our customers. In addition, fuel costs may rise and other significant business interruptions could occur. Insurance to protect against loss of business and other related consequences resulting from these natural occurrences is subject to coverage limitations, and may not be sufficient to cover all of our damages or may not be available at commercially reasonable rates.

**Legal and Regulatory Risks**

**We face litigation risks that could have a material adverse effect on the operation of our business.**

We face litigation risks regarding a variety of issues, including accidents involving our trucks and injuries to employees, alleged violations of federal and state labor and employment law including class-action lawsuits alleging wage and hour violations, independent contractor misclassification and improper pay, securities laws, environmental liability, commercial claims, cyber and other matters. These proceedings may be time-consuming, expensive and disruptive to normal business operations. The defense of such lawsuits could result in significant expense and the diversion of our management's time and attention from the operation of our business. In recent years, several insurance companies have stopped offering coverage to trucking companies and reduced capacity limits as a result of increases in the severity of automobile liability claims and higher costs of settlements and verdicts, causing the cost of such insurance to increase. This trend could adversely affect our ability to obtain suitable insurance coverage or further increase the cost for such coverage significantly, each of which may adversely affect our financial condition, results of operations, liquidity or cash flows. Costs we incur to defend or to satisfy a judgment or settlement of these claims may not be covered by insurance or could exceed the amount of that coverage or increase our insurance costs and could have a material adverse effect on our financial condition, results of operations, liquidity and cash flows.

**We operate in a highly regulated industry, and changes in existing regulations or costs of compliance with, or liability for violation of, existing or future laws or regulations could have a material adverse effect on our business.**

Our business is subject to regulation by various federal, state, local and foreign governmental agencies. In the U.S., the Department of Transportation (DOT), as well as local, state and other federal agencies exercise broad powers over our motor carrier operations, safety and the treatment and disposal of waste materials. We are also subject to environmental laws and regulations imposed by the EPA, including requirements related to exhaust emissions, as well as regulations imposed by the Food and Drug Administration (FDA) and the United States Department of Agriculture (USDA). Given the size of our employee base, we are also subject to health and safety laws imposed by OSHA, as well as those imposed by state and local authorities. In addition, we must also comply with domestic and international laws and regulations related to tax. We are further subject to anti-bribery, anti-corruption, and anti-money laundering laws, including the U.S. Foreign Corrupt Practices Act and Office of Foreign Assets Control (OFAC) restrictions.

Compliance with existing laws and regulations has involved, and we expect will continue to involve, significant time commitments and costs, and in recent years, we have seen an increase in proactive regulatory enforcement. For example, the DOT, through the Federal Motor Carrier Safety Administration (FMCSA), periodically conducts compliance reviews and evaluates the safety rating assessed to motor carriers ("satisfactory," "conditional" or "unsatisfactory"). The receipt of a final "conditional" or "unsatisfactory" safety rating due to deficiencies in our safety and compliance program could have a material adverse effect on our customer relationships, as some of our existing customer contracts require a "satisfactory" DOT safety rating. Moreover, if we fail to comply with DOT regulations, including our failure to maintain a "satisfactory" DOT safety rating, the DOT could levy fines and require us to cease all transportation services under our operating authority, which could have a material adverse effect on our business. In addition, compliance and enforcement initiatives implemented by the FMCSA related to driver time, fitness and safety may shrink the industry's pool of qualified professional drivers. With respect to our international operations in Canada and Mexico, we are subject to local laws and regulatory requirements, including tax and anti-bribery laws, which vary significantly from country to country. Our failure to comply with each of these laws may expose us to legal liability, fines or other penalties.

In addition, new laws, rules or regulations may be adopted or interpretative changes to existing regulations could be issued at any time. Any new initiatives could further increase our costs or operating complexity and our ability to offer certain services in the jurisdictions in which we operate. Our failure to comply with any existing or future laws or regulations, whether actual or alleged, could have a material adverse effect on our business and on our ability to access the capital required to operate our business. Among other things, any such failure could expose us to reputational harm, loss of business, fines, penalties or potential litigation liabilities, and the loss of operating authority and restrictions on our operations. For example, compliance with new laws or regulations related to employee and independent contractor classification may cause us to incur additional exposure under federal and state tax and employment laws. Similarly, compliance with new environmental laws or regulations may also impose new restrictions on our business or require us to take certain actions that may increase our costs and adversely affect our business.

We may also fail to ensure that companies we acquire, that may not have historically maintained internal compliance controls, risk mitigation processes, or policies or procedures, comply with regulatory and legal requirements consistent with our standards. Moreover, we are also subject to reputational risk and other detrimental business consequences associated with noncompliance by other parties with whom we engage with, such as employees, customers, agents, suppliers or other persons using our supply chain or assets to commit illegal acts, including the use of company assets for terrorist activities, fraud or a breach of data privacy laws.

**Our failure to comply with U.S. or foreign tax laws or a government challenging our tax position could adversely affect our business and future operating results.**

We are affected by various U.S. federal, state and foreign tax laws, including income taxes, taxes imposed on the purchase, sale and lease of goods and services, such as sales, excise, property, value-added tax, fuel, environmental and other taxes, and taxes imposed on multinational corporations. If we are unable to successfully take actions to manage the adverse impacts of new tax legislation, or if additional interpretations, regulations, amendments or technical corrections exacerbate the adverse impacts of such legislation, our financial condition, results of operations and cash flows could be adversely affected. In addition, in the ordinary course of our business, there are many transactions and calculations where the ultimate tax determination is uncertain. For example, significant judgment is required in determining our worldwide provision for income taxes and our tax expense includes estimates of additional tax that may be incurred for tax exposures and reflects various estimates and assumptions. Our operating results could be adversely affected by changes in the effective tax rate as a result of a change in a variety of factors, including the mix of earnings in countries with differing statutory tax rates and changes in our overall profitability.

From time to time we are also under audit by tax authorities in different jurisdictions with regards to income tax and indirect tax matters. Although we believe our tax estimates are reasonable, the final determination of tax audits and any other related tax proceedings in the jurisdictions where we are subject to taxation could be materially different from our historical income and indirect tax provisions and accruals.

**General Risk Factors**

**Our business may be affected by uncertainty or changes in U.S. or global social, political or regulatory conditions.**

Adverse developments in laws, policies or practices in the U.S. and internationally can negatively impact our business and the businesses of our customers. Negative domestic and international global trade conditions as a result of social, political or regulatory changes or perceptions could materially affect our business, financial conditions and results of operations.

We provide services domestically and to a lesser extent outside of the U.S., which subjects our business to various additional risks, including:

- changes in tariffs, trade restrictions, trade agreements and taxes;
- varying tax regimes, including consequences from changes in applicable tax laws;
- difficulties in managing or overseeing foreign operations and agents;
- foreign currency fluctuations and limitations on the repatriation of funds due to foreign currency controls;
- different liability standards;
- fluctuations in inflation and interest rates;
- the price and availability of fuel;
- national and international conflict; and
- intellectual property laws of countries that do not protect our rights in intellectual property to the same extent as the laws of the U.S.

If we do not correctly anticipate changes in social, political or regulatory conditions or their impact on the transportation industry, we may not alter our business practices in time to avoid adverse effects. Additionally, the occurrence or consequences of any of these factors may restrict our ability to operate in the affected region and/or decrease the profitability of our operations in that region.

Our suppliers may also be affected by changes in the political and regulatory environment, both in the U.S. and internationally. Negative impacts on our suppliers could result in disruptions to the supply and availability of equipment or services needed for our business that could in turn affect our ability to operate and serve our customers as planned.

**Volatility in assumptions, discount rates and asset values related to our pension plans may adversely affect the valuation of our obligations, the current funding levels and our pension expense under our defined benefit pension plans.**

We historically sponsored a number of defined benefit plans for employees not covered by union-administered plans, including certain employees in foreign countries. As of December 31, 2023, the aggregate projected benefit obligations of our global defined pension plans was $1.9 billion, and the plan assets of our global defined benefit pension plans was $1.6 billion. The funded status of the plans, equal to the difference between the present value of plan obligations and assets, is a significant factor in determining pension expense and the ongoing funding requirements of those plans. Macroeconomic factors, as well as changes in investment returns and discount rates used to calculate pension expense and related assets and liabilities, can be volatile and may have an unfavorable impact on our costs and funding requirements. Although we have actively sought to control increases in these costs and funding requirements through investment policies and plan contributions, there can be no assurance that we will succeed, and continued cost and funding requirement pressure could reduce the profitability of our business and negatively impact our cash flows.

**Damage to our reputation through unfavorable publicity or the actions of our employees could adversely affect our financial condition.**

Our success depends on our ability to consistently deliver operational excellence and strong customer service. Our inability to deliver our services and solutions as promised on a consistent basis, or our customers having a negative experience or otherwise becoming dissatisfied, can negatively impact our relationships with new or existing customers and adversely affect our brand and reputation, which could, in turn, adversely affect revenue and earnings growth. Adverse publicity (whether or not justified) relating to activities by our employees, contractors, agents or others with whom we do business, such as customer service mishaps or noncompliance with laws, including misconduct, fraud or other improper activities, could tarnish our reputation and reduce the value of our brand. With the increase in the use of social media outlets, such as Facebook, YouTube and Instagram, amongst others, adverse publicity can be disseminated quickly and broadly, making it increasingly difficult for us to effectively respond. This unfavorable publicity could also require us to allocate significant resources to rebuild our reputation.

**We may be negatively impacted by adverse events in the global credit and financial markets, by an investment rating downgrade, or by the loss of an investment grade rating.**

Our FMS business is highly capital intensive, and its profitability could be adversely affected if we are unable to obtain sufficient capital to fund its operations. In general, we rely in large part upon global credit and financial markets to fund our operations and contractual commitments as well as to refinance existing debt. These markets can experience high levels of volatility, and our access to capital could be constrained for extended periods. Our ability to raise capital may be materially reduced or our borrowing costs may significantly increase if, among other things, access to public investment-grade debt becomes limited or closed, we lose access to our global revolving credit facility, or funding costs increase due to the loss of an investment grade rating, a severe economic downturn, or rising interest rates.

As of December 31, 2023, we had $7.2 billion of outstanding indebtedness. If we are unable to raise additional capital by accessing the debt and equity markets or our costs of raising additional capital were to materially increase, our business could experience a material adverse effect on our operating results or we could face difficulty in implementing our long-term strategy.

**Future acts of terrorism or war, or regulatory changes to combat the risk of terrorism or war may cause significant disruptions in our operations.**

Transportation assets such as our fleet of vehicles and other infrastructure and information technology systems remain a target for terrorist activities. Terrorist attacks, along with any government response to those attacks, may adversely affect our financial condition, results of operations or liquidity. Regulations adopted by federal, state or local governmental bodies, including the Office of Foreign Assets Control (OFAC), that impact the transportation industry, including checkpoints and travel restrictions on large trucks, could disrupt or impede the timing of our operations or cause us to incur increased expenses in order to continue meeting customer requirements. In addition, complying with these or future regulations could continue to increase our operating costs and reduce operating efficiencies. We maintain insurance coverages addressing these risks, and we have received U.S. Patriot Act protections for our security practices related to the rental of our assets. However, such insurance may be inadequate or become unavailable, premiums charged for some or all of the insurance could increase dramatically, regulations may change, or U.S. Patriot Act protections could be reduced. These changes could exacerbate the effects of an act of terrorism on our business, resulting in a significant business interruption, increased costs and liabilities and decreased revenues, or an adverse impact on results of operations.

## ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

## ITEM 1C. CYBERSECURITY

Our cybersecurity program is designed to protect the integrity of our information and the proper functioning and availability of the information systems that help operate our business. We utilize the National Institute of Standards and Technology’s Cybersecurity Framework (NIST CSF) to inform our cybersecurity program and maintain International Organization for Standardization 27001 (ISO 27001) certification. We have created and implemented processes that assess, identify, respond to and manage cybersecurity threats and incidents, and we oversee these processes to minimize the occurrence and impact of any unauthorized access, disruption or use of our information or that of our customers. We have a robust set of information security policies related to encryption of data, anti-virus, firewalls, multi-factor authentication, training of employees, as well as incident response capabilities designed to proactively identify risks and mitigate attacks and unauthorized access attempts to our systems, amongst other measures.

Our cybersecurity program is evaluated by both our management and board of directors. Our Chief Information Officer supervises our cybersecurity program, and our Chief Information Security Officer (CISO) manages its daily operation. Our CISO has over two decades of experience in the cybersecurity and risk management fields, including over 15 years of experience leading cybersecurity oversight, as well as various industry-recognized certifications, such as the Certified Information Systems Security Professional and Auditors certifications. The CISO provides quarterly reports to the audit committee of our board of directors, which is responsible for overseeing cybersecurity and information technology and notifying the board of directors of any significant risks or updates. These reports may include updates on our enterprise-wide cybersecurity strategy, policies, processes and standards, as well as potential cybersecurity or information technology risks and threats. Our cybersecurity program is also evaluated at least annually by external experts, and the results of those reviews are reported to our leadership team and the board of directors. Cybersecurity risk is also evaluated as an enterprise-wide risk via our enterprise risk management program, which is reviewed by our leadership team and the board of directors. All employees are required to complete semiannual cybersecurity trainings and have access to more frequent cybersecurity trainings through online simulations. We also require employees in certain roles to complete additional role-based, specialized cybersecurity trainings.

While we have experienced cybersecurity threats and breaches targeting our information technology systems and networks and those of our third-party providers, to date, these incidents have not had a material impact on our financial condition or results of operations. In the event of a cybersecurity incident, we assess whether such incident had a material impact, and in certain cases, such assessment is reviewed by our leadership team, including the Chief Executive Officer, outside legal advisors and other third-party advisors. Refer to Item 1A. Risk Factors for further information regarding risk related to cybersecurity attacks and other breaches of our systems and information technology.

## ITEM 2. PROPERTIES

Our properties consist primarily of vehicle maintenance and repair facilities, warehouses and other real estate and improvements.

We maintain 634 FMS properties in the U.S., Puerto Rico and Canada; we own 454 of these and lease the remaining properties. Our FMS properties are primarily comprised of maintenance facilities generally including a shop for preventive maintenance and repairs, a service island for fueling, safety inspections and preliminary maintenance checks, used vehicle retail sales centers, and in many cases, a commercial rental vehicle counter.

Additionally, we manage 172 on-site maintenance facilities, located at customer locations.

We also maintain 292 locations in the U.S., Canada and Mexico in connection with our SCS business. Almost all of our SCS locations are leased and generally include a warehouse and administrative offices. Our Mexico locations may also include repair shops.

Additionally, we maintain 12 U.S. locations primarily used for Central Support Services. These facilities are generally administrative offices, of which we own three and lease the remaining locations.

## ITEM 3. LEGAL PROCEEDINGS

We are involved in various claims, lawsuits and administrative actions arising in the normal course of our businesses. Some involve claims for substantial amounts of money and/or claims for punitive damages. While any proceeding or litigation has an element of uncertainty, management believes that the disposition of such matters, in the aggregate, will not have a material impact on our consolidated financial condition or liquidity. Refer to Note 21, "Contingencies and Other Matters", for additional information regarding our legal proceedings.

## ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

## PART II

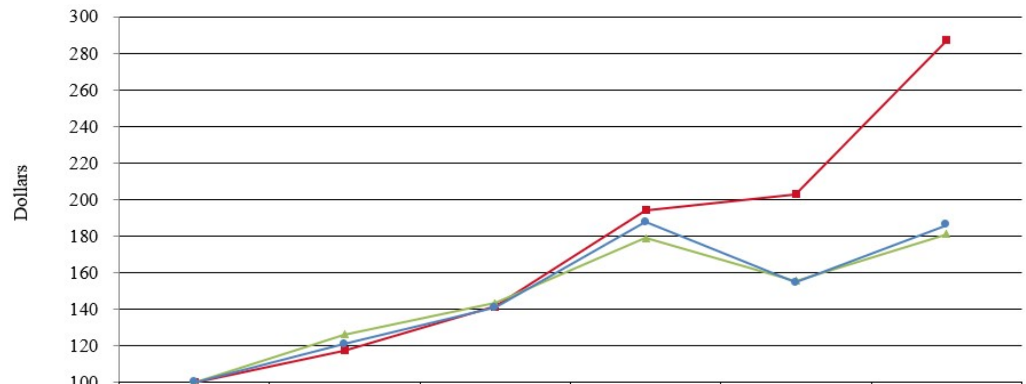
## ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

### Ryder Common Stock

Our common shares are listed on the New York Stock Exchange under the trading symbol "R." As of January 31, 2024, there were 4,877 common stockholders of record.

### Performance Graph

The following graph compares the performance of our common stock with the performance of the Standard & Poor's MidCap 400 Index and the Dow Jones Transportation 20 Index for a five-year period by measuring the changes in common stock prices from December 31, 2018 to December 31, 2023.




| | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 |
|---|---|---|---|---|---|---|
| Ryder System, Inc. | $100.00 | 117.39 | 141.25 | 194.28 | 202.79 | 287.10 |
| MidCap 400 Index | $100.00 | 126.17 | 143.39 | 178.85 | 155.42 | 180.90 |
| Dow Jones Index | $100.00 | 120.83 | 140.80 | 187.56 | 154.50 | 186.15 |

The stock performance graph assumes for comparison that the value of our common stock and of each index was $100 on December 31, 2018, and that all dividends were reinvested. Past performance is not necessarily an indicator of future result

### Purchases of Equity Securities

The following table provides information with respect to purchases we made of our common stock during the quarter ended December 31, 2023:

| | Total Number of Shares Purchased | Average Price Paid per Share | Total Number of Shares Purchased as Part of Publicly Announced Programs (1) | Aggregate Maximum Number of Shares That May Yet Be Purchased Under the Discretionary and Anti-Dilutive Programs (1) |
|---|---|---|---|---|
| October 1 through October 31, 2023 | **129,129** | **$ 100.33** | **92,342** | **3,907,658** |
| November 1 through November 30, 2023 | **437,540** | **105.19** | **437,540** | **3,470,118** |
| December 1 through December 31, 2023 | **277** | **108.66** | **—** | **3,470,118** |
| Total | **566,946** | **$ 104.08** | **529,882** | |

(1) *We currently maintain two share repurchase programs approved by our board of directors in October 2023. Refer to Note 15, "Share Repurchase Programs," in the Notes to Consolidated Financial Statements for a discussion on our share repurchase programs. Share repurchases under both programs can be made from time to time using our working capital and a variety of methods, including open-market transactions and trading plans established pursuant to Rule 10b5-1 of the Securities Exchange Act of 1934. The timing and actual number of shares repurchased are subject to market conditions, legal requirements and other factors, including balance sheet leverage, availability of quality acquisitions and stock price.*

## ITEM 6. [RESERVED]

# ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following Management’s Discussion and Analysis of Financial Condition and Results of Operations (MD&A) should be read in conjunction with our consolidated financial statements and related notes contained in Part II, Item 8 of this Annual Report on Form 10-K. The following MD&A describes the principal factors affecting our results of operations, financial resources, liquidity, contractual cash obligations and critical accounting estimates.

Our results of operations and financial condition are influenced by a number of factors including: macroeconomic and other market conditions, including pricing and demand; used vehicle sales; customer contracting activity and retention; maintenance costs; residual value estimate changes; currency exchange rate fluctuations; customer preferences; inflation; fuel and energy prices; insurance costs; interest rates; labor costs; unemployment levels; tax rates; changes in accounting or regulatory requirements; and cybersecurity attacks. This MD&A includes certain forward-looking statements that are based on our current plans and expectations and are subject to risks, uncertainties and assumptions. We caution readers that certain important factors could cause actual results and events to differ significantly from those expressed. This MD&A should be read in conjunction with our discussion of cautionary statements and significant risks to the business under Part I, Item 1A. "Risk Factors” and "Special Note Regarding Forward-Looking Statements" sections included in this Annual Report.

Certain prior period amounts have been reclassified to conform with the current period presentation. In the first quarter of 2023, we revised our primary measurement of segment financial performance to exclude intangible amortization expense. This change did not have a material impact to segment results.

This MD&A includes certain non-GAAP financial measures. Please refer to the “Non-GAAP Financial Measures” section of this MD&A for information on these non-GAAP measures, including reconciliations to the most comparable GAAP financial measure and the reasons why we believe each measure is useful to investors.

## OVERVIEW

### General

Ryder is a leading logistics and transportation company. We report our financial performance based on three business segments: (1) Fleet Management Solutions (FMS), which provides full service leasing that includes our contractual maintenance offering, commercial rental and maintenance services of trucks, tractors and trailers to customers principally in the United States (U.S.) and Canada; (2) Supply Chain Solutions (SCS), which provides fully integrated port-to-door logistics solutions, including distribution management, dedicated transportation, transportation management, freight brokerage, e-commerce fulfillment, last-mile delivery, contract packaging, and contract manufacturing in North America; and (3) Dedicated Transportation Solutions (DTS), which provides turnkey transportation solutions in the U.S., including dedicated vehicles, professional drivers, management, and administrative support. Dedicated transportation services provided as part of an operationally integrated, multi-service supply chain solution to SCS customers are primarily reported in the SCS business segment.

In 2022, we announced our intention to exit our lower return FMS Europe (primarily United Kingdom (U.K.)) business. We completed the shutdown of operations as well as the sale of the remaining vehicles and properties in 2023, generating cash proceeds of $394 million and recording gains of $95 million from the beginning of 2022 through 2023. As a result of the shutdown, we reclassified $188 million ($183 million, net of tax) of cumulative currency translation adjustment charges from "Accumulated other comprehensive loss" in our Consolidated Balance Sheet into a one-time, non-cash charge in the second quarter of 2023 in our Consolidated Statements of Earnings. The currency translation adjustment loss had no impact on our consolidated financial position or cash flows. Refer to Note 16, "Accumulated Other Comprehensive Loss" for a discussion on the currency translation adjustment loss.

Further information on our business and business segments are presented in Part I, Item 1, "Business", and in Note 3, "Segment Reporting" of the Notes to Consolidated Financial Statements included in Part II, Item 8, "Financial Statements and Supplementary Data" in this Annual Report.

## ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

2023 HIGHLIGHTS COMPARED WITH 2022

- Diluted EPS from continuing operations of $8.73 in 2023, which includes a non-cash currency translation adjustment loss related to the FMS U.K. business exit of $3.93, versus $16.96 in prior year
- Comparable EPS (a non-GAAP measure) from continuing operations of $12.95 in 2023 versus $16.37 in prior year, reflecting weaker market conditions in used vehicle sales and rental, partially offset by strong DTS and SCS results
- Adjusted Return on Equity (ROE) (a non-GAAP measure) of 19% in 2023, compared to 29% in prior year
- Total revenue of $11.8 billion compared to $12.0 billion in 2022
- Operating revenue (a non-GAAP measure) of $9.5 billion, up 2%
- Full-year 2023 net cash provided by operating activities from continuing operations of $2.4 billion and free cash flow (a non-GAAP measure) of negative $54 million

**Business Trends**

During 2023, market conditions for our used vehicle sales and commercial rental continued to weaken. We continue to benefit, though, from favorable secular trends in logistics and transportation solutions including supply chain disruptions. These secular trends, along with successful management of initiatives to increase long-term returns, are driving operating revenue growth and benefiting earnings in our SCS and DTS business segments.

In our FMS North America business, used vehicle pricing declined from the historical highs in the prior year and rental utilization was 75% during 2023, as compared to a record 83% in the prior year. We anticipate that market conditions, including a slower freight environment will remain weak in the first half of 2024 for used vehicle sales and rental with gradual improvements expected in the second half of 2024. ChoiceLease vehicle fleet grew during 2023, and included the redeployment of units from our rental fleet into new ChoiceLease contracts in order to maintain optimal rental utilization and provide immediate availability to our lease customers. Our lease pricing initiatives are delivering improved portfolio returns and we expect to realize incremental earnings benefits as our remaining portfolio is renewed at higher returns. In addition, our maintenance cost savings initiatives continue to benefit earnings.

In our SCS business, strong outsourcing trends in warehousing and distribution continue. New contract wins, increased volumes, particularly in the automotive industry vertical, higher pricing and the acquisition of IFS Holdings, LLC, a holding company for Impact Fulfillment Services, LLC (IFS) drove operating revenue (a non-GAAP measure) growth in SCS in 2023. Pricing adjustments and cost recovery initiatives benefited earnings in both SCS and DTS. Profitability in SCS was negatively impacted by weaker volume trends and lost business in the omnichannel retail vertical. During 2023, DTS contract sales activity slowed, consistent with a softer freight environment. However, DTS profitability was at the high end of our target range for 2023. We expect DTS revenue in 2024 to significantly benefit from the acquisition of CLH Parent Corporation (Cardinal Logistics).

While we are experiencing positive momentum in our businesses, other unknown effects from extended higher fuel prices, inflationary cost pressures, labor interruptions, extended disruptions in vehicle and vehicle part production and the higher rising interest rate environment may negatively impact demand for our business, financial results, and significant judgments and estimates.

# ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

RESULTS SUMMARY

| *(Dollars in millions, except per share amounts)* | **2023** | 2022 | 2021 | Change **2023/2022** | Change 2022/2021 |
|---|---|---|---|---|---|
| Total revenue | **$ 11,783** | $ 12,011 | $ 9,663 | **(2)%** | 24% |
| Operating revenue (1) | **9,497** | 9,280 | 7,828 | **2%** | 19% |
| Earnings from continuing operations before income taxes (EBT) | **$ 618** | $ 1,216 | $ 693 | **(49)%** | 75% |
| Comparable EBT (1) | **815** | 1,144 | 682 | **(29)%** | 68% |
| Earnings from continuing operations | **406** | 863 | 522 | **(53)%** | 65% |
| Comparable earnings from continuing operations (1) | **602** | 833 | 515 | **(28)%** | 62% |
| Comparable EBITDA (1) | **2,665** | 2,722 | 2,433 | **(2)%** | 12% |
| Earnings per common share (EPS) — Diluted | | | | | |
| Continuing operations | **$ 8.73** | $ 16.96 | $ 9.70 | **(49)%** | 75% |
| Comparable (1) | **12.95** | 16.37 | 9.58 | **(21)%** | 71% |
| Cash dividend per share | **$ 2.66** | $ 2.40 | $ 2.28 | **11%** | 5% |
| Book value per share (2) | **69.91** | 63.45 | 52.02 | **10%** | 22% |
| Total debt | **7,114** | 6,352 | 6,580 | **12%** | (3)% |
| Total shareholders' equity | **3,069** | 2,937 | 2,798 | **4%** | 5% |
| Debt to equity | **232 %** | 216 % | 235 % | | |
| Adjusted return on equity (1) | **19 %** | 29 % | 21 % | | |
| Net cash provided by operating activities from continuing operations | **$ 2,353** | $ 2,310 | $ 2,175 | | |
| Free cash flow (1) | **(54)** | 921 | 1,057 | | |
| Total capital expenditures (3) | **3,279** | 2,652 | 2,012 | | |

*(1) Non-GAAP financial measure. Refer to the "Non-GAAP Financial Measures" section of this MD&A for reconciliations of the most comparable GAAP measure to the non-GAAP financial measure and the reasons why management believes this measure is important to investors.*

*(2) Book value per share is calculated using Total shareholders' equity divided by common shares outstanding.*

*(3) Includes capital expenditures that have been accrued, but not yet paid.*

In 2023, total revenue decreased 2% to $11.8 billion, reflecting lower fuel and subcontracted transportation costs passed through to customers, partially offset by higher operating revenue. Operating revenue (a non-GAAP measure excluding fuel and subcontracted transportation) increased 2% to $9.5 billion, primarily reflecting SCS organic and acquisition revenue growth and DTS revenue growth partially offset by lower commercial rental revenue in FMS and the exit of the FMS U.K. business.

EBT and comparable EBT (a non-GAAP measure) decreased to $618 million and $815 million, respectively, from $1.2 billion and $1.1 billion, respectively, primarily due to lower gains on used vehicles sold and decreased commercial rental results in FMS, partially offset by higher earnings in DTS and SCS. EBT in 2023, also reflects a one-time, non-cash $188 million currency translation adjustment loss related to the FMS U.K. exit.

FULL YEAR CONSOLIDATED RESULTS

**Lease & Related Maintenance and Rental**

| *(Dollars in millions)* | **2023** | 2022 | 2021 | Change **2023/2022** | Change 2022/2021 |
|---|---|---|---|---|---|
| Lease & related maintenance and rental revenue | **$ 3,937** | $ 4,174 | $ 3,995 | **(6)%** | 4% |
| Cost of lease & related maintenance and rental | **2,684** | 2,774 | 2,884 | **(3)%** | (4)% |
| Gross margin | **$ 1,253** | $ 1,400 | $ 1,111 | **(11)%** | 26% |
| Gross margin % | **32%** | 34% | 28% | | |

Lease & related maintenance and rental revenue represent revenue from our ChoiceLease and commercial rental product offerings within our FMS business segment. Revenue decreased 6% in 2023, reflecting lower commercial rental demand and a 3% negative impact from the exit of the FMS U.K. business.

Cost of lease & related maintenance and rental represents the direct costs related to Lease & related maintenance and rental revenue and are comprised of depreciation of revenue earning equipment, maintenance costs (primarily repair parts and labor), and other costs such as licenses, insurance and operating taxes. Cost of lease & related maintenance and rental excludes interest costs from vehicle financing, which are reported within "Interest expense" in our Consolidated Statements of Earnings. Cost of lease & related maintenance and rental decreased 3% in 2023 primarily reflecting the exit of the FMS U.K. business and lower operating costs on a 4% smaller average commercial rental fleet.

Lease & related maintenance and rental gross margin decreased due to lower commercial rental demand. Lease & related maintenance and rental gross margin as a percentage of revenue decreased to 32% primarily due to lower commercial rental demand and utilization.

**Services**

| | | | | Change | |
|---|---|---|---|---|---|
| *(Dollars in millions)* | **2023** | 2022 | 2021 | **2023/2022** | 2022/2021 |
| Services revenue | **$ 7,297** | $ 7,118 | $ 5,181 | **3%** | 37% |
| Cost of services | **6,266** | 6,153 | 4,503 | **2%** | 37% |
| Gross margin | **$ 1,031** | $ 965 | $ 678 | **7%** | 42% |
| Gross margin % | **14%** | 14% | 13% | | |

Services revenue represents all the revenues associated with our SCS and DTS business segments, including subcontracted transportation and fuel, as well as SelectCare and fleet support services associated with our FMS business segment. Services revenue increased 3% in 2023, due to SCS and DTS increased pricing, new business and higher volumes, as well as higher pricing in SelectCare, partially offset by lower subcontracted transportation and fuel costs passed through to customers. The acquisition of IFS in the fourth quarter of 2023 and businesses acquired within the SCS segment in the second half of 2022, also contributed to revenue growth.

Cost of services represents the direct costs related to services revenue and is primarily comprised of salaries and employee-related costs, subcontracted transportation (purchased transportation from third parties), fuel, vehicle liability costs and maintenance costs. Cost of services increased 2% in 2023, primarily reflecting higher revenue, partially offset by lower subcontracted transportation and fuel costs.

Services gross margin increased in 2023, due to higher pricing in SCS and DTS.

**Fuel Services**

| | | | | Change | |
|---|---|---|---|---|---|
| *(Dollars in millions)* | **2023** | 2022 | 2021 | **2023/2022** | 2022/2021 |
| Fuel services revenue | **$ 549** | $ 719 | $ 487 | **(24)%** | 48% |
| Cost of fuel services | **534** | 694 | 474 | **(23)%** | 46% |
| Gross margin | **$ 15** | $ 25 | $ 13 | **(40)%** | 92% |
| Gross margin % | **3 %** | 3 % | 3 % | | |

Fuel services revenue represents fuel services provided to our FMS customers. Fuel services revenue decreased 24% in 2023, primarily reflecting lower fuel prices passed through to customers and to a much lesser extent fewer gallons sold.

Cost of fuel services includes the direct costs associated with providing our customers with fuel. These costs include fuel, salaries and employee-related costs of fuel island attendants and depreciation of our fueling facilities and equipment. Cost of fuel services decreased 23% in 2023 as a result of lower fuel prices and fewer gallons sold.

Fuel services gross margin decreased to $15 million and gross margin as a percentage of revenue remained unchanged at 3% in 2023. Fuel is largely a pass-through to customers for which we realize minimal changes in margin during periods of steady market fuel prices. However, fuel services margin is impacted by sudden increases or decreases in market fuel prices during a short period of time, as customer pricing for fuel is established based on current market fuel costs. Fuel services gross margin was not significantly impacted by these price change dynamics in 2023.

### Selling, General and Administrative Expenses

| | | | | Change | |
|---|---|---|---|---|---|
| *(Dollars in millions)* | **2023** | 2022 | 2021 | **2023/2022** | 2022/2021 |
| Selling, general and administrative expenses (SG&A) | **$ 1,421** | $ 1,415 | $ 1,187 | **—%** | 19% |
| Percentage of total revenue | **12 %** | 12 % | 12 % | | |

SG&A expenses remained at $1.4 billion and SG&A expenses as a percentage of total revenue remained at 12% in 2023, as strategic investments in information technology were offset by lower bad debt expense.

### Non-Operating Pension Costs, net

| | | | | Change | |
|---|---|---|---|---|---|
| *(Dollars in millions)* | **2023** | 2022 | 2021 | **2023/2022** | 2022/2021 |
| Non-operating pension costs, net | **$ 40** | $ 11 | $ (1) | **NM** | NM |

Non-operating pension costs, net include the amortization of net actuarial loss and prior service cost, interest cost and expected return on plan assets components of pension and postretirement benefit costs, as well as any significant charges for settlements or curtailments if recognized. Non-operating pension costs, net increased due to higher interest expense from a higher discount rate partially offset by an increase in expected return on plan assets.

### Used Vehicle Sales, net

| | | | | Change | |
|---|---|---|---|---|---|
| *(Dollars in millions)* | **2023** | 2022 | 2021 | **2023/2022** | 2022/2021 |
| Used vehicle sales, net | **$ (196)** | $ (450) | $ (257) | **(56)%** | 75% |

Used vehicle sales, net includes gains or losses from sales of used vehicles, selling costs associated with used vehicles and write-downs of vehicles held for sale to fair market value (referred to as "valuation adjustments"). The decrease in used vehicle sales in 2023 was due to lower proceeds per unit of sales of used vehicles partially offset by higher volumes compared to the prior year. Used vehicle sales, net in 2022, includes $49 million gains associated with the exit of the FMS U.K. business.

Average proceeds per unit decreased in 2023 from the prior year. The following table presents the average used vehicle proceeds per unit changes, using constant currency, compared with the prior year:

| | **2023/2022** | 2022/2021 |
|---|---|---|
| Tractors | **(37)%** | 43% |
| Trucks | **(28)%** | 51% |

### Interest Expense

| | | | | Change | |
|---|---|---|---|---|---|
| *(Dollars in millions)* | **2023** | 2022 | 2021 | **2023/2022** | 2022/2021 |
| Interest expense | **$ 296** | $ 228 | $ 214 | **30%** | 7% |
| Effective interest rate | **4.4%** | 3.5% | 3.2% | | |

Interest expense increased 30% in 2023, primarily reflecting lower fixed-rate interest maturing debt being replaced with new issuances at higher market interest rates to fund increased capital spending in FMS, as well as higher short-term variable interest rates.

### Miscellaneous Income, net

| | | | | Change | |
|---|---|---|---|---|---|
| *(Dollars in millions)* | **2023** | 2022 | 2021 | **2023/2022** | 2022/2021 |
| Miscellaneous income, net | **$ (47)** | $ (32) | $ (66) | **47%** | (52)% |

Miscellaneous income, net consists of investment income on securities used to fund certain benefit plans, interest income, gains on sales of operating property, foreign currency transaction remeasurement and other non-operating items. Miscellaneous income, net was $47 million in 2023 as compared to $32 million in the prior year, primarily due to higher investment income on securities used to fund certain benefit plans partially offset by higher gains on sales of U.K. properties in the prior year.

### Currency Translation Adjustment Loss

| *(Dollars in millions)* | **2023** | 2022 | 2021 | Change **2023/2022** | Change 2022/2021 |
|---|---|---|---|---|---|
| Currency translation adjustment loss | **$ 188** | $ — | $ — | **NM** | NM |

Refer to Note 16, "Accumulated Other Comprehensive Loss" for a discussion on the currency translation adjustment loss.

### Restructuring and Other Items, net

| *(Dollars in millions)* | **2023** | 2022 | 2021 | Change **2023/2022** | Change 2022/2021 |
|---|---|---|---|---|---|
| Restructuring and other items, net | **$ (21)** | $ 2 | $ 32 | **NM** | NM |

Refer to Note 20, “Other Items Impacting Comparability” in the Notes to Consolidated Financial Statements for a discussion of restructuring charges and other items.

### Provision for Income Taxes

| *(Dollars in millions)* | **2023** | 2022 | 2021 | Change **2023/2022** | Change 2022/2021 |
|---|---|---|---|---|---|
| Provision for income taxes | **$ 212** | $ 353 | $ 171 | **(40)%** | 106% |
| Effective tax rate on continuing operations | **34.3 %** | 29.1 % | 24.7 % | | |
| Comparable tax rate on continuing operations [(1)] | **26.1 %** | 27.2 % | 24.5 % | | |

*(1) Non-GAAP financial measure. Refer to the “Non-GAAP Financial Measures” section of this MD&A for reconciliations of the most comparable GAAP measure to the non-GAAP financial measure and the reasons why management believes this measure is important to investors.*

Provision for income taxes decreased to $212 million in 2023 due to lower earnings partially offset by a higher effective tax rate. Our effective tax rate from continuing operations was 34.3% as compared to 29.1% in the prior year. The increase in the effective rate was due to a one-time, nondeductible cumulative currency translation adjustment loss related to the completion of the exit of the FMS U.K. business in 2023. Our comparable tax rate on continuing operations was 26.1% as compared to 27.2% in the prior year. Refer to our discussion of changes in our provision for income taxes and effective tax rate from continuing operations in Note 11, “Income Taxes” in the Notes to Consolidated Financial Statements.

FULL YEAR OPERATING RESULTS BY BUSINESS SEGMENT

| *(Dollars in millions)* | **2023** | 2022 | 2021 | Change **2023/2022** | Change 2022/2021 |
|---|---|---|---|---|---|
| Revenue: | | | | | |
| Fleet Management Solutions | **$ 5,930** | $ 6,327 | $ 5,680 | **(6)%** | 11% |
| Supply Chain Solutions | **4,875** | 4,720 | 3,155 | **3%** | 50% |
| Dedicated Transportation Solutions | **1,785** | 1,786 | 1,457 | **—%** | 23% |
| Eliminations | **(807)** | (822) | (629) | **2%** | (31)% |
| Total | **$ 11,783** | $ 12,011 | $ 9,663 | **(2)%** | 24% |
| | | | | | |
| Operating Revenue: [1] | | | | | |
| Fleet Management Solutions | **$ 5,053** | $ 5,213 | $ 4,941 | **(3)%** | 6% |
| Supply Chain Solutions | **3,625** | 3,254 | 2,211 | **11%** | 47% |
| Dedicated Transportation Solutions | **1,298** | 1,239 | 1,055 | **5%** | 17% |
| Eliminations | **(479)** | (426) | (379) | **(12)%** | (12)% |
| Total | **$ 9,497** | $ 9,280 | $ 7,828 | **2%** | 19% |
| | | | | | |
| Earnings from continuing operations before income taxes: | | | | | |
| Fleet Management Solutions | **$ 665** | $ 1,057 | $ 665 | **(37)%** | 59% |
| Supply Chain Solutions | **231** | 218 | 123 | **6%** | 77% |
| Dedicated Transportation Solutions | **121** | 103 | 49 | **18%** | 110% |
| Eliminations | **(95)** | (114) | (78) | **17%** | (46)% |
| | **922** | 1,264 | 759 | **(27)%** | (67)% |
| Unallocated Central Support Services | **(72)** | (83) | (69) | **(13)%** | (20)% |
| Intangible amortization expense [2] | **(35)** | (37) | (8) | **4%** | (363)% |
| Non-operating pension costs, net [3] | **(40)** | (11) | 1 | **NM** | NM |
| Other items impacting comparability, net [4] | **(157)** | 83 | 10 | **NM** | NM |
| Earnings from continuing operations before income taxes | **$ 618** | $ 1,216 | $ 693 | **(49)%** | 75% |

*(1) Non-GAAP financial measure. Refer to the "Non-GAAP Financial Measures" section of this MD&A for reconciliations of the most comparable GAAP measure to the non-GAAP financial measure and the reasons why management believes this measure is important to investors.*
*(2) Refer to Note 9, "Intangible Assets, Net," for a discussion on this item.*
*(3) Refer to Note 19, "Employee Benefit Plans," for a discussion on this item.*
*(4) Refer to Note 20, "Other Items Impacting Comparability," and below for a discussion of items excluded from our primary measure of segment performance.*

As part of management's evaluation of segment operating performance, we define the primary measurement of our segment financial performance as "Earnings from continuing operations before income taxes" (EBT), which includes an allocation of costs from Central Support Services (CSS) and excludes Non-operating pension costs, net, intangible amortization expense, and certain other items as discussed in Note 20, "Other Items Impacting Comparability," in the Notes to Consolidated Financial Statements. CSS represents those costs incurred to support all business segments, including finance and procurement, corporate services, human resources, information technology, public affairs, legal, marketing and corporate communications.

The objective of the EBT measurement is to provide clarity on the profitability of each business segment and, ultimately, to hold leadership of each business segment accountable for their allocated share of CSS costs. Segment results are not necessarily indicative of the results of operations that would have occurred had each segment been an independent, stand-alone entity during the periods presented. Certain costs are not attributable to any segment and remain unallocated in CSS, including costs for investor relations, public affairs and certain executive compensation. Refer to Note 3, "Segment Reporting," in the Notes to Consolidated Financial Statements for a description of the methodology for allocating the remainder of CSS costs to the business segments.

Our FMS segment leases revenue earning equipment and provides rental vehicles, fuel, maintenance and other ancillary services to the SCS and DTS segments. Inter-segment EBT allocated to SCS and DTS includes earnings related to equipment used in providing services to SCS and DTS customers. EBT related to inter-segment equipment and services billed to SCS and

DTS customers (equipment contribution) are included in both FMS and the segment that served the customer and then eliminated upon consolidation (presented as "Eliminations").

The following table sets forth the benefit from equipment contribution included in EBT for our SCS and DTS business segments:

| *(Dollars in millions)* | **2023** | 2022 | 2021 | Change **2023/2022** | Change 2022/2021 |
|---|---|---|---|---|---|
| Equipment Contribution: | | | | | |
| Supply Chain Solutions | **$ 43** | $ 46 | $ 33 | **(7)%** | 39% |
| Dedicated Transportation Solutions | **52** | 68 | 45 | **(24)%** | 51% |
| Total | **$ 95** | $ 114 | $ 78 | **(17)%** | 46% |

In 2023, the decrease in DTS and SCS equipment contribution was related to lower gains on sales of used vehicles. The decrease in DTS was also due to lower fuel prices passed through to customers.

### Fleet Management Solutions

| *(Dollars in millions)* | **2023** | 2022 | 2021 | Change **2023/2022** | Change 2022/2021 |
|---|---|---|---|---|---|
| ChoiceLease | **$ 3,181** | $ 3,101 | $ 3,064 | **3%** | 1% |
| Commercial rental [(1)] | **1,178** | 1,338 | 1,077 | **(12)%** | 24% |
| SelectCare and other | **694** | 624 | 538 | **11%** | 16% |
| FMS Europe [(2)] | **—** | 150 | 262 | **(100)%** | (43)% |
| Fuel services revenue | **877** | 1,114 | 739 | **(21)%** | 51% |
| FMS total revenue | **$ 5,930** | $ 6,327 | $ 5,680 | **(6)%** | 11% |
| | | | | | |
| FMS operating revenue [(3)] | **$ 5,053** | $ 5,213 | $ 4,941 | **(3)%** | 6% |
| | | | | | |
| FMS EBT | **$ 665** | $ 1,057 | $ 665 | **(37)%** | 59% |
| FMS EBT as a % of FMS total revenue | **11.2%** | 16.7% | 11.7% | **(550) bps** | 500 bps |
| FMS EBT as a % of FMS operating revenue [(3)] | **13.2%** | 20.3% | 13.5% | **(710) bps** | 680 bps |

*(1) For the years ended December 31, 2023, 2022, and 2021 rental revenue from lease customers in place of a lease vehicle represented 34%, 33%, and 30% of commercial rental revenue, respectively.*
*(2) Refer to Note 20, "Other Items Impacting Comparability," in the Notes to Consolidated Financial Statements for additional information.*
*(3) Non-GAAP financial measure. Refer to the "Non-GAAP Financial Measures" section of this MD&A for reconciliations of the most comparable GAAP measure to the non-GAAP financial measure and the reasons why management believes this measure is important to investors.*

FMS total revenue decreased 6% to $5.9 billion in 2023 primarily due to lower fuel costs passed through to customers and lower operating revenue (a non-GAAP measure excluding fuel services revenue). FMS operating revenue decreased 3% to $5.1 billion in 2023 reflecting lower rental demand and the exit of the U.K. business, partially offset by higher ChoiceLease and SelectCare revenue.

FMS EBT decreased 37% in 2023, reflecting lower gains on used vehicle sales and lower commercial rental results. Lower gains on used vehicles sold reflect a 28% and 37% decrease in used truck and tractor pricing, respectively, partially offset by higher volumes. Used vehicle inventory levels increased to 8,000 vehicles, but remains within the target range of 7,000 - 9,000 vehicles. Rental power fleet utilization decreased to 75% from a record 83% in 2022. The average power fleet was 4% smaller in 2023.

Our North America fleet of owned and leased revenue earning equipment and SelectCare vehicles, including vehicles under on-demand maintenance, is summarized as follows (rounded to the nearest hundred):

| | | | | Change | |
|---|---|---|---|---|---|
| | **2023** | 2022 | 2021 | **2023/2022** | 2022/2021 |
| **End of period vehicle count** | | | | | |
| By type: | | | | | |
| Trucks [(1)] | **75,600** | 72,100 | 68,900 | **5%** | 5% |
| Tractors [(2)] | **69,000** | 69,300 | 68,700 | **—%** | 1% |
| Trailers and other [(3)] | **40,800** | 41,200 | 38,700 | **(1)%** | 6% |
| Total | **185,400** | 182,600 | 176,300 | **2%** | 4% |
| By product line: | | | | | |
| ChoiceLease | **138,900** | 134,600 | 133,300 | **3%** | 1% |
| Commercial rental | **36,400** | 41,800 | 38,700 | **(13)%** | 8% |
| Service vehicles and other | **2,100** | 2,100 | 2,000 | **—%** | 5% |
| | **177,400** | 178,500 | 174,000 | **(1)%** | 3% |
| Held for sale | **8,000** | 4,100 | 2,300 | **95%** | 78% |
| Total | **185,400** | 182,600 | 176,300 | **2%** | 4% |
| *Memo: U.K. Vehicle Count* | — | 1,000 | 13,000 | **(100)%** | (92)% |
| Customer vehicles under SelectCare contracts [(4)] | **51,600** | 54,600 | 53,400 | **(5)%** | 2% |
| **Average vehicle count** | | | | | |
| By product line: | | | | | |
| ChoiceLease | **137,800** | 134,000 | 135,200 | **3%** | (1)% |
| Commercial rental | **39,300** | 40,800 | 35,700 | **(4)%** | 14% |
| Service vehicles and other | **2,000** | 2,000 | 2,000 | **—%** | —% |
| | **179,100** | 176,800 | 172,900 | **1%** | 2% |
| Held for sale | **6,500** | 3,400 | 4,500 | **91%** | (24)% |
| Total | **185,600** | 180,200 | 177,400 | **3%** | 2% |
| Customer vehicles under SelectCare contracts [(4)] | **52,700** | 54,800 | 51,800 | **(4)%** | 6% |
| Customer vehicles under SelectCare on-demand [(5)] | **10,600** | 15,400 | 15,700 | **(31)%** | (2)% |
| Total vehicles serviced | **248,900** | 250,400 | 244,900 | **(1)%** | 2% |

*(1) Generally comprised of Class 1 through Class 7 type vehicles with a Gross Vehicle Weight (GVW) up to 33,000 pounds.*
*(2) Generally comprised of over the road on highway tractors and are primarily comprised of Class 8 type vehicles with a GVW over 33,000 pounds.*
*(3) Generally comprised of dry, flatbed and refrigerated type trailers.*
*(4) Excludes customer vehicles under SelectCare on-demand contracts.*
*(5) Comprised of the number of unique vehicles serviced under on-demand maintenance agreements. This does not represent averages for the periods. Vehicles included in the count may have been serviced more than one time during the respective period.*

*Note: Average vehicle counts were computed using a 24-point average based on monthly information.*

The following table provides information on our North America active ChoiceLease fleet (number of units rounded to nearest hundred) and our commercial rental power fleet (excludes trailers):

| | 2023 | 2022 | 2021 | Change 2023/2022 | Change 2022/2021 |
|---|---|---|---|---|---|
| **Active ChoiceLease fleet** | | | | | |
| End of period vehicle count [1] | **129,800** | 128,400 | 128,900 | **1%** | —% |
| Full year average vehicle count [1] | **129,800** | 128,700 | 129,900 | **1%** | (1)% |
| **Commercial rental statistics** | | | | | |
| Commercial rental utilization - power fleet [2] | **75 %** | 83 % | 80 % | **(800) bps** | 300 bps |

(1) *Active ChoiceLease vehicles are calculated as those units currently earning revenue and not classified as not yet earning (NYE) or no longer earning units (NLE). NYE units represent new vehicles on hand that are being prepared for deployment to a lease customer or into the rental fleet. Preparations include activities such as adding lift gates, paint, decals, cargo area and refrigeration equipment. NLE units represent all vehicles held for sale and vehicles for which no revenue has been earned in the previous 30 days. Accordingly, these vehicles may be temporarily out of service, being prepared for sale or awaiting redeployment.*

(2) *Rental utilization is calculated using the number of days units are rented divided by the number of days units are available to rent based on the days in the calendar year.*

**Supply Chain Solutions**

In 2023, we introduced the omnichannel retail industry vertical to provide better visibility to the revenue mix following recent acquisitions and organic growth. This new vertical includes retail, e-commerce, last mile services, and technology.

| *(Dollars in millions)* | 2023 | 2022 | 2021 | Change 2023/2022 | Change 2022/2021 |
|---|---|---|---|---|---|
| Omnichannel retail | **$ 1,207** | $ 1,215 | $ 627 | **(1)%** | 94% |
| Automotive | **1,061** | 870 | 693 | **22%** | 26% |
| Consumer packaged goods | **926** | 806 | 629 | **15%** | 28% |
| Industrial and other | **431** | 363 | 262 | **19%** | 39% |
| Subcontracted transportation and fuel | **1,250** | 1,466 | 944 | **(15)%** | 55% |
| SCS total revenue | **$ 4,875** | $ 4,720 | $ 3,155 | **3%** | 50% |
| | | | | | |
| SCS operating revenue [1] | **$ 3,625** | $ 3,254 | $ 2,211 | **11%** | 47% |
| | | | | | |
| SCS EBT | **$ 231** | $ 218 | $ 123 | **6%** | 77% |
| SCS EBT as a % of SCS total revenue | **4.7%** | 4.6% | 3.9% | **10 bps** | 70 bps |
| SCS EBT as a % of SCS operating revenue [1] | **6.4%** | 6.7% | 5.6% | **(30) bps** | 110 bps |
| | | | | | |
| *End of period vehicle count:* | | | | | |
| Power vehicles | **4,200** | 4,200 | 3,700 | **—%** | 14% |
| Trailers | **9,600** | 8,900 | 7,000 | **8%** | 27% |
| Total | **13,800** | 13,100 | 10,700 | **5%** | 22% |

(1) *Non-GAAP financial measure. Refer to the "Non-GAAP Financial Measures" section of this MD&A for reconciliations of the most comparable GAAP measure to the non-GAAP financial measure and the reasons why management believes this measure is important to investors.*

The following table summarizes the components of the change in revenue on a percentage basis versus the prior years:

| | **2023** | | 2022 | | 2021 | |
|---|---|---|---|---|---|---|
| | **Total** | **Operating (1)** | Total | Operating (1) | Total | Operating (1) |
| Organic, including price and volume | **2 %** | **9 %** | 25 % | 22 % | 22 % | 17 % |
| Acquisition | **1** | **2** | 23 | 25 | 1 | 1 |
| Fuel | **—** | **—** | 2 | — | 1 | — |
| Net change | **3 %** | **11 %** | 50 % | 47 % | 24 % | 18 % |

*(1) Non-GAAP financial measure. Refer to the "Non-GAAP Financial Measures" section of this MD&A for reconciliations of the most comparable GAAP measure to the non-GAAP financial measure and the reasons why management believes this measure is important to investors.*

SCS total revenue increased 3% primarily as a result of higher operating revenue (a non-GAAP measure excluding fuel and subcontracted transportation) offset by lower subcontracted transportation passed through to our customers. SCS operating revenue (a non-GAAP measure excluding fuel and subcontracted transportation revenues) increased 11% driven by organic growth from new business, higher volumes and increased pricing, as well as the acquisition of IFS, and favorable year-over-year comparisons from businesses acquired in the second half of 2022.

SCS EBT increased 6% in 2023 primarily due to higher operating revenue (a non-GAAP measure excluding fuel and subcontracted transportation), partially offset by lower volumes in the omnichannel retail vertical.

**Dedicated Transportation Solutions**

| | | | | Change | |
|---|---|---|---|---|---|
| *(Dollars in millions)* | **2023** | 2022 | 2021 | **2023/2022** | 2022/2021 |
| DTS total revenue | **$ 1,785** | $ 1,786 | $ 1,457 | **—%** | 23% |
| DTS operating revenue (1) | **$ 1,298** | $ 1,239 | $ 1,055 | **5%** | 17% |
| DTS EBT | **$ 121** | $ 103 | $ 49 | **18%** | 110% |
| DTS EBT as a % of DTS total revenue | **6.8%** | 5.8% | 3.4% | **100 bps** | 240 bps |
| DTS EBT as a % of DTS operating revenue (1) | **9.3%** | 8.3% | 4.6% | **100 bps** | 370 bps |
| *End of period vehicle count:* | | | | | |
| Power vehicles | **5,200** | 5,400 | 5,300 | **(4)%** | 2% |
| Trailers | **5,700** | 6,000 | 6,000 | **(5)%** | —% |
| Total | **10,900** | 11,400 | 11,300 | **(4)%** | 1% |

*(1) Non-GAAP financial measure. Refer to the "Non-GAAP Financial Measures" section of this MD&A for reconciliations of the most comparable GAAP measure to the non-GAAP financial measure and the reasons why management believes this measure is important to investors.*

DTS total revenue was flat in 2023 primarily due to higher operating revenue (a non-GAAP measure excluding fuel and subcontracted transportation revenues) offset by lower fuel costs and subcontracted transportation passed through to customers. DTS operating revenue increased 5% in 2023 due to inflationary cost recovery and higher volumes.

DTS EBT increased 18% in 2023 primarily due to inflationary cost recovery.

**Central Support Services**

| *(Dollars in millions)* | **2023** | 2022 | 2021 | Change **2023/2022** | Change 2022/2021 |
|---|---|---|---|---|---|
| Total CSS | **$ 419** | $ 419 | $ 369 | **—%** | 14% |
| Allocation of CSS to business segments | **(347)** | (336) | (300) | **3%** | 12% |
| Unallocated CSS | **$ 72** | $ 83 | $ 69 | **(13)%** | 20% |

Total CSS costs remained at $419 million in 2023 as strategic investments in information technology and marketing were offset by lower incentive-based compensation costs and the gain from the sale of our corporate headquarters building.

Unallocated CSS costs decreased by $11 million in 2023 primarily reflecting lower incentive-based compensation costs and the gain from the sale of our corporate headquarters building.

FINANCIAL RESOURCES AND LIQUIDITY

**Cash Flows**

The following is a summary of our cash flows from continuing operations:

| *(In millions)* | Years ended December 31, **2023** | 2022 | 2021 |
|---|---|---|---|
| Net cash provided by (used in): | | | |
| Operating activities | **$ 2,353** | $ 2,310 | $ 2,175 |
| Investing activities | **(2,663)** | (1,850) | (1,450) |
| Financing activities | **256** | (861) | (204) |
| Effect of exchange rate changes on cash | **(9)** | (4) | (1) |
| Net change in cash, cash equivalents, and restricted cash | **$ (63)** | $ (405) | $ 520 |

| *(In millions)* | Years ended December 31, **2023** | 2022 | 2021 |
|---|---|---|---|
| Net cash provided by operating activities from continuing operations | | | |
| Earnings from continuing operations | **$ 406** | $ 863 | $ 522 |
| Non-cash and other, net | **2,088** | 1,903 | 1,824 |
| Currency translation adjustment loss | **188** | — | — |
| Collections on sales-type leases | **126** | 135 | 139 |
| Changes in operating assets and liabilities | **(455)** | (591) | (310) |
| Net cash provided by operating activities from continuing operations | **$ 2,353** | $ 2,310 | $ 2,175 |

Net cash provided by operating activities from continuing operations was unchanged at $2.4 billion in 2023. The decrease in working capital needs was primarily due to reduced collection of our receivables and higher operating lease payments, reflecting additional properties from our recent acquisitions, partially offset by an increase in accounts payable due to the timing of payments. Net cash used in investing activities from continuing operations increased to $2.7 billion in 2023 compared with $1.9 billion in 2022, primarily due to an increase in capital expenditures and prior year proceeds of approximately $400 million from the exit of the FMS U.K business. Net cash provided by (used in) financing activities from continuing operations increased to $256 million of cash inflows in 2023 compared to $861 million of cash outflows in 2022, primarily due to higher borrowings.

The following table shows the components of our free cash flow:

| | Years ended December 31, | | |
|---|---|---|---|
| *(In millions)* | **2023** | 2022 | 2021 |
| Net cash provided by operating activities from continuing operations | **$ 2,353** | $ 2,310 | $ 2,175 |
| Sales of revenue earning equipment (1) | **764** | 1,182 | 748 |
| Sales of operating property and equipment (1) | **63** | 53 | 74 |
| Other (1) | **—** | 7 | 1 |
| Total cash generated (2) | **3,180** | 3,552 | 2,998 |
| Purchases of property and revenue earning equipment (1) | **(3,234)** | (2,631) | (1,941) |
| Free cash flow (2) | **$ (54)** | $ 921 | $ 1,057 |

———————

*(1) Includes cash inflows from other investing activities.*
*(2) Non-GAAP financial measures. Reconciliations of net cash provided by operating activities to total cash generated and to free cash flow are set forth in this table. Refer to the "Non-GAAP Financial Measures" section of this MD&A for the reasons why management believes these measures are important to investors.*

Free cash flow (a non-GAAP measure) decreased to negative $54 million in 2023 from $921 million in 2022, primarily reflecting an increase in capital expenditures and prior year proceeds of approximately $400 million from exit of the FMS U.K. business.

Net cash provided by operating activities from continuing operations to remain at approximately $2.4 billion in 2024. We expect free cash flow (a non-GAAP measure) to decrease to approximately negative $325 million reflecting an increase in capital expenditures due to higher investments in the ChoiceLease and commercial rental fleet.

**Purchase Obligations**

The majority of our purchase obligations are pay-as-you-go transactions made in the ordinary course of business. Purchase obligations include agreements to purchase goods or services that are legally binding and that specify all significant terms, including: fixed or minimum quantities to be purchased; fixed minimum or variable price provisions; and the approximate timing of the transaction. Any amounts for which we are liable under purchase orders for goods and services received are reflected in the Consolidated Balance Sheets as "Accounts payable" and "Accrued expenses and other current liabilities." In addition, we reflect obligations with settlements that are greater than twelve months from the balance sheet date, as "Other non-current liabilities", including operating lease liabilities. The most significant purchase obligations relate to the purchase of revenue earning equipment.

Capital expenditures generally represent the purchase of revenue earning equipment (trucks, tractors and trailers) within our FMS segment. These expenditures primarily support the ChoiceLease and commercial rental product lines. The level of capital required to support the ChoiceLease product line varies based on customer contract signings for replacement vehicles and growth. These contracts are long-term agreements that result in predictable cash flows typically over three to seven years for trucks and tractors and ten years for trailers. We utilize capital for the purchase of vehicles in our commercial rental product line to replenish and expand the fleet available for shorter-term use by contractual or occasional customers. Operating property and equipment expenditures primarily relate to spending on items such as vehicle maintenance facilities and equipment, computer and telecommunications equipment, investments in technologies, and warehouse facilities and equipment.

The following is a summary of capital expenditures:

| *(In millions)* | **2023** | 2022 | 2021 |
|---|---|---|---|
| Revenue earning equipment: | | | |
| ChoiceLease | **$ 2,562** | $ 1,824 | $ 1,194 |
| Commercial rental | **438** | 541 | 651 |
| | **3,000** | 2,365 | 1,845 |
| Operating property and equipment | **279** | 287 | 167 |
| Gross capital expenditures [(1)] | **3,279** | 2,652 | 2,012 |
| Changes in accounts payable related to purchases of property and revenue earning equipment | **(45)** | (21) | (71) |
| Cash paid for purchases of property and revenue earning equipment | **$ 3,234** | $ 2,631 | $ 1,941 |

*(1) Excludes $26 million, $12 million and $15 million in 2023, 2022 and 2021, respectively, in assets held under finance leases resulting from new or the extension of existing finance leases and other additions.*

Gross capital expenditures increased to $3.3 billion in 2023 reflecting higher investments in the lease fleet and timing of OEM deliveries partially offset by lower investments in commercial rental. In 2022, gross capital expenditures primarily reflected higher planned investments in the ChoiceLease fleet, in the SCS business and technology. In 2021, our OEMs faced new vehicle production challenges due to supply chain disruptions resulting in a significant increase in new vehicle delivery lead times. As a result, a significant amount of new vehicle orders placed in 2021 were delayed for delivery until 2022 and 2023. We expect capital expenditures to remain at $3.3 billion in 2024, as higher planned investments to grow the ChoiceLease and commercial rental fleet will be offset by lower vehicle replacements.

On February 1, 2024, we acquired all the outstanding equity of CLH Parent Corporation ("Cardinal Logistics") for a purchase price of $290 million. Cardinal Logistics is a leading customized dedicated contract carrier in North America, providing dedicated fleets and professional drivers, as well as complementary freight brokerage services, last-mile delivery and contract logistics services. Cardinal Logistics primarily serves the consumer packaged goods, omnichannel retail, automotive, and industrial verticals. This acquisition increases our scale and network density and further advances our strategy to accelerate growth in dedicated. The transaction is expected to add approximately $1 billion in annualized total revenue.

### Other Obligations and Commitments

The following table provides other material cash requirements from contractual obligations and commitments and the related reference in the Notes to Consolidated Financial Statements for further information:

| Description | Reference | Reference Title |
|---|---|---|
| Insurance obligations (primarily self-insurance) | Note 10 | Accrued Expenses and Other Liabilities |
| Operating leases | Note 12 | Leases |
| Debt | Note 13 | Debt |
| Employee benefit plans | Note 19 | Employee Benefit Plans |

We believe that our operating cash flows and access to the debt markets, as further discussed in "Financing and Other Funding Transactions" below, are sufficient to meet our contractual obligations.

### Off-Balance Sheet Arrangements

*Guarantees.* Refer to Note 14, “Guarantees,” in the Notes to Consolidated Financial Statements for a discussion of our agreements involving guarantees.

### Financing and Other Funding Transactions

We utilize external capital primarily to support working capital needs and growth in our asset-based product lines. The variety of financing alternatives typically available to fund our capital needs include commercial paper, long-term and medium-term public and private debt, asset-backed securities, bank term loans, leasing arrangements, and bank credit facilities. Our principal sources of financing are issuances of unsecured commercial paper and medium-term notes.

Cash and equivalents totaled $204 million as of December 31, 2023. As of December 31, 2023, approximately $141 million was held outside the U.S. and is available to fund operations and other growth of non-U.S. subsidiaries. We have historically asserted our intent to permanently reinvest foreign earnings outside of the U.S. In 2021, we reevaluated our historic assertion with respect to our U.K. and Germany operations and concluded that we no longer consider these earnings to be indefinitely reinvested. Federal, state and foreign income taxes, withholding taxes and the tax impact of foreign currency exchange gains or losses were considered on the remaining U.K. and Germany undistributed earnings as of December 31, 2023, and there was no impact to deferred taxes. During 2023, we repatriated $78 million of foreign earnings from the U.K. We intend to continue to permanently reinvest the earnings of our remaining foreign subsidiaries indefinitely.

We believe that our operating cash flows, together with our access to the public unsecured bond market, commercial paper market and other available debt financing, will be adequate to meet our operating, investing and financing needs in the foreseeable future. However, volatility or disruption in the public unsecured debt market or the commercial paper market may impair our ability to access these markets on terms commercially acceptable to us. If we cease to have access to public bonds, commercial paper and other sources of unsecured borrowings, we would meet our liquidity needs by drawing upon contractually committed lending agreements or by seeking other funding sources.

In February 2023, we issued an aggregate principal amount of $500 million unsecured medium-term notes maturing on March 1, 2028, and bearing interest at a rate of 5.65% per year. In May 2023, we issued an aggregate principal amount of $650 million unsecured medium-term notes maturing on June 1, 2028, and bearing interest at a rate of 5.25% per year. In November 2023, we issued two unsecured medium-term notes for aggregate principal amounts of $600 million and $400 million, maturing on December 1, 2033, and December 1, 2028, respectively, and bearing interest at a rate of 6.60% and 6.30% per year, respectively.

Refer to Note 13, "Debt," in the Notes to Consolidated Financial Statements for information around the global revolving credit facility, the trade receivables financing program, issuance of medium-term notes under our shelf registration statement, asset-backed financing obligations and debt maturities.

Our ability to access unsecured debt in the capital markets is impacted by both our short-term and long-term debt ratings. These ratings are intended to provide guidance to investors in determining the credit risk associated with our particular securities based on current information obtained by the rating agencies from us or from other sources. Ratings are not recommendations to buy, sell or hold our debt securities and may be subject to revision or withdrawal at any time by the assigning rating agency. Lower ratings generally result in higher borrowing costs, as well as reduced access to unsecured capital markets. A significant downgrade below investment grade of our short-term debt ratings would impair our ability to issue commercial paper and likely require us to rely on alternative funding sources. A significant downgrade below investment grade would not affect our ability to borrow amounts under our global revolving credit facility described below, assuming ongoing compliance with the terms and conditions of the credit facility.

Our debt ratings and rating outlooks as of December 31, 2023 were as follows:

| | Rating Summary | | | |
|---|---|---|---|---|
| | **Short-term** | **Short-term Outlook** | **Long-term** | **Long-term Outlook** |
| Standard & Poor's Ratings Services | A2 | — | BBB+ | Stable |
| Moody's Investors Service | P2 | Stable | Baa2 | Stable |
| Fitch Ratings | F2 | — | BBB+ | Positive |

As of December 31, 2023, we had the following amounts available to fund operations under the following facilities:

| | *(In millions)* |
|---|---|
| Global revolving credit facility | $828 |
| Trade receivables financing program | $167 |

In accordance with our funding philosophy, we generally attempt to align the aggregate average remaining re-pricing life of our debt with the aggregate average remaining re-pricing life of our vehicle assets. We utilize both fixed-rate and variable-rate debt to achieve this alignment and generally target a mix of 20% - 40% variable-rate debt as a percentage of total debt outstanding. The variable-rate portion of our total debt (including notional value of swap agreements) was 16% and 19% as of December 31, 2023 and 2022, respectively. The decrease in the percentage of variable-rate debt was primarily attributable to an increase in fixed-rate debt used to fund vehicle purchases and the IFS acquisition.

Our debt to equity ratios were 232% and 216% as of December 31, 2023 and 2022, respectively. The debt to equity ratio represents total debt divided by total equity. The increase in the debt to equity ratio primarily reflects higher debt balances.

**Pension Information**

Refer to Note 19, “Employee Benefit Plans,” in the Notes to Consolidated Financial Statements for background and further information regarding our company-sponsored defined benefit retirement plans.

In September 2023, we executed a bulk annuity contract with a U.K. insurance company to fully settle our $250 million U.K. pension benefit obligation. This transaction secured all future pension benefits to the pension plan members. We are targeting a pension plan termination in 18-24 months. At that time, the pension plan will distribute individual annuities to each pension plan member and the U.K. insurance company will assume all administrative and financial responsibilities of the pension plan. This bulk annuity transaction will have no impact to our financial position or statement of earnings until we terminate the U.K. pension plan.

During 2023, total pension contributions were $21 million, compared with $23 million in 2022. We estimate total 2024 required contributions to our pension plans to be approximately $4 million and we do not expect to make voluntary contributions. The present value of estimated global pension contributions that would be required over the next 5 years totals approximately $59 million (pre-tax). Changes in interest rates and the market value of the securities held by the plans could materially change, positively or negatively, the funded status of the plans and affect the level of pension expense and required contributions in future years. The ultimate amount of contributions is also dependent upon the requirements of applicable laws and regulations.

Due to the underfunded status of our defined benefit plans, we had an accumulated net pension equity charge (after-tax) of $637 million and $566 million as of December 31, 2023 and 2022, respectively. The funded status of our defined benefit pension plans decreased to 88% in 2023 from 94% in 2022, primarily reflecting a decrease in discount rates used to value our obligations at year-end 2023.

We expect 2024 defined benefit pension expense to remain at approximately $41 million. See the “Critical Accounting Estimates — Pension Plans” section for further discussion on pension accounting estimates.

**Income Tax Cash Obligations**

During 2023, total income taxes paid were $96 million. In the future, our income tax cash obligations may increase. Taxable income and cash taxes payable may be impacted by a variety of factors, including (i) the amount of book income generated in each jurisdiction, (ii) total capital expenditures, (iii) the reversal of our deferred tax liability, (iv) remaining net operating losses, (v) the availability of U.S. federal bonus depreciation, and (vi) the impact of any changes in U.S., state and foreign income tax laws. While it is likely that our income tax cash obligations may increase at some point in the future, we cannot reasonably estimate the timing or impact of these factors.

**Share Repurchase Programs and Cash Dividends**

In October 2023, our board of directors approved two new share repurchase programs. The first program authorizes management to repurchase up to 2 million shares issued to employees under our employee stock plans since August 31, 2023, under a new anti-dilutive program (the "2023 Anti-Dilutive Program") designed to mitigate the dilutive impact of shares issued under our employee stock plans. The second program grants management discretion to repurchase up to 2 million shares of common stock over a period of two years under a new discretionary share repurchase program (the "October 2023 Discretionary Program"). Both the 2023 Anti-Dilutive Program and the October 2023 Discretionary Program commenced October 12, 2023, and expire October 12, 2025.

Refer to Note 15, “Share Repurchase Programs,” in the Notes to Consolidated Financial Statements for a discussion on our share repurchase programs.

Cash dividend payments to shareholders of common stock were $128 million in 2023 and $123 million in 2022. In 2023 and 2022, our annualized dividend was $2.66 and $2.40 per share of common stock, respectively. During 2023, we increased our annualized dividend rate 15% to $2.84 per share of common stock.

CRITICAL ACCOUNTING ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles in the U.S. (U.S. GAAP) requires us to make estimates and assumptions. Our significant accounting policies are described in the Notes to Consolidated Financial Statements. Certain of these policies require the application of subjective or complex judgments, often as a result of the need to make estimates about the effect of matters that are inherently uncertain. These estimates and assumptions are based on historical experience, changes in the business environment, and other factors that we believe to be reasonable under the circumstances. Different estimates that could have been applied in the current period or changes in the accounting estimates that are reasonably likely can result in a material impact on our financial condition and operating results in the current and future periods. We review the development, selection and disclosure of these critical accounting estimates with Ryder’s Audit Committee on an annual basis.

## ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion, which should be read in conjunction with the descriptions in the Notes to Consolidated Financial Statements, is furnished for additional insight into certain accounting estimates that we consider to be critical.

*Residual Value Estimates and Depreciation.* At the time we acquire a vehicle, we estimate the vehicle's useful life and its estimated residual value at the end of its useful life. These estimates determine the depreciation that will be recognized evenly (straight-line) over the vehicle's useful life and are intended to minimize losses or to record the best estimate of fair value at the end of a vehicle's useful life. At the end of its useful life or termination of the lease, the equipment is either sold to a third party or purchased by the lessee, in which case we may record a gain or loss for the difference between the estimated residual value and the sale price.

We periodically review and adjust, as appropriate, the estimated residual values and useful lives of existing revenue earning equipment for the purposes of recording depreciation expense as described in Note 6, "Revenue Earning Equipment, Net" in the Notes to Consolidated Financial Statements. Based on the results of our analysis, we may adjust the estimated residual values and useful lives of certain classes of our revenue earning equipment each year. Reductions in estimated residual values or useful lives will increase depreciation expense over the remaining useful life of the vehicle. Conversely, an increase in estimated residual values or useful lives will decrease depreciation expense over the remaining useful life of the vehicle. Our review of the estimated residual values and useful lives of revenue earning equipment is based on vehicle class, (i.e., generally subcategories of trucks, tractors and trailers by weight and usage), historical and current market prices, third-party expected future market prices, expected lives of vehicles, and expected sales in the wholesale or retail markets, among other factors. In 2023 and 2022, we did not adjust the estimated residual values and useful lives of existing revenue earning equipment. In 2021, we adjusted our residual value estimates for certain tractors and useful lives of certain classes of our revenue earning equipment, which impacted approximately 15% of our total fleet. The increase in depreciation expense in 2021 as a result of residual value estimate changes was not material to our results of operations.

Depreciation Sensitivity

Based on our fleet of revenue earning equipment as of December 31, 2023, a hypothetical 10% reduction in estimated residual values would increase depreciation expense over the remaining life of our fleet by approximately $340 million. The current residual value estimates of our total fleet are at historically low levels. Our estimates reflect anticipated market conditions and are intended to reduce the probability of losses or need for additional depreciation during a potential cyclical downturn.

While we believe that the carrying values and estimated sales proceeds for revenue earning equipment are reasonable, we cannot guarantee that if economic conditions deteriorate or future sales proceeds are adversely impacted, we will not realize losses on sales or be required to further reduce our residual value estimates. A variety of factors, many of which are outside of our control, could cause residual value estimates to differ from actual used vehicle sales pricing, such as changes in supply and demand of used vehicles; volatility in market conditions; changes in vehicle technology; competitor pricing; regulatory requirements; wholesale market prices; customer requirements and preferences; and changes in underlying assumption factors. As a result, future residual value estimates and resulting depreciation expense are subject to change based upon changes in these factors.

*Revenue Recognition*. We generate revenue primarily through contracts with customers to lease, rent and maintain revenue earning equipment and to provide logistics management and dedicated transportation services. We enter into contracts that can include various combinations of products and services, which are generally capable of being distinct and accounted for as separate performance obligations. We account for a contract when it has approval and commitment from both parties, the rights of the parties are identified, payment terms are determined, the contract has commercial substance, and collectibility of consideration is probable. We generally recognize revenue over time as we provide the promised products or services to our customers in an amount we expect to receive in exchange for those products or services.

We offer a full service lease as well as a lease with more flexible maintenance options under our ChoiceLease product line in our FMS business segment, which are marketed, priced and managed as bundled products that include the equipment lease, maintenance and other related services. Our ChoiceLease product line includes the lease of a vehicle (lease component) and maintenance and other services (non-lease component). Contract consideration is allocated between the lease and non-lease components based on management's best estimate of the relative stand-alone selling price of each component. We do not sell the components of our ChoiceLease product offering on a stand-alone basis, therefore significant judgment is required to determine the stand-alone selling prices of the lease and maintenance components in order to allocate the consideration on a relative stand-alone selling price basis.

For the lease component, we estimate the stand-alone selling price using the projected cash outflows related to the underlying leased vehicle, net of the estimated disposal proceeds, and a certain targeted return considering the weighted average cost of capital. For the non-lease component of the contract, we estimate the stand-alone selling price of the maintenance component using an expected cost-plus margin approach. The expected costs are based on our historical costs of providing maintenance services in our ChoiceLease arrangements. The margin is based on the historical margin percentages for our full service maintenance contracts in the SelectCare product line, as the maintenance performance obligation in those contracts is similar to maintenance in our ChoiceLease arrangements. Full service maintenance arrangements in SelectCare are priced based on targeted margin percentages for new and used vehicles by type of vehicle (trucks, tractors, and trailers), considering the fixed and variable costs of providing maintenance services.

We recognize maintenance revenue using an input method, consistent with the estimated pattern of the costs to maintain the underlying vehicles. This generally results in the recognition of a contract liability for the portion of the customer's billings allocated to the maintenance service component of the agreement. The non-lease revenue from maintenance services related to our ChoiceLease product is recognized in "Lease & related maintenance and rental revenue" in the Consolidated Statements of Earnings. We recognized $963 million in 2023, and $1.0 billion in both 2022 and 2021.

The stand-alone price for both the lease and non-lease components could vary in the future based on both external market conditions and our pricing strategies as a result of the market conditions.

*Pension Plans.* We apply actuarial methods to determine the annual net periodic pension expense and pension plan liabilities on an annual basis, or on an interim basis if there is an event, such as a curtailment, requiring remeasurement. Each December, we review actual experience compared with the assumptions used and make adjustments to our assumptions, if warranted. In determining our annual estimate of periodic pension cost, we are required to make an evaluation of critical factors such as discount rate, expected long-term rate of return on assets, retirement rate and mortality. Discount rates are based upon a duration analysis of expected benefit payments and the equivalent average yield for high quality corporate fixed income investments as of our annual measurement date at December 31. In order to estimate the discount rate relevant to our plan, we use models that match projected benefits payments of our primary U.S. plan to interest payments and maturities from a hypothetical portfolio of high quality corporate bonds. Long-term rate of return assumptions are based on a review of our asset allocation strategy and long-term expected asset returns. Investment management and other fees paid using plan assets are factored into the determination of asset return assumptions.

Assumptions as to mortality of the participants in our pension plan is a key estimate in measuring the expected payments participants may receive over their lifetime, and therefore the amount of expense we will recognize. We update our mortality assumptions as deemed necessary by taking into consideration relevant actuarial studies as they become available as well as reassessing our own historical experience. Disclosure of the significant assumptions used in arriving at the 2023 net pension expense is presented in Note 19, “Employee Benefit Plans,” in the Notes to Consolidated Financial Statements.

As part of our strategy to manage future pension costs and net funded status volatility, we regularly assess our pension investment strategy. Our U.S. pension investment policy and strategy seek to reduce the effects of future volatility on the fair value of our pension assets relative to our pension liabilities by achieving attractive risk-adjusted returns that will balance the liquidity requirements of the plans’ liabilities while striving to minimize the risk of significant funded status deterioration. As the funded status of each plan improves, we (1) gradually increase the liability hedging portfolio, which consists of high quality, longer-term fixed income securities and (2) reduce our allocation of equity investments. The composition of our U.S. pension assets was 21% equity securities and alternative assets, 78% debt securities and 1% cash as of December 31, 2023. In 2024, our long-term expected rate of return assumption (net of fees) for our primary U.S. plan will remain at 5.40%.

Accounting guidance applicable to pension plans does not require immediate recognition of the effects of a deviation between these assumptions and actual experience or the revision of an estimate. This approach allows the favorable and unfavorable effects that fall within an acceptable range to be netted and included in “Accumulated other comprehensive loss.” We had a pre-tax accumulated actuarial loss of $830 million and $759 million as of December 31, 2023 and 2022, respectively. To the extent the amount of cumulative actuarial gains and losses exceed 10% of the greater of the benefit obligation or plan assets, the excess amount is primarily amortized over the average remaining life expectancy of participants. As of December 31, 2023, the amount of the actuarial loss subject to amortization in 2024 and future years is $644 million. In 2024, we expect to amortize $31 million of net actuarial loss as a component of pension expense. The effect on years beyond 2024 will depend substantially upon the actual experience of our plans in future years.

A sensitivity analysis of 2024 net pension expense to changes in key underlying assumptions for our primary plan, the U.S. pension plan, is presented below:

| | Assumed Rate | Change | Impact on 2024 Net Pension Expense | Effect on December 31, 2023 Projected Benefit Obligation |
|---|---|---|---|---|
| Expected long-term rate of return on assets | **5.40%** | +/- 0.25 | +/- $3 million | N/A |
| Discount rate | **5.15%** | + 0.25 | NM | - $31 million |
| Discount rate | **5.15%** | - 0.25 | NM | + $32 million |

*Self-Insurance Accruals.* The majority of our self-insurance relates to vehicle liability and workers' compensation. We use a variety of statistical and actuarial methods that are widely used and accepted in the insurance industry to estimate amounts for claims that have been reported but not paid and claims incurred but not reported. In applying these methods and assessing their results, we consider such factors as frequency and severity of claims, claim development and payment patterns, and changes in the nature of our business, among others. Such factors are analyzed for each of our business segments. Our estimates may be impacted by such factors as increases in the market price for medical services, unpredictability of the size of jury awards and limitations inherent in the estimation process. We recognized a benefit of $17 million in 2023, a benefit of $25 million in 2022 and a benefit of $6 million in 2021 from the development of estimated prior years' self-insured loss reserves. Based on self-insurance accruals at December 31, 2023, a 5% adverse change in actuarial claim loss estimates would increase operating expense in 2024 by $20 million. Refer to Note 10, "Accrued Expenses and Other Liabilities," in the Notes to Consolidated Financial Statements for changes to the self-insurance accruals during the year.

*Goodwill Impairment.* We assess goodwill for impairment, as described in Note 1, "Summary of Significant Accounting Policies — Goodwill and Other Intangible Assets," in the Notes to Consolidated Financial Statements, on an annual basis or more often if deemed necessary. As of December 31, 2023, total goodwill was $940 million. To determine whether goodwill is impaired, we are required to assess the fair value of each reporting unit and compare it to its carrying value. A reporting unit is a component of an operating segment for which discrete financial information is available and management regularly reviews its operating performance.

We assess goodwill for impairment on October 1st of each year or more often if deemed necessary. In evaluating goodwill for impairment, we have the option to first assess qualitative factors to determine whether further impairment testing is necessary, such as macroeconomic conditions, changes in our industry and the markets in which we operate, and our market capitalization as well as our reporting units' historical and expected future financial performance. If we conclude that it is more likely than not that a reporting unit's fair value is less than its carrying value or we bypass the optional qualitative assessment, recoverability is assessed by comparing the fair value of the reporting unit with its carrying amount. If a reporting unit's carrying value exceeds its fair value, we will measure any goodwill impairment losses as the amount by which the carrying amount of a reporting unit exceeds its fair value, not to exceed the total amount of goodwill allocated to that reporting unit.

For quantitative tests, we estimate the fair value of the reporting units using a combination of both a market and income approach. Under the market approach, we use a selection of comparable publicly-traded companies that correspond to the reporting unit to derive a market-based multiple. Under the income approach, the fair value of the reporting unit is estimated based on the discounted present value of the projected future cash flows. Rates used to discount cash flows are dependent upon interest rates and the cost of capital based on our industry and capital structure, adjusted for equity and size risk premiums based on market capitalization. Estimates of future cash flows are dependent on our knowledge and experience about past and current events and significant judgments and assumptions about conditions we expect to exist, including revenue growth rates, margins, long-term growth rates, capital requirements, proceeds from the sale of used vehicles, the ability to utilize our tax net operating losses, and the discount rate. Our estimates of cash flows are also based on historical and future operating performance, economic conditions and actions we expect to take. In addition to these factors, our SCS and DTS reporting units are dependent on several key customers or industry sectors. The loss of a key customer may have a significant impact to our SCS or DTS reporting units, causing us to assess whether or not the event resulted in a goodwill impairment loss.

In making our assessments of fair value, we rely on our knowledge and experience about past and current events and assumptions about conditions we expect to exist in the future. These assumptions are based on a number of factors, including future operating performance, economic conditions, actions we expect to take and present value techniques. There are inherent uncertainties related to these factors and management's judgment in applying them to the analysis of goodwill impairment. It is possible that assumptions underlying the impairment analysis will change in such a manner that impairment in value may occur in the future. We conduct additional sensitivity analyses to assess the risk for potential impairment based upon changes in the key assumptions in our goodwill valuation test, including long-term growth rates and discount rates.

On October 1, 2023, we completed our annual goodwill impairment test for all reporting units and determined that the fair values more likely than not exceeded their respective carrying values for each reporting unit. We conducted a quantitative analysis for our FMS reporting unit and qualitative analyses for our SCS and DTS reporting units.

*Income Taxes.* Our overall tax position is complex and requires careful analysis by management to estimate the expected realization of income tax assets and liabilities.

Tax regulations can require items to be included in the tax return at different times than the items are reflected in the financial statements. As a result, the effective tax rate reflected in the financial statements can be different than that reported in the tax return. Timing differences create deferred tax assets and liabilities. Deferred tax assets generally represent items that can be used as a tax deduction or credit in the tax return in future years for which we have already recognized the tax benefit in the financial statements. Deferred tax assets were $541 million and $562 million as of December 31, 2023 and 2022, respectively. We recognize a valuation allowance against deferred tax assets to reduce such assets to amounts expected to be realized. As of December 31, 2023 and 2022, the deferred tax valuation allowance was $87 million and $88 million, respectively. In determining the required level of valuation allowance, we consider whether it is more likely than not that all or some portion of deferred tax assets will not be realized. This assessment is based on management's expectations as to whether sufficient taxable income of an appropriate character will be realized within tax carryback and carryforward periods. Our assessment involves estimates and assumptions about matters that are inherently uncertain, and unanticipated events or circumstances could cause actual results to differ from these estimates. Should we change our estimate of the amount of deferred tax assets that we would be able to realize, an adjustment to the valuation allowance would result in an increase or decrease to the provision for income taxes in the period such a change in estimate was made.

As part of our calculation of the provision for income taxes, we determine whether the benefits of our tax positions are at least more likely than not of being sustained upon audit based on the technical merits of the tax position. We accrue the largest amount of the benefit that has a cumulative probability of greater than 50% of being sustained. These accruals require management to make estimates and judgments with respect to the ultimate outcome of a tax audit. Actual results could vary materially from these estimates.

A number of years may elapse before a particular matter for which we have established a reserve is audited and finally resolved. The number of years exposed to audit due to open statutes varies depending on the tax jurisdiction. The tax benefit that has been previously reserved because of a failure to meet the "more likely than not" recognition threshold would be recognized in our income tax expense in the first interim period when the uncertainty is resolved under any one of the following conditions: (1) the tax position has been determined to be "more likely than not" of being sustained, (2) the tax position, amount and/or timing is ultimately settled through negotiation or litigation, or (3) the statutes of limitations for the tax position has expired. Refer to Note 11, "Income Taxes," in the Notes to Consolidated Financial Statements for further discussion.

## RECENT ACCOUNTING PRONOUNCEMENTS

Refer to Note 2, "Recent Accounting Pronouncements," in the Notes to Consolidated Financial Statements for a discussion of recent accounting pronouncements.

## NON-GAAP FINANCIAL MEASURES

*Non-GAAP Financial Measures.* This Annual Report on Form 10-K includes information extracted from consolidated financial information that is not required by U.S. GAAP to be presented in the financial statements. Certain elements of this information are considered "non-GAAP financial measures" as defined by SEC rules. Non-GAAP financial measures should be considered in addition to, but not as a substitute for or superior to, other measures of financial performance or liquidity prepared in accordance with U.S. GAAP. Also, our non-GAAP financial measures may not be comparable to financial measures used by other companies. We provide a reconciliation of each of these non-GAAP financial measures to the most comparable GAAP measure in this non-GAAP financial measures section or in the MD&A above. We also provide the reasons why management believes each non-GAAP financial measure is useful to investors in this section.

Specifically, we refer to the following non-GAAP financial measures in this Form 10-K:

| Non-GAAP Financial Measure | Comparable GAAP Measure |
|---|---|
| **Operating Revenue Measures:** | |
| Operating Revenue | Total Revenue |
| FMS Operating Revenue | FMS Total Revenue |
| SCS Operating Revenue | SCS Total Revenue |
| DTS Operating Revenue | DTS Total Revenue |
| FMS EBT as a % of FMS Operating Revenue | FMS EBT as a % of FMS Total Revenue |
| SCS EBT as a % of SCS Operating Revenue | SCS EBT as a % of SCS Total Revenue |
| DTS EBT as a % of DTS Operating Revenue | DTS EBT as a % of DTS Total Revenue |
| **Comparable Earnings Measures:** | |
| Comparable Earnings Before Income Tax | Earnings Before Income Tax |
| Comparable Earnings | Earnings from Continuing Operations |
| Comparable Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA) | Net Earnings |
| Comparable EPS | EPS from Continuing Operations |
| Comparable Tax Rate | Effective Tax Rate from Continuing Operations |
| Adjusted Return on Equity (ROE) | Not Applicable. However, non-GAAP elements of the calculation have been reconciled to the corresponding GAAP measures. A numerical reconciliation of net earnings to adjusted net earnings and average shareholders' equity to adjusted average equity is provided in the following reconciliations. |
| **Cash Flow Measures:** | |
| Total Cash Generated and Free Cash Flow | Cash Provided by Operating Activities from Continuing Operations |

## ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Set forth in the table below is an overview of each non-GAAP financial measure and why management believes that presentation of each non-GAAP financial measure provides useful information to investors.

<table>
<tr><th colspan="2">Operating Revenue Measures:</th></tr>
<tr><td>Operating Revenue<br><br>FMS Operating Revenue<br><br>SCS Operating Revenue<br><br>DTS Operating Revenue<br><br><br>FMS EBT as a % of FMS Operating Revenue<br><br>SCS EBT as a % of SCS Operating Revenue<br><br>DTS EBT as a % of DTS Operating Revenue</td><td><u>Operating revenue</u> is defined as total revenue for Ryder or each business segment (FMS, SCS and DTS) excluding any (1) fuel and (2) subcontracted transportation. We use operating revenue to evaluate the operating performance of our core businesses and as a measure of sales activity at the consolidated level for Ryder System, Inc., as well as for each of our business segments. We also use segment EBT as a percentage of segment operating revenue for each business segment for the same reason. Note: FMS EBT, SCS EBT and DTS EBT, our primary measures of segment performance, are not non-GAAP measures.<br><br>Fuel: We exclude FMS, SCS and DTS fuel from the calculation of our operating revenue measures, as fuel is an ancillary service that we provide our customers. Fuel revenue is impacted by fluctuations in market fuel prices and the costs are largely a pass-through to our customers, resulting in minimal changes in our profitability during periods of steady market fuel prices. However, profitability may be positively or negatively impacted by rapid changes in market fuel prices during a short period of time, as customer pricing for fuel services is established based on current market fuel costs.<br><br>Subcontracted transportation: We exclude subcontracted transportation from the calculation of our operating revenue measures, as these services are also typically a pass-through to our customers and, therefore, fluctuations result in minimal changes to our profitability. While our SCS and DTS business segments subcontract certain transportation services to third party providers, our FMS business segment does not engage in subcontracted transportation and, therefore, this item is not applicable to FMS.</td></tr>
</table>

| **Comparable Earnings Measures:** | |
|---|---|
| Comparable Earnings before Income Taxes (EBT)<br><br>Comparable Earnings<br><br>Comparable Earnings per Diluted Common Share (EPS)<br><br>Comparable Tax Rate<br><br>Adjusted Return on Equity (ROE) | *Comparable EBT, Comparable Earnings and Comparable EPS* are defined, respectively, as GAAP EBT, earnings and EPS, all from continuing operations, excluding (1) non-operating pension costs, net and (2) other items impacting comparability (as further described below). We believe these non-GAAP measures provide useful information to investors and allow for better year-over-year comparison of operating performance.<br><br>*Non-operating pension costs, net:* Our comparable earnings measures exclude non-operating pension costs, net, which include the amortization of net actuarial loss and prior service cost, interest cost and expected return on plan assets components of pension and postretirement benefit costs, as well as any significant charges for settlements or curtailments if recognized. We exclude non-operating pension costs, net because we consider these to be impacted by financial market performance and outside the operational performance of our business.<br><br>*Other Items Impacting Comparability:* Our comparable and adjusted earnings measures also exclude other significant items that are not representative of our business operations and vary from period to period.<br><br>*Comparable Tax Rate* is computed using the same methodology as the GAAP provision for income taxes. Income tax effects of non-GAAP adjustments are calculated based on the marginal tax rates to which the non-GAAP adjustments are related.<br><br>*Adjusted ROE* is defined as adjusted net earnings divided by adjusted average shareholders' equity and represents the rate of return on shareholders' investment. Other items impacting comparability described above are excluded, as applicable, from the calculation of adjusted net earnings and adjusted average shareholders' equity. We use adjusted ROE as an internal measure of how effectively we use the owned capital invested in our operations. |
| Comparable Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA) | Comparable EBITDA is defined as net earnings, first adjusted to exclude discontinued operations and the following items, all from continuing operations: (1) non-operating pension costs, net and (2) any other items that are not representative of our business operations (these items are the same items that are excluded from comparable earnings measures for the relevant periods as described immediately above) and then adjusted further for (1) interest expense, (2) income taxes, (3) depreciation, (4) used vehicle sales results and (5) amortization.<br><br>We believe comparable EBITDA provides investors with useful information, as it is a standard measure commonly reported and widely used by investors and other interested parties to measure financial performance and our ability to service debt and meet our payment obligations. We believe that the inclusion of comparable EBITDA also provides consistency in financial reporting and aids investors in performing meaningful comparisons of past, present and future operating results. Our presentation of comparable EBITDA may not be comparable to similarly-titled measures used by other companies.<br><br>Comparable EBITDA should not be considered a substitute for, or superior to, the measures of financial performance determined in accordance with GAAP. |

| **Cash Flow Measures:** | |
|---|---|
| Total Cash Generated<br><br>Free Cash Flow | We consider total cash generated and free cash flow to be important measures of comparative operating performance, as our principal sources of operating liquidity are cash from operations and proceeds from the sale of revenue earning equipment.<br><br>*Total Cash Generated* is defined as the sum of (1) net cash provided by operating activities, (2) net cash provided by the sale of revenue earning equipment, (3) net cash provided by the sale of operating property and equipment and (4) other cash inflows from investing activities. We believe total cash generated is an important measure of total cash flows generated from our ongoing business activities.<br><br>*Free Cash Flow* is defined as the net amount of cash generated from operating activities and investing activities (excluding changes in restricted cash and acquisitions) from continuing operations. We calculate free cash flow as the sum of (1) net cash provided by operating activities, (2) net cash provided by the sale of revenue earning equipment and operating property and equipment, and (3) other cash inflows from investing activities, less (4) purchases of property and revenue earning equipment. We believe free cash flow provides investors with an important perspective on the cash available for debt service and for shareholders, after making capital investments required to support ongoing business operations. Our calculation of free cash flow may be different from the calculation used by other companies and, therefore, comparability may be limited.<br><br>* See Total Cash Generated and Free Cash Flow reconciliations in the Financial Resources and Liquidity section of Management's Discussion and Analysis. |

The following table provides a reconciliation of GAAP Earnings from continuing operations before income taxes (EBT), Earnings from continuing operations, and Earnings from continuing operations per common share — Diluted (Diluted EPS) to comparable EBT, comparable earnings and comparable EPS, respectively. Certain items included in EBT, Earnings from continuing operations and Diluted EPS have been excluded from our comparable EBT, comparable earnings and comparable diluted EPS measures. The following table lists a summary of these items, which are discussed in more detail throughout our MD&A and within the Notes to Consolidated Financial Statements:

| | Continuing Operations | | |
|---|---|---|---|
| | Years ended December 31, | | |
| *(In millions, except per share amounts)* | **2023** | 2022 | 2021 |
| **EBT** | **$ 618** | $ 1,216 | $ 693 |
| Non-operating pension costs, net [1] | **40** | 11 | (1) |
| FMS U.K. exit [2] | **(32)** | (82) | (27) |
| Currency translation adjustment loss | **188** | — | — |
| ERP implementation costs [2] | **—** | — | 13 |
| Other, net [2] | **1** | (1) | 4 |
| **Comparable EBT** | **$ 815** | $ 1,144 | $ 682 |
| **Earnings** | **$ 406** | $ 863 | $ 522 |
| Non-operating pension costs, net [1] | **31** | 7 | (3) |
| FMS U.K. exit [2] | **(32)** | (82) | (18) |
| Currency translation adjustment loss | **183** | — | — |
| ERP implementation costs [2] | **—** | — | 9 |
| Other, net [2] | **1** | (1) | 4 |
| Tax adjustments, net [3] | **13** | 46 | 1 |
| **Comparable Earnings** | **$ 602** | $ 833 | $ 515 |
| **Diluted EPS** | **$ 8.73** | $ 16.96 | $ 9.70 |
| Non-operating pension costs, net [1] | **0.68** | 0.14 | (0.06) |
| FMS U.K. exit [2] | **(0.68)** | (1.61) | (0.34) |
| Currency translation adjustment loss | **3.93** | — | — |
| ERP implementation costs [2] | **—** | — | 0.18 |
| Other, net [2] | **0.01** | (0.02) | 0.09 |
| Tax adjustments, net [3] | **0.28** | 0.90 | 0.01 |
| **Comparable EPS** | **$ 12.95** | $ 16.37 | $ 9.58 |

*(1) Refer to Note 19, "Employee Benefit Plans," in the Notes to Consolidated Financial Statements for additional information.*
*(2) Refer to Note 20, "Other Items Impacting Comparability," in the Notes to Consolidated Financial Statements for additional information.*
*(3) In 2023 and 2022, adjustments include the global tax impacts related to the FMS U.K. business exit. In 2022, adjustments also include the tax impact of state rate law changes. In 2021, adjustments include the tax impact related to expiring state net operating losses.*

The following table provides a reconciliation of the effective tax rate to the comparable tax rate:

| | Years ended December 31, | | |
|---|---|---|---|
| | **2023** | 2022 | 2021 |
| Effective tax rate on continuing operations [1] | **34.3%** | 29.1% | 24.7% |
| Tax adjustments and income tax effects of non-GAAP adjustments [2] | **(8.2)%** | (1.9)% | (0.2)% |
| Comparable tax rate on continuing operations [1] | **26.1%** | 27.2% | 24.5% |

*(1) The effective tax rate on continuing operations and comparable tax rate are based on EBT and comparable EBT, respectively.*
*(2) Refer to the table above for more information on tax adjustments. Income tax effects of non-GAAP adjustments are calculated based on the marginal tax rates to which the non-GAAP adjustments are related.*

The following table provides a reconciliation of Net earnings to comparable EBITDA:

| *(In millions)* | Years ended December 31, 2023 | 2022 | 2021 |
|---|---|---|---|
| Net earnings | **$ 406** | $ 867 | $ 519 |
| (Earnings) loss from discontinued operations, net of tax | **—** | (4) | 3 |
| Provision for income taxes | **212** | 353 | 171 |
| EBT | **618** | 1,216 | 693 |
| Non-operating pension costs, net (1) | **40** | 11 | (1) |
| FMS U.K. exit (2) | **(32)** | (82) | (27) |
| Currency translation adjustment loss (2) | **188** | — | — |
| ERP implementation costs (2) | **—** | — | 13 |
| Other, net (2) | **1** | (1) | 4 |
| Comparable EBT | **815** | 1,144 | 682 |
| Interest expense | **296** | 228 | 214 |
| Depreciation | **1,712** | 1,713 | 1,786 |
| Used vehicle sales, net (3) | **(193)** | (400) | (257) |
| Amortization | **35** | 37 | 8 |
| Comparable EBITDA | **$ 2,665** | $ 2,722 | $ 2,433 |

*(1) Refer to Note 19, "Employee Benefit Plans," in the Notes to Consolidated Financial Statements for additional information.*
*(2) Refer to the table above in the Full Year Operating Results by Segment for a discussion on items excluded from our comparable measures and their classification within our Consolidated Statements of Earnings and Note 20, "Other Items Impacting Comparability" in the Notes to Consolidated Financial Statements for additional information.*
*(3) Refer to Note 6,"Revenue Earning Equipment, net," in the Notes to Consolidated Financial Statements for additional information. In 2023, and 2022, Used vehicle sales, net of $2 million and $49 million, respectively, related to the sale of used vehicles in the U.K. is excluded as it is included above in "Other Items Impacting Comparability."*

The following table provides a reconciliation of total revenue to operating revenue:

| *(In millions)* | Years ended December 31, 2023 | 2022 | 2021 |
|---|---|---|---|
| Total revenue | **$ 11,783** | $ 12,011 | $ 9,663 |
| Subcontracted transportation and fuel | **(2,286)** | (2,731) | (1,835) |
| Operating revenue | **$ 9,497** | $ 9,280 | $ 7,828 |

The following table provides a reconciliation of FMS total revenue to FMS operating revenue:

| *(In millions)* | Years ended December 31, 2023 | 2022 | 2021 |
|---|---|---|---|
| FMS total revenue | **$ 5,930** | $ 6,327 | $ 5,680 |
| Fuel services revenue | **(877)** | (1,114) | (739) |
| FMS operating revenue | **$ 5,053** | $ 5,213 | $ 4,941 |
| | | | |
| FMS EBT | **$ 665** | $ 1,057 | $ 665 |
| FMS EBT as a % of FMS total revenue | **11.2%** | 16.7% | 11.7% |
| FMS EBT as a % of FMS operating revenue | **13.2%** | 20.3% | 13.5% |

The following table provides a reconciliation of SCS total revenue to SCS operating revenue:

| (In millions) | Years ended December 31, 2023 | 2022 | 2021 |
|---|---|---|---|
| SCS total revenue | **$ 4,875** | $ 4,720 | $ 3,155 |
| Subcontracted transportation and fuel | **(1,250)** | (1,466) | (944) |
| SCS operating revenue | **$ 3,625** | $ 3,254 | $ 2,211 |
| | | | |
| SCS EBT | **$ 231** | $ 218 | $ 123 |
| SCS EBT as a % of SCS total revenue | **4.7%** | 4.6% | 3.9% |
| SCS EBT as a % of SCS operating revenue | **6.4%** | 6.7% | 5.6% |

The following table provides a reconciliation of DTS total revenue to DTS operating revenue:

| (In millions) | Years ended December 31, 2023 | 2022 | 2021 |
|---|---|---|---|
| DTS total revenue | **$ 1,785** | $ 1,786 | $ 1,457 |
| Subcontracted transportation and fuel | **(487)** | (547) | (402) |
| DTS operating revenue | **$ 1,298** | $ 1,239 | $ 1,055 |
| | | | |
| DTS EBT | **$ 121** | $ 103 | $ 49 |
| DTS EBT as a % of DTS total revenue | **6.8%** | 5.8% | 3.4% |
| DTS EBT as a % of DTS operating revenue | **9.3%** | 8.3% | 4.6% |

The following tables provide numerical reconciliations of net earnings to adjusted net earnings and average shareholders' equity to adjusted average shareholders' equity (Adjusted ROE), and of the non-GAAP elements used to calculate the adjusted return on equity to the corresponding GAAP measures:

| (In millions) | Years ended December 31, 2023 | 2022 | 2021 |
|---|---|---|---|
| Net earnings | **$ 406** | $ 867 | $ 519 |
| Other items impacting comparability, net (1) | **157** | (83) | (10) |
| Provision for income taxes (2) | **212** | 353 | 171 |
| Adjusted earnings before income taxes | **775** | 1,137 | 680 |
| Adjusted income taxes (3) | **(204)** | (307) | (164) |
| Adjusted net earnings | **$ 571** | $ 830 | $ 516 |
| | | | |
| Average shareholders’ equity | **$ 3,041** | $ 2,845 | $ 2,453 |
| Average adjustments to shareholders’ equity (4) | **(19)** | (12) | 14 |
| Adjusted average shareholders’ equity | **$ 3,022** | $ 2,833 | $ 2,467 |
| Adjusted return on equity (5) | **19%** | 29% | 21% |

*(1) Refer to Note 20, “Other Items Impacting Comparability” in the Notes to Consolidated Financial Statements for additional information.*
*(2) Includes income taxes on discontinued operations.*
*(3) Represents Provision for income taxes plus income taxes on Other items impacting comparability, net.*
*(4) Represents the impact of Other items impacting comparability, net of tax, to equity for the respective period.*
*(5) Adjusted return on equity is calculated by dividing Adjusted net earnings into Adjusted average shareholders' equity.*

The following table provides a reconciliation of forecasted net cash provided by operating activities to forecasted total cash generated and forecasted free cash flow for 2024:

| *(In millions)* | Forecast 2024 |
|---|---|
| Net cash provided by operating activities from continuing operations | $ 2,400 |
| Proceeds from sales (primarily revenue earning equipment) [1] | 550 |
| Total cash generated | 2,950 |
| Purchases of property and revenue earning equipment [1] | (3,275) |
| Forecasted free cash flow | $ (325) |

(1) *Included in cash flows from investing activities.*

## SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

Forward-looking statements (within the meaning of the Federal Private Securities Litigation Reform Act of 1995) are statements that relate to expectations, beliefs, projections, future plans and strategies, anticipated events or trends concerning matters that are not historical facts. These statements are often preceded by or include the words “believe,” “expect,” “intend,” “estimate,” “anticipate,” “will,” “may,” “could,” “should” or similar expressions. This Annual Report contains forward-looking statements including statements regarding:

- our expectations with respect to the effects of outsourcing trends in warehousing and distribution on our business and financial results;
- our expectations with respect to the effects of secular trends and supply chain disruptions;
- our expectations with respect to the macroeconomic and freight environment;
- our expectations regarding supply of vehicles and vehicle parts and its effect on pricing and demand;
- our expectations of the long-term residual values of revenue earning equipment, including the probability of incurring losses or having to decrease residual value estimates in the event of a further cyclical downturn or changes to the estimated useful lives;
- our expectations regarding the effects of acquisitions on our business segments and the integration of such acquisitions;
- our expectations in our SCS and DTS business segments related to revenue, earnings growth, and contract sales activity;
- our expectations regarding weakening trends and lower volumes in our omnichannel retail vertical;
- the expected pricing for used vehicles and sales channel mix;
- our expectations regarding used vehicle sales and rental;
- our expectations regarding the impact of labor shortages and interruptions or strikes on labor and subcontracted transportation costs;
- our expectations regarding ChoiceLease and SelectCare;
- our expectations of cash flow from operating activities, free cash flow, and capital expenditures;
- our ability to meet our objectives with the share repurchase programs;
- the adequacy of our accounting estimates and reserves for goodwill and other asset impairments, residual values and other depreciation assumptions, deferred income taxes and annual effective tax rates, variable revenue considerations, the valuation of our pension plans, allowance for credit losses, and self-insurance loss reserves;
- the adequacy of our fair value estimates of publicly traded debt and other debt;

- the adequacy and timing of our fair value estimates for the purposes of our purchase consideration allocation with respect to acquisitions;
- our ability to fund all of our operating, investing and financial needs for the foreseeable future through internally generated funds and outside funding sources;
- our expected level of use and availability of outside funding sources, anticipated future payments under debt and lease agreements, and risk of losses resulting from counterparty default under hedging and derivative agreements;
- the anticipated impact of fuel and energy prices, interest rate movements, and exchange rate fluctuations;
- our expectations as to return on pension plan assets, future pension expense, and estimated contributions;
- our expectations regarding the scope and anticipated outcomes with respect to certain claims, proceedings and lawsuits;
- our ability to access commercial paper and other available debt financing in the capital markets;
- the impact of our strategic investments and maintenance and lease pricing initiatives;
- our intent to permanently reinvest the earnings of our non U.K. & Germany foreign subsidiaries indefinitely;
- our expectations regarding the achievement of our return on equity improvement initiatives;
- the anticipated impact of inflationary pressures;
- our expectations regarding the U.S. federal, state, and foreign tax positions and realizability of deferred tax assets.
- our expectations regarding our ability to estimate the fair value of assets acquired and liabilities assumed with respect to acquisitions; and
- our expectations regarding the effect of changes to systems and processes on our internal control over financial reports.

These statements, as well as other forward-looking statements contained in this Annual Report, are based on our current plans and expectations and are subject to risks, uncertainties and assumptions. We caution readers that certain important factors could cause actual results and events to differ significantly from those expressed in any forward-looking statements. These risk factors, among others, include the following:

- Market Conditions:
    - Changes in general economic and financial conditions in the U.S. and worldwide leading to decreased demand for our services and products, lower profit margins, increased levels of bad debt and reduced access to credit and financial markets.
    - Decreases in freight demand which would impact both our transactional and variable-based contractual business.
    - Changes in our customers' operations, financial condition or business environment that may limit their demand for, or ability to purchase, our services and products.
    - Decreases in market demand affecting the commercial rental market and used vehicle sales as well as global economic conditions.
    - Volatility in customer volumes and shifting customer demand in the industries we service.
    - Changes in current financial, tax or other regulatory requirements that could negatively impact our financial and operating results.
    - Financial institution disruptions and geopolitical events or conflicts.

- Competition:
  - Advances in technology may impact demand for our services or may require increased investments to remain competitive, and our customers may not be willing to accept higher prices to cover the cost of these investments.
  - Competition from other service providers, some of which have greater capital resources or lower capital costs, or from our customers, who may choose to provide services themselves.
  - Continued consolidation in the markets where we operate which may create large competitors with greater financial resources.
  - Our inability to maintain current pricing levels due to economic conditions, demand for services, customer acceptance or competition.
- Profitability:
  - Lower than expected sales volumes or customer retention levels.
  - Decreases in commercial rental fleet utilization and pricing.
  - Lower than expected used vehicle sales pricing levels and fluctuations in the anticipated proportion of retail versus wholesale sales.
  - Loss of key customers in our SCS and DTS business segments.
  - Decreases in volume in our omnichannel retail vertical.
  - Our inability to adapt our product offerings to meet changing consumer preferences on a cost-effective basis.
  - The inability of our information technology systems to provide timely access to data.
  - The inability of our information security program to safeguard our data.
  - Sudden changes in market fuel prices and fuel shortages.
  - Higher prices for vehicles, diesel engines and fuel as a result of new regulations or inflationary pressures.
  - Higher than expected maintenance costs and lower than expected benefits associated with our maintenance initiatives.
  - Lower than expected revenue growth due to production delays at our automotive SCS customers, primarily related to supply chain disruptions.
  - The inability of an original equipment manufacturer or supplier to provide vehicles or vehicle components as originally scheduled.
  - Our inability to successfully execute our strategic returns and asset management initiatives, maintain our fleet at normalized levels, and right-size our fleet in line with demand.
  - Our key assumptions and pricing structure, including any assumptions made with respect to inflation, of our SCS and DTS contracts prove to be inaccurate.
  - Increased unionizing, labor strikes and work stoppages.
  - Difficulties in attracting and retaining professional drivers, warehouse personnel and technicians due to labor shortages, which may result in higher costs to procure drivers and technicians and higher turnover rates affecting our customers.
  - Our inability to manage our cost structure.
  - Our inability to limit our exposure for customer claims.
  - Unfavorable or unanticipated outcomes in legal or regulatory proceedings or uncertain positions.

  - Business interruptions or expenditures due to severe weather or other natural occurrences.
- Financing Concerns:
  - Higher borrowing costs.
  - Increased inflationary pressures.
  - Unanticipated interest rate and currency exchange rate fluctuations.
  - Negative funding status of our pension plans caused by lower than expected returns on invested assets and unanticipated changes in interest rates.
  - Instability in U.S. and worldwide credit markets, resulting in higher borrowing costs and/or reduced access to credit.
- Accounting Matters:
  - Reductions in residual values or useful lives of revenue earning equipment.
  - Increases in compensation levels, retirement rate and mortality resulting in higher pension expense; regulatory changes affecting pension estimates, accruals and expenses.
  - Changes in accounting rules, assumptions and accruals.
- Other risks detailed from time to time in our SEC filings, including in "Item 1A. Risk Factors" of this Annual Report.

New risk factors emerge from time to time, and it is not possible for management to predict all such risk factors or to assess the impact of such risk factors on our business. As a result, no assurance can be given as to our future results or achievements. You should not place undue reliance on the forward-looking statements contained herein, which speak only as of the date of this Annual Report. We do not intend, or assume any obligation, to update or revise any forward-looking statements contained in this Annual Report, whether as a result of new information, future events or otherwise.

## ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

In the normal course of business, we are exposed to fluctuations in interest rates, foreign currency exchange rates and market fuel prices. We manage these exposures in several ways, including, in certain circumstances, the use of a variety of derivative financial instruments when deemed prudent. We do not enter into leveraged derivative financial transactions or use derivative financial instruments for trading purposes.

### Interest Rate Risk

Exposure to market risk for changes in interest rates exists for our debt obligations. Our interest rate risk management program objectives are to limit the impact of interest rate changes on earnings and cash flows and to lower overall borrowing costs. We manage our exposure to interest rate risk primarily through the proportion of fixed-rate and variable-rate debt we hold in the total debt portfolio. From time to time, we also use interest rate swap agreements to manage our fixed-rate and variable-rate exposure and to better match the repricing of debt instruments to that of our portfolio of assets. The fair value of our derivatives liability was $34 million as of December 31, 2023.

As of December 31, 2023, we had $5.6 billion of fixed-rate debt outstanding (excluding finance leases and U.S. asset- backed securities) with a weighted-average interest rate of 4.54% and a fair value of $5.7 billion. A hypothetical 10% change in market interest rates would impact the fair value of our fixed-rate debt by approximately $92 million and impact pre-tax earnings by $26 million as of December 31, 2023, respectively. Changes in the relative sensitivity of the fair value of our financial instrument portfolio for these theoretical changes in the level of interest rates are primarily driven by changes in our debt maturities, interest rate profile and amount.

As of December 31, 2023, we had $1.1 billion of variable-rate debt, including $500 million of fixed-rate debt instruments swapped to SOFR-based floating-rate debt. Changes in the fair value of the interest rate swaps were offset by changes in the fair value of the debt instruments and no net gain or loss was recognized in earnings. The fair value of our variable-rate debt as of December 31, 2023 was $1.1 billion. A hypothetical 10% increase in market interest rates would impact the fair value of our variable-rate debt and pre-tax earnings by $7 million as of December 31, 2023.

We are also subject to interest rate risk with respect to our pension and postretirement benefit obligations, as changes in interest rates will effectively increase or decrease our liabilities associated with these benefit plans, which also results in changes to the amount of pension and postretirement benefit expense recognized on an annual basis.

**Foreign Currency Exchange Risk**

Exposure to market risk for changes in foreign currency exchange rates relates primarily to our foreign operations' buying, selling and financing in currencies other than local currencies and to the carrying value of net investments in foreign subsidiaries. The majority of our transactions are denominated in U.S. dollars. The principal foreign currency exchange rate risks to which we are exposed include the Canadian dollar and Mexican peso. We manage our exposure to foreign currency exchange rate risk related to our foreign operations' buying, selling and financing in currencies other than local currencies by naturally offsetting assets and liabilities not denominated in local currencies to the extent possible. A hypothetical uniform 10% strengthening in the value of the U.S dollar relative to all the currencies in which our transactions are denominated would not materially impact the results of operations. We also use foreign currency option contracts and forward agreements from time to time to hedge foreign currency transactional exposure. We generally do not hedge the foreign currency exposure related to our net investment in foreign subsidiaries.

Exposure to market risk for fluctuations in market fuel prices relates to a small portion of our service contracts for which the cost of fuel is integral to service delivery and the service contract does not have a mechanism to adjust for increases in market fuel prices. As of December 31, 2023, we also had various fuel purchase arrangements in place to ensure delivery of fuel at market rates in the event of fuel shortages. We are exposed to fluctuations in market fuel prices in these arrangements since none of the arrangements fix the price of fuel to be purchased. Changes in the price of fuel are generally passed on to our customers for which we realize minimal changes in profitability during periods of steady market fuel prices. However, profitability may be positively or negatively impacted by sudden increases or decreases in market fuel prices during a short period of time as customer pricing for fuel services is established based on current market fuel costs. We believe the exposure to fuel price fluctuations would not materially impact our results of operations, cash flows or financial position.

## ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

## FINANCIAL STATEMENTS



All other schedules are omitted because they are not applicable or the required information is shown in the consolidated financial statements or notes thereto.

## MANAGEMENT'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

TO THE SHAREHOLDERS OF RYDER SYSTEM, INC.:

Management of Ryder System, Inc., together with its consolidated subsidiaries (Ryder), is responsible for establishing and maintaining adequate internal control over financial reporting as defined in Rules 13a-15(f) and 15d-15(f) under the Securities Exchange Act of 1934. Ryder's internal control over financial reporting is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the consolidated financial statements for external purposes in accordance with accounting principles generally accepted in the United States of America.

Ryder's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of Ryder; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that our receipts and expenditures are being made only in accordance with authorizations of Ryder's management and directors; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of Ryder's assets that could have a material effect on the consolidated financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Management assessed the effectiveness of Ryder's internal control over financial reporting as of December 31, 2023. In making this assessment, management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission in "Internal Control — Integrated Framework (2013)." Based on our assessment and those criteria, management determined that Ryder maintained effective internal control over financial reporting as of December 31, 2023.

Ryder's independent registered public accounting firm, PricewaterhouseCoopers LLP, has audited the effectiveness of Ryder's internal control over financial reporting as of December 31, 2023. Their report appears on the subsequent page.

## Report of Independent Registered Public Accounting Firm

To the Board of Directors and Shareholders of Ryder System, Inc.

***Opinions on the Financial Statements and Internal Control over Financial Reporting***

We have audited the accompanying consolidated balance sheets of Ryder System, Inc. and its subsidiaries (the “Company”) as of December 31, 2023 and 2022, and the related consolidated statements of earnings, of comprehensive income, of shareholders' equity and of cash flows for each of the three years in the period ended December 31, 2023, including the related notes (collectively referred to as the “consolidated financial statements”). We also have audited the Company's internal control over financial reporting as of December 31, 2023, based on criteria established in Internal Control - Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2023 and 2022, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2023 in conformity with accounting principles generally accepted in the United States of America. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2023, based on criteria established in Internal Control - Integrated Framework (2013) issued by the COSO.

***Basis for Opinions***

The Company's management is responsible for these consolidated financial statements, for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management’s Report on Internal Control over Financial Reporting. Our responsibility is to express opinions on the Company’s consolidated financial statements and on the Company's internal control over financial reporting based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.
We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud, and whether effective internal control over financial reporting was maintained in all material respects.

Our audits of the consolidated financial statements included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

As described in Management’s Report on Internal Control over Financial Reporting, management has excluded IFS Holdings, LLC, a holding company for Impact Fulfillment Services, LLC (IFS) from its assessment of internal control over financial reporting as of December 31, 2023, because it was acquired by the Company in a purchase business combination during 2023. We have also excluded IFS from our audit of internal control over financial reporting. IFS is a wholly-owned subsidiary whose total assets and total revenues excluded from management’s assessment and our audit of internal control over financial reporting represent less than 1% of the related consolidated financial statement amounts as of and for the year ended December 31, 2023.

***Definition and Limitations of Internal Control over Financial Reporting***

A company’s internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company’s internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

***Critical Audit Matters***

The critical audit matter communicated below is a matter arising from the current period audit of the consolidated financial statements that was communicated or required to be communicated to the audit committee and that (i) relates to accounts or disclosures that are material to the consolidated financial statements and (ii) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

*Revenue Earning Equipment - Residual Values*

As described in Notes 1 and 6 to the consolidated financial statements, the net carrying amount of revenue earning equipment was $8.9 billion as of December 31, 2023. Depreciation expense was $1.5 billion primarily related to Fleet Management Solutions (FMS) revenue earning equipment. Revenue earning equipment, comprised of vehicles, is initially recorded at cost inclusive of vendor rebates. The provision for depreciation is computed using the straight-line method. As disclosed by management, they periodically review and adjust, as appropriate, the estimated residual values and useful lives of existing revenue earning equipment. Management's review of the estimated residual values and useful lives of revenue earning equipment is based on vehicle class (i.e., generally subcategories of trucks, tractors and trailers by weight and usage), historical and current market prices, third-party expected future market prices, expected lives of vehicles, and expected sales in the wholesale or retail markets, among other factors.

The principal considerations for our determination that performing procedures relating to revenue earning equipment - residual values is a critical audit matter are the significant judgment by management when estimating residual values, which in turn led to a high degree of auditor judgment, subjectivity and effort in performing procedures and in evaluating the significant judgment by management in estimating residual values related to the Company's historical and current market prices, third-party expected future market prices, and expected sales in the wholesale and retail markets.

Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the consolidated financial statements. These procedures included testing the effectiveness of controls relating to management's assessment of, and related adjustments to, the estimated residual values of revenue earning equipment. These procedures also included, among others, (i) testing management's process for developing the estimated residual values of revenue earning equipment, (ii) testing the accuracy of the Company's historical used vehicle sales data and historical and current market prices, and (iii) evaluating the reasonableness of management's significant assumptions related to third party expected future market prices and the expected sales in the wholesale and retail markets. Evaluating management's significant assumptions related to third party expected future market prices of used vehicles and the expected sales of used vehicles in the wholesale and retail markets involved evaluating whether the assumptions used were reasonable considering (i) past trends in the used vehicle sales market, (ii) consistency with external market and industry data, and (iii) consistency with evidence obtained in other areas of the audit.

/s/ PricewaterhouseCoopers LLP
Miami, Florida
February 20, 2024

We have served as the Company's auditor since 2006.

## RYDER SYSTEM, INC. AND SUBSIDIARIES
## CONSOLIDATED STATEMENTS OF EARNINGS

| *(In millions, except per share amounts)* | Years ended December 31, **2023** | 2022 | 2021 |
|---|---|---|---|
| Lease & related maintenance and rental revenue | **$ 3,937** | $ 4,174 | $ 3,995 |
| Services revenue | **7,297** | 7,118 | 5,181 |
| Fuel services revenue | **549** | 719 | 487 |
| Total revenue | **11,783** | 12,011 | 9,663 |
| | | | |
| Cost of lease & related maintenance and rental | **2,684** | 2,774 | 2,884 |
| Cost of services | **6,266** | 6,153 | 4,503 |
| Cost of fuel services | **534** | 694 | 474 |
| Selling, general and administrative expenses | **1,421** | 1,415 | 1,187 |
| Non-operating pension costs, net | **40** | 11 | (1) |
| Used vehicle sales, net | **(196)** | (450) | (257) |
| Interest expense | **296** | 228 | 214 |
| Miscellaneous income, net | **(47)** | (32) | (66) |
| Currency translation adjustment loss | **188** | — | — |
| Restructuring and other items, net | **(21)** | 2 | 32 |
| | **11,165** | 10,795 | 8,970 |
| | | | |
| Earnings from continuing operations before income taxes | **618** | 1,216 | 693 |
| Provision for income taxes | **212** | 353 | 171 |
| Earnings from continuing operations | **406** | 863 | 522 |
| Earnings (loss) from discontinued operations, net of taxes | **—** | 4 | (3) |
| Net earnings | **$ 406** | $ 867 | $ 519 |
| | | | |
| Earnings per common share — Basic | | | |
| Continuing operations | **$ 8.89** | $ 17.32 | $ 9.92 |
| Discontinued operations | **(0.01)** | 0.09 | (0.05) |
| Net earnings | **$ 8.89** | $ 17.41 | $ 9.87 |
| Earnings per common share — Diluted | | | |
| Continuing operations | **$ 8.73** | $ 16.96 | $ 9.70 |
| Discontinued operations | **(0.01)** | 0.08 | (0.05) |
| Net earnings | **$ 8.73** | $ 17.04 | $ 9.66 |

*See accompanying Notes to Consolidated Financial Statements.*

*Note: EPS amounts may not be additive due to rounding.*

**RYDER SYSTEM, INC. AND SUBSIDIARIES**
**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**

| | Years ended December 31, | | |
|---|---|---|---|
| *(In millions)* | **2023** | 2022 | 2021 |
| Net earnings | **$ 406** | $ 867 | $ 519 |
| Other comprehensive income (loss): | | | |
| Change in cumulative translation adjustment and unrealized gain (loss) from cash flow hedges | **212** | (69) | 2 |
| Amortization of pension and postretirement items | **26** | 21 | 28 |
| Income tax expense related to amortization of pension and postretirement items | **(6)** | (5) | (6) |
| Amortization of pension and postretirement items, net of taxes | **20** | 16 | 22 |
| Change in net actuarial (loss) gain and prior service cost | **(121)** | (72) | 122 |
| Income tax benefit (expense) related to change in net actuarial loss and prior service cost | **30** | 18 | (18) |
| Change in net actuarial loss and prior service cost, net of taxes | **(91)** | (54) | 104 |
| Other comprehensive income (loss), net of taxes | **141** | (107) | 128 |
| Comprehensive income | **$ 547** | $ 760 | $ 647 |

*See accompanying Notes to Consolidated Financial Statements.*

**RYDER SYSTEM, INC. AND SUBSIDIARIES**
**CONSOLIDATED BALANCE SHEETS**

| *(In millions, except share amounts)* | December 31, 2023 | December 31, 2022 |
|---|---|---|
| Assets: | | |
| Current assets: | | |
| Cash and cash equivalents | **$ 204** | $ 267 |
| Receivables, net | **1,714** | 1,610 |
| Prepaid expenses and other current assets | **347** | 323 |
| Total current assets | **2,265** | 2,200 |
| Revenue earning equipment, net | **8,892** | 8,190 |
| Operating property and equipment, net | **1,217** | 1,148 |
| Goodwill | **940** | 861 |
| Intangible assets, net | **396** | 295 |
| Operating lease right-of-use assets | **1,016** | 715 |
| Sales-type leases and other assets | **1,052** | 986 |
| Total assets | **$ 15,778** | $ 14,395 |
| | | |
| Liabilities and shareholders' equity: | | |
| Current liabilities: | | |
| Short-term debt and current portion of long-term debt | **$ 1,583** | $ 1,349 |
| Accounts payable | **833** | 767 |
| Accrued expenses and other current liabilities | **1,233** | 1,200 |
| Total current liabilities | **3,649** | 3,316 |
| Long-term debt | **5,531** | 5,003 |
| Other non-current liabilities | **1,871** | 1,568 |
| Deferred income taxes | **1,658** | 1,571 |
| Total liabilities | **12,709** | 11,458 |
| | | |
| Commitments and contingencies (Note 21) | | |
| Shareholders' equity: | | |
| Preferred stock, no par value per share — authorized, 3,800,917; none outstanding, December 31, 2023 and 2022 | **—** | — |
| Common stock, $0.50 par value per share — authorized, 400,000,000; outstanding, December 31, 2023 — 43,902,065 and December 31, 2022 — 46,286,664 | **22** | 23 |
| Additional paid-in capital | **1,148** | 1,192 |
| Retained earnings | **2,554** | 2,518 |
| Accumulated other comprehensive loss | **(655)** | (796) |
| Total shareholders' equity | **3,069** | 2,937 |
| Total liabilities and shareholders' equity | **$ 15,778** | $ 14,395 |

*See accompanying Notes to Consolidated Financial Statements.*

**RYDER SYSTEM, INC. AND SUBSIDIARIES**
**CONSOLIDATED STATEMENTS OF CASH FLOWS**

| | Years ended December 31, | | |
|---|---|---|---|
| *(In millions)* | **2023** | 2022 | 2021 |
| Cash flows from operating activities from continuing operations: | | | |
| Net earnings | **$ 406** | $ 867 | $ 519 |
| Less: Earnings (loss) from discontinued operations, net of taxes | **—** | 4 | (3) |
| Earnings from continuing operations | **406** | 863 | 522 |
| Depreciation expense | **1,712** | 1,713 | 1,786 |
| Used vehicle sales, net | **(196)** | (450) | (257) |
| Currency translation adjustment loss | **188** | — | — |
| Amortization expense and other non-cash charges, net | **102** | 118 | 25 |
| Non-cash lease expense | **271** | 199 | 98 |
| Non-operating pension costs, net and share-based compensation expense | **84** | 57 | 46 |
| Deferred income tax expense | **115** | 266 | 126 |
| Collections on sales-type leases | **126** | 135 | 139 |
| Changes in operating assets and liabilities: | | | |
| Receivables | **(26)** | (134) | (240) |
| Prepaid expenses and other assets | **(85)** | (130) | (133) |
| Accounts payable | **(7)** | (29) | 126 |
| Accrued expenses and other liabilities | **(337)** | (298) | (63) |
| Net cash provided by operating activities from continuing operations | **2,353** | 2,310 | 2,175 |
| | | | |
| Cash flows from investing activities from continuing operations: | | | |
| Purchases of property and revenue earning equipment | **(3,234)** | (2,631) | (1,941) |
| Sales of revenue earning equipment | **764** | 1,182 | 748 |
| Sales of operating property and equipment | **63** | 53 | 74 |
| Acquisitions, net of cash acquired | **(250)** | (458) | (325) |
| Other investing activities | **(6)** | 4 | (6) |
| Net cash used in investing activities from continuing operations | **(2,663)** | (1,850) | (1,450) |
| | | | |
| Cash flows from financing activities from continuing operations: | | | |
| Net borrowings of commercial paper and other | **(100)** | 134 | 260 |
| Debt proceeds | **2,307** | 1,229 | 300 |
| Debt repayments | **(1,481)** | (1,552) | (608) |
| Dividends on common stock | **(128)** | (123) | (122) |
| Common stock issued | **2** | 14 | 30 |
| Common stock repurchased | **(337)** | (557) | (57) |
| Other financing activities | **(7)** | (6) | (7) |
| Net cash provided by (used in) financing activities from continuing operations | **256** | (861) | (204) |
| | | | |
| Effect of exchange rate changes on Cash and cash equivalents and restricted cash | **(9)** | (4) | (1) |
| (Decrease) increase in Cash and cash equivalents and restricted cash from continuing operations | **(63)** | (405) | 520 |
| Net cash (used) provided by operating activities from discontinued operations | — | — | 1 |
| (Decrease) increase in Cash and cash equivalents and restricted cash | **(63)** | (405) | 521 |
| Cash and cash equivalents and restricted cash at beginning of period | **267** | 672 | 151 |
| Cash and cash equivalents and restricted cash at end of period | **$ 204** | $ 267 | $ 672 |

*See accompanying Notes to Consolidated Financial Statements.*

**RYDER SYSTEM, INC. AND SUBSIDIARIES**
**CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY**

| | Preferred Stock | Common Stock | | | | | |
|---|---|---|---|---|---|---|---|
| *(In millions, except share amounts in thousands)* | Amount | Shares | Par | Additional Paid-In Capital | Retained Earnings | Accumulated Other Comprehensive (Loss) Gain | Total |
| Balance at January 1, 2021 | $ — | 53,732 | $ 27 | $ 1,133 | $ 1,913 | $ (817) | $ 2,256 |
| Comprehensive income | — | — | — | — | 519 | 128 | 647 |
| Common stock dividends declared — $2.28 per share | — | — | — | — | (125) | — | (125) |
| Common stock issued under employee stock award and stock purchase plans and other | — | 792 | — | 30 | — | — | 30 |
| Common stock repurchased | — | (735) | — | (16) | (41) | — | (57) |
| Share-based compensation expense | — | — | — | 47 | — | — | 47 |
| Balance at December 31, 2021 | — | 53,789 | 27 | 1,194 | 2,266 | (689) | 2,798 |
| Comprehensive income (loss) | — | — | — | — | 867 | (107) | 760 |
| Common stock dividends declared — $2.40 per share | — | — | — | — | (124) | — | (124) |
| Common stock issued under employee stock award and stock purchase plans and other [(1)] | — | (549) | — | 14 | — | — | 14 |
| Common stock repurchased | — | (6,953) | (4) | (62) | (491) | — | (557) |
| Share-based compensation expense | — | — | — | 46 | — | — | 46 |
| Balance at December 31, 2022 | — | 46,287 | 23 | 1,192 | 2,518 | (796) | 2,937 |
| Comprehensive income | **—** | **—** | **—** | **—** | **406** | **141** | **547** |
| Common stock dividends declared —$2.66 per share | **—** | **—** | **—** | **—** | **(125)** | **—** | **(125)** |
| Common stock issued under employee stock award and stock purchase plans and other | **—** | **1,176** | **1** | **1** | **1** | **—** | **3** |
| Common stock repurchased | **—** | **(3,561)** | **(2)** | **(89)** | **(246)** | **—** | **(337)** |
| Share-based compensation expense | **—** | **—** | **—** | **44** | **—** | **—** | **44** |
| Balance at December 31, 2023 | **$ —** | **43,902** | **$ 22** | **$ 1,148** | **$ 2,554** | **$ (655)** | **$ 3,069** |

*(1) We reversed the issuance of approximately 1.3 million unvested restricted shares. These shares will be issued and released upon satisfaction of the applicable vesting conditions. The reversal of the shares did not impact earnings per share.*

*See accompanying Notes to Consolidated Financial Statements.*

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### Basis of Consolidation and Presentation

The consolidated financial statements include the accounts of Ryder System, Inc. (Ryder), all entities in which Ryder has a controlling voting interest (subsidiaries) and variable interest entities (VIEs) where Ryder is determined to be the primary beneficiary in accordance with generally accepted accounting principles in the United States (U.S. GAAP). All significant intercompany accounts and transactions have been eliminated in consolidation. Certain prior period amounts have been reclassified to conform with the current period presentation.

We report our financial performance based on three business segments: (1) Fleet Management Solutions (FMS), which provides full service leasing and leasing with flexible maintenance options, commercial rental and maintenance services of trucks, tractors and trailers to customers principally in the United States (U.S.) and Canada; (2) Supply Chain Solutions (SCS), which provides integrated logistics solutions, including distribution management, dedicated transportation, transportation management, brokerage, e-commerce, last mile, and professional services in North America; and (3) Dedicated Transportation Solutions (DTS), which provides turnkey transportation solutions in the U.S., including dedicated vehicles, professional drivers, management, and administrative support. Dedicated transportation services provided as part of an operationally integrated, multi-service, supply chain solution to SCS customers are primarily reported in the SCS business segment.

### Use of Estimates

The preparation of our consolidated financial statements requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. These estimates are based on management's best knowledge of historical trends, actions that we may take in the future, and other information available when the consolidated financial statements are prepared. Changes in estimates are typically recognized in the period when new information becomes available. Areas where the nature of the estimate make it reasonably possible that actual results could materially differ from the amounts estimated include: depreciation and residual values, employee benefit plan obligations, self-insurance accruals, impairment assessments on long-lived assets (including goodwill and indefinite-lived intangible assets), revenue recognition, and income tax and deferred tax liabilities.

### Cash, Cash Equivalents, and Restricted Cash

Cash and cash equivalents represent cash on hand, and highly liquid investments in short-term, interest-bearing instruments with maturities of three months or less at the date of purchase and are stated at cost. Restricted cash is reflected in "Prepaid expenses and other current assets" in the Consolidated Balance Sheets. As of December 31, 2023 and 2022, we did not have restricted cash.

### Revenue Recognition

We generate revenue primarily through contracts with customers to lease, rent and maintain revenue earning equipment and to provide logistics management and dedicated transportation services. We enter into contracts that can include various combinations of products and services, which are generally capable of being distinct and accounted for as separate performance obligations. We account for a contract when it has approval and commitment from both parties, the rights of the parties are identified, payment terms are determined, the contract has commercial substance, and collectibility of consideration is probable.
We generally recognize revenue over time as we provide the promised products or services to our customers in an amount we expect to receive in exchange for those products or services. Revenue is recognized net of amounts collected from customers for taxes, such as sales tax, that are remitted to the applicable taxing authorities.

*Lease & related maintenance and rental*

Lease & related maintenance and rental revenue include ChoiceLease and commercial rental revenues from our FMS business segment. We offer a full service lease as well as a lease with more flexible maintenance options under our ChoiceLease product line. Our ChoiceLease product is marketed, priced and managed as a bundled service. We do not offer a stand-alone lease of a vehicle. We also offer rental of vehicles under our commercial rental product line, which allows customers to supplement their fleet of vehicles on a short-term basis.

Our ChoiceLease product line includes the lease of a vehicle (lease component) and maintenance and other services (non-lease component). We generally lease new vehicles to our customers. Consideration is allocated between the lease and non-lease components based on management's best estimate of the relative stand-alone selling price of each component. For further information regarding our stand-alone selling price estimation process, refer to the "Significant Judgments and Estimates" section below.

Our ChoiceLease product provides for a fixed charge and a variable charge based on mileage or time usage. Fixed charges are typically billed at the beginning of the month and variable charges are typically billed a month in arrears. Revenue from the lease component of ChoiceLease agreements is recognized based on the classification of the arrangement, typically as either an operating or a sales-type lease. The majority of our leases are classified as operating leases and we recognize revenue for the lease component of these agreements on a straight-line basis. The non-lease component for maintenance services are not typically performed evenly over the life of a ChoiceLease contract as the level of maintenance provided generally increases as vehicles age. Therefore, we recognize maintenance revenue consistent with the estimated pattern of the costs to maintain the underlying vehicles. This generally results in the recognition of deferred revenue for the portion of the customer's billings allocated to the maintenance service component of the agreement.

Our commercial rental product includes the short-term rental of a vehicle (one day up to one year in length). All of our rental arrangements are classified as operating leases and revenue is recognized on a straight-line basis.

Lease and rental agreements do not usually provide for scheduled rent increases or escalations. However, most lease agreements allow for rate changes based upon changes in the Consumer Price Index (CPI). Lease and rental agreements also provide for variable usage charges based on a time charge and/or a fixed per-mile charge. The time charge, the per-mile charge and the changes in rates attributed to changes in the CPI are considered contingent revenue. These charges are not considered fixed or determinable until the equipment usage or CPI change occurs and are excluded from the allocation of consideration at the inception of the contract. Revenues associated with licensing and operating taxes that are billed as incurred are also excluded from the allocation of consideration at contract inception and allocated as earned. Variable consideration is allocated to the lease and maintenance components when earned based on the same allocation percentages at contract inception (or the most recent contract modification). Amounts allocated to the lease component are recognized in revenue as earned and amounts allocated to the non-lease component are recognized in revenue using an input method, consistent with the estimated pattern of maintenance costs for the remainder of the contract term.

Leases not classified as operating leases are considered sales-type leases. We recognize revenue for sales-type leases using the effective interest method, which provides a constant periodic rate of return on the outstanding investment in the lease. We lease new or used vehicles under our sales-type lease arrangements. We recognize the difference between the net investment in the lease and the carrying value in selling profit or loss on used vehicles in our results of operations at lease commencement.

*Services*

Services revenue includes all SCS and DTS revenues, as well as SelectCare and other revenues from our FMS business segment. In our SCS business segment, we offer a broad range of logistics management services designed to optimize the supply chain and address the key business requirements of our customers supported by a variety of technology and engineering solutions. In our DTS business segment, we combine equipment, maintenance, professional drivers, administrative services and additional services to provide customers with a single integrated dedicated transportation solution. DTS services are customized for our customers based on a transportation analysis to optimize vehicle capacity and overall asset utilization.

Revenues from SCS and DTS service contracts are recognized as services are rendered in accordance with contract terms. SCS and DTS contracts typically include (1) fixed and variable billing rates, (2) cost-plus billing rates (input method based on actual costs incurred to perform services and a contracted mark-up), or (3) variable only or fixed only billing rates for the services. Our billing structure aligns with the value transferred to our customers. We generally have a right to consideration in an amount that corresponds directly with the value we have delivered to the customer.

Our customers contract us to provide an integrated service of transportation or supply chain logistical services into a single transportation or supply chain solution. Therefore, we typically recognize SCS and DTS service contracts as one performance obligation satisfied over time. We generally sell a customized customer solution and use the expected cost plus a margin approach to estimate the stand-alone selling price of each performance obligation.

Under our SelectCare arrangements, we provide maintenance and repairs required to keep a vehicle in good operating condition, perform preventive maintenance inspections, provide access to emergency road service, and substitute vehicles. We provide these maintenance services to customers who choose not to lease our vehicles. The vast majority of our services are routine and performed on a recurring basis throughout the term of the arrangement. From time to time, we provide non-routine major repair services in order to place a vehicle back in service.

Our maintenance service arrangement provides for a monthly fixed charge and a monthly variable charge based on mileage or time usage. Fixed charges are typically billed at the beginning of the month for the services to be provided that month, while variable charges are typically billed a month in arrears. Most maintenance agreements allow for rate changes based upon changes in the CPI. The fixed per-mile charge and the changes in rates attributed to changes in the CPI are recognized as earned.

The maintenance service is the only performance obligation in SelectCare contracts. For contract maintenance agreements, revenue is recognized as maintenance services are rendered over the terms of the related arrangements. We generally account for long-term maintenance contracts as one-year contracts since our maintenance arrangements are typically cancellable, without penalty, after the first year. For transactional maintenance services, revenue is recognized at the point in time when the service is provided.

Costs associated with the activities performed under our maintenance arrangements are primarily comprised of labor, parts and outside repair work and are expensed as incurred. Non-chargeable maintenance costs have been allocated and reflected within “Cost of services” based on the proportionate maintenance-related labor costs relative to all product lines.

*Fuel Services*

Fuel services revenue is reported in our FMS business segment. We provide our FMS customers with access to fuel at our maintenance facilities across the U.S. and Canada. Fuel services revenue is invoiced to customers at contracted rates separate from other services being provided in other contracts, or at retail prices. Revenue from fuel services is recognized when fuel is delivered to customers. Fuel is largely a pass-through to our customers, for which we realize minimal changes in profitability during periods of steady market fuel prices. However, profitability may be positively or negatively impacted by sudden increases or decreases in market fuel prices during a short period of time as customer pricing for fuel services is established based on current market fuel costs.

*Significant Judgments and Estimates*

We allocate the contract consideration from our ChoiceLease arrangements between the lease and maintenance components based on the relative stand-alone selling prices of each of those services. We do not sell the lease component of our ChoiceLease product offering on a stand-alone basis, therefore significant judgment is required to determine the stand-alone selling price of the lease component. We sell maintenance services separately through our SelectCare arrangements.

For the lease component, we estimate the stand-alone selling price using the projected cash outflows related to the underlying leased vehicle, net of the estimated disposal proceeds, and a certain targeted return considering our weighted average cost of capital. For the non-lease component of the contract, we estimate the stand-alone selling price of the maintenance component using an expected cost-plus margin approach. The expected costs are based on our history of providing maintenance services in our ChoiceLease arrangements. The margin is based on the historical margin percentages for our full service maintenance contracts in the SelectCare product line, as the maintenance performance obligation in those contracts is similar to our ChoiceLease arrangements.

Our SCS and DTS contracts often include promises to transfer multiple services to a customer. Our SCS and DTS services provided within a contract depend on a significant level of integration and interdependency between the services. Judgment is required to determine whether each service is considered distinct and accounted for as a separate performance obligation, or accounted for together as a significant integrated service and recognized over time. In making this judgment, we consider whether the services provided, within the context of the contract, represent the transfer of individual services or a combined bundle of services to the customer. This involves evaluating the promises to a customer within a contract to identify the services that need to be performed in order for the promise to be satisfied. Since multiple services that occur at different points in time during a contract may be accounted for as an integrated service, judgment is required to assess the pattern of delivery to our customers.

*Contract Balances*

We record a receivable related to revenue recognized when we have an unconditional right to invoice. We do not have material contract assets as we generally invoice customers as we perform services. We have determined our contracts do not include a significant financing component as the period between the receipt of customer payment and the transfer of service to the customer is less than a year. Refer to Note 5, "Receivables, Net" for the amount of our trade receivables.

Our contract liabilities consist of deferred revenue, which primarily relates to payments received or due in advance of performance for the maintenance services component of our ChoiceLease product. Changes in contract liabilities are due to the collection of cash or the satisfaction of our performance obligation under the contract. Refer to Note 4, "Revenue," for further information.

*Costs to Obtain and Fulfill a Contract*

Our incremental direct costs of obtaining and fulfilling a contract, which primarily consist of sales commissions and setup costs, are capitalized and amortized over the period of contract performance or a longer period, generally, the estimated life of the customer relationship if renewals are expected and the renewal commission is not commensurate with the initial commission. We capitalize incremental direct costs of obtaining a contract that (1) relate directly to the contract and (2) are expected to be recovered through revenue generated under the contract. This requires an evaluation of whether the costs are incremental and would not have occurred absent the customer contract.

Capitalized sales commissions related to our ChoiceLease product are amortized based on the same pattern as the revenue is recognized for the underlying lease or non-lease components of the contract; generally on a straight-line basis for the lease component and consistent with the estimated pattern of maintenance costs for the non-lease component. We allocate the ChoiceLease commissions to the lease and non-lease components based on the same allocation of the contract consideration. The amortization period aligns with the term of our contract, which typically ranges from three to seven years.

Capitalized sales commissions related to our SCS and DTS service contracts are generally amortized on a straight-line basis consistent with the pattern that revenue is recognized for the underlying contracts. The amortization period aligns with the expected term of the contract, which typically ranges from three to five years. Capitalized setup costs related to our SCS and DTS service contracts are generally amortized on a straight-line basis based on the average life of customer relationships.

The incremental costs to obtain and fulfill a contract are included in “Sales-type leases and other assets” in the Consolidated Balance Sheets. Costs are primarily amortized in “Selling, general and administrative expenses” in the Consolidated Statements of Earnings over the expected period of benefit. Refer to Note 4, "Revenue," for further discussion.

**Allowance for Credit Losses and Other**

We maintain an allowance for credit losses and billing adjustments related to certain discounts and other customer concessions. The estimates to determine the allowance for our trade receivables and net investments in sales-type leases are updated regularly based on our review of historical loss rates, as well as current and expected events impacting our business segments, current collection trends and historical billing adjustments. Amounts are charged against the allowance when the receivable is determined to be uncollectible. Increases and decreases to the allowance are recorded to earnings in the period determined.

When a business relationship with a customer is initiated, we evaluate collectability from the customer and it is continuously monitored as services are provided. We have a credit rating system based on internally developed standards and ratings provided by third parties. Our credit rating system, along with monitoring for delinquent payments, allows us to make decisions as to whether collectability is probable at the onset of the relationship and subsequently as we offer services. Factors considered during this process include historical payment trends, industry risks, liquidity of the customer, years in business, judgments, liens, and bankruptcies. Payment terms vary by contract type, although terms generally include a requirement of payment within 15 to 90 days.

**Leases**

*Leases as Lessor*

We lease revenue earning equipment to customers for periods generally ranging from three to seven years for trucks and tractors and up to ten years for trailers. We determine if an arrangement is or contains a lease at inception. The standard lease agreement for revenue earning equipment provides both parties the right to terminate; therefore, we evaluate whether the lessee is reasonably certain to exercise the termination option in order to determine the appropriate lease term. If we terminate, the customer has the right (but not obligation) to purchase the vehicle. If the customer terminates, we have the option to require the customer to purchase the vehicle or pay a termination penalty. We also rent revenue earning equipment to customers on a short-term basis, from one day up to one year in length. From time to time, we may also lease facilities to third parties. The majority of our leases are classified as operating leases. However, some of our revenue earning equipment leases are classified as sales-type leases. Refer to Note 6, "Revenue Earning Equipment, Net" for further information on our estimates of residual values and useful lives of revenue earning equipment which impact our sales-type leases.

*Leases as Lessee*

We lease facilities, revenue earning equipment, material handling equipment, automated vehicle washing machines, vehicles and office equipment from third parties. We determine if an arrangement is or contains a lease at inception. Operating lease right-of-use (ROU) assets, which represent our right to use an underlying asset for the lease term, and operating lease liabilities are recognized based on the present value of lease payments over the lease term at commencement date. As most of our leases do not provide an implicit rate of return, we use our incremental borrowing rate based on the information available at commencement date in determining the present value of lease payments. We use the implicit rate when readily determinable. Operating lease ROU assets also exclude lease incentives received. We pay variable lease charges related to property taxes, insurance and maintenance as well as changes in CPI for leased facilities; usage of revenue earning equipment, automated washing machines, vehicles and office equipment; and hours of operation for material handling equipment. For leases with a term of 12 months or less, with the exception of our real estate leases, we do not recognize a ROU asset or liability and recognize lease payments in our income statement on a straight-line basis over the lease term and variable lease payments in the period in which the obligation for those payments is incurred.

Lease terms for facilities are generally three to five years with one or more five-year renewal options and the lease terms for revenue earning equipment, material handling equipment, automated washing machines, vehicles and office equipment typically range from three to seven years with no extension options. Certain of our material handling equipment leases have residual value guarantees. For purposes of calculating operating lease ROU assets and operating lease liabilities, lease terms may be deemed to include options to extend or terminate the lease when it is reasonably certain that we will exercise that option. Macroeconomic conditions are the primary factor used to estimate whether an option to extend a lease term will be exercised or not. None of our leasing arrangements contain restrictive financial covenants. Lease expense is primarily included in "Selling, general and administrative expenses" in the Consolidated Statements of Earnings. Refer to Note 12, "Leases," for additional information.

**Revenue Earning Equipment, Operating Property and Equipment, and Depreciation**

Revenue earning equipment, comprised of vehicles, and operating property and equipment are initially recorded at cost inclusive of vendor rebates. Revenue earning equipment and operating property and equipment recognized as finance leases are initially recorded at the lower of the present value of the lease payments to be made over the lease term or fair value. Vehicle repairs and maintenance that extend the life or increase the value of a vehicle are capitalized, whereas ordinary repairs and maintenance (including tire replacement or repair) are expensed as incurred. Direct costs incurred in connection with developing or obtaining internal-use software are capitalized. Costs incurred during the preliminary stage of a software development project, as well as maintenance and training costs, are expensed as incurred.

Leasehold improvements are depreciated over the shorter of their estimated useful lives or the term of the related lease. If a substantial additional investment is made in a leased property during the term of the lease, we re-evaluate the lease term to determine whether the investment, together with any penalties related to non-renewal, would constitute an economic penalty such that the renewal appears to be reasonably assured.

Depreciation is computed using the straight-line method on all depreciable assets. Depreciation expense has been recognized throughout the Consolidated Statements of Earnings depending on the nature of the related asset. We periodically review and adjust depreciation expense prospectively reflecting changes in the estimated residual values and useful lives of revenue earning equipment. We routinely dispose of used revenue earning equipment as part of our FMS business. Refer to Note 6, “Revenue Earning Equipment, Net” for more information. Gains and losses on sales of operating property and equipment are reflected in “Miscellaneous income, net” in the Consolidated Statements of Earnings.

**Goodwill and Other Intangible Assets**

Goodwill represents the excess of the purchase price over the fair value of the underlying acquired net tangible and intangible assets. Goodwill and other intangible assets with indefinite useful lives are not amortized, but rather, are tested for impairment at least annually as of October 1 of each year, or more frequently if events or circumstances indicate the carrying value of goodwill may be impaired. In evaluating goodwill for impairment, we have the option to first assess qualitative factors to determine whether further impairment testing is necessary, such as macroeconomic conditions, changes in our industry and the markets in which we operate, and our market capitalization as well as our reporting units' historical and expected future financial performance.

If we conclude that it is more likely than not that a reporting unit's fair value is less than its carrying value or we bypass the optional qualitative assessment, recoverability is assessed by comparing the fair value of the reporting unit with its carrying amount. If a reporting unit's carrying value exceeds its fair value, we would recognize a goodwill impairment loss for the amount by which the carrying amount of a reporting unit exceeds its fair value, not to exceed the total amount of goodwill allocated to that reporting unit.

Our estimate of fair value for reporting units is determined based on a combination of a market and an income approach. Under the market approach, we use a selection of comparable publicly-traded companies that correspond to the reporting unit to derive a market-based multiple. Under the income approach, the fair value of the reporting unit is estimated based on the discounted present value of the projected future cash flows. Rates used to discount cash flows are dependent upon interest rates and the cost of capital based on our industry and capital structure, adjusted for equity and size risk premiums based on market capitalization. Estimates of future cash flows are dependent on our knowledge and experience about past and current events and significant judgments and assumptions about conditions we expect to exist, including revenue growth rates, margins, long-term growth rates, capital requirements, proceeds from the sale of used vehicles, the ability to utilize our tax net operating losses, and the discount rate. Our estimates of cash flows are also based on historical and future operating performance, economic conditions and actions we expect to take.

There are inherent uncertainties related to these factors and management’s judgment in applying them to the analysis of goodwill impairment. It is possible that assumptions underlying the impairment analysis will change in such a manner that impairment in value may occur in the future.

Indefinite-lived intangible assets, consisting of our trade name, are assessed for impairment when circumstances indicate that the carrying amount may not be recoverable. The assessment is consistent with the process used to evaluate goodwill impairment. Intangible assets with finite lives are amortized over their respective estimated useful lives. Identifiable intangible assets that are subject to amortization are evaluated for impairment as described below.

**Impairment of Long-Lived Assets Other than Goodwill and Indefinite-Lived Intangible Assets**

Long-lived assets held and used, including revenue earning equipment, operating property and equipment, and intangible assets with finite lives, are tested for recoverability when circumstances indicate that the carrying amount of assets may not be recoverable. Recoverability of long-lived assets is evaluated by comparing the carrying value of an asset or asset group to the undiscounted future operating cash flows (excluding interest charges) expected to be generated by the asset or asset group. If these comparisons indicate that the carrying value of the asset or asset group is not recoverable, an impairment loss is recognized for the amount by which the carrying value of the asset or asset group exceeds its estimated fair value. Long-lived assets to be disposed of, including revenue earning equipment and operating property and equipment, are reported at the lower of carrying amount or fair value less costs to sell.

**Self-Insurance Accruals**

We retain a portion of the accident risk under auto liability, workers’ compensation and other insurance programs. Under our insurance programs, we retain the risk of loss in various amounts, generally up to $3 million on a per occurrence basis. Self-insurance accruals are based primarily on an actuarial estimated, undiscounted cost of claims, which includes claims incurred but not reported. Historical loss development factors are utilized to project the future development of incurred losses, and these amounts are adjusted based upon actual claim experience and settlements. While we believe that the amounts are adequate, there can be no assurance that changes to our actuarial estimates may not occur due to limitations inherent in the estimation process. Changes in the actuarial estimates of these liabilities are charged or credited to earnings in the period determined. Amounts estimated to be paid within the next year have been classified as “Accrued expenses and other current liabilities” with the remainder included in “Other non-current liabilities” in the Consolidated Balance Sheets.

We also maintain additional insurance at certain amounts in excess of our respective underlying retention. Amounts recoverable from insurance companies are not offset against the related liability as our insurance policies do not extinguish or provide legal release from the obligation to make payments related to such risk-related losses. Amounts expected to be received within the next year from insurance companies have been included within “Receivables, net” with the remainder included in “Sales-type leases and other assets” and are recognized only when realization of the claim for recovery is considered probable.

**Income Taxes**

Provision for income taxes is based on reported earnings before income taxes. Deferred income taxes are recognized for the future tax effects of temporary differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases, using tax rates in effect for the years in which the differences are expected to reverse.

Valuation allowances are recognized to reduce deferred income tax assets to the amount that is more likely than not to be realized. In assessing the likelihood of realization, we consider estimates of future sources of taxable income. We calculate our current and deferred income tax position based on estimates and assumptions that could differ from the actual results reflected in income tax returns filed in subsequent years. Adjustments based on filed returns are recorded when identified.

We are subject to tax audits in numerous jurisdictions in the U.S. and around the world. Tax audits by their very nature are often complex and can require several years to complete. In the normal course of business, we are subject to challenges from the Internal Revenue Service and other tax authorities regarding amounts of taxes due. These challenges may alter the timing or amount of taxable income or deductions, or the allocation of income among tax jurisdictions. As part of our calculation of the provision for income taxes on earnings, we determine whether the benefits of our tax positions are at least more likely than not of being sustained upon audit based on the technical merits of the tax position. The tax benefit to be recognized is measured as the largest amount of benefit that is greater than fifty percent likely of being realized upon ultimate settlement. Such accruals require management to make estimates and judgments with respect to the ultimate outcome of a tax audit. Actual results could vary materially from these estimates. We adjust these reserves as well as the impact of any related interest and penalties in light of changing facts and circumstances, such as the progress of a tax audit.

Interest and penalties related to income tax exposures are recognized as incurred and included in "Provision for income taxes” in the Consolidated Statements of Earnings. Accruals for income tax exposures, including penalties and interest, expected to be settled within the next year are included in “Accrued expenses and other current liabilities”.

**Foreign Currency Translation**

Our foreign operations generally use local currency as their functional currency. Assets and liabilities of these operations are translated at the exchange rates in effect on the balance sheet date. Items in the Consolidated Statements of Earnings are translated at the average exchange rates. The related translation adjustments are recorded in “Accumulated other comprehensive loss” in the Consolidated Balance Sheets. Gains and losses resulting from foreign currency transactions are recognized in “Miscellaneous income, net” in the Consolidated Statements of Earnings.

**Share-Based Compensation**

The fair value of stock option awards and unvested restricted stock unit (RSU or RSUs) awards to employees are expensed on a straight-line basis over the vesting period of the awards. RSUs granted to the board of directors are expensed over a one year period when they are granted. Windfall tax benefits and tax shortfalls are charged directly to income tax expense.

**Earnings Per Share**

Earnings per share is computed using the two-class method. The two-class method of computing earnings per share is an earnings allocation formula that determines earnings per share for common stock and any participating securities according to dividends declared (whether paid or unpaid) and participation rights in undistributed earnings. RSUs are considered participating securities since the share-based awards contain a non-forfeitable right to dividend equivalents irrespective of whether the awards ultimately vest. Under the two-class method, earnings per common share are computed by dividing the sum of distributed earnings to common shareholders and undistributed earnings allocated to common shareholders by the weighted average number of common shares outstanding for the period. In applying the two-class method, undistributed earnings are allocated to both common shares and participating securities based on the weighted average shares outstanding during the period.

Diluted earnings per common share reflect the dilutive effect of potential common shares from stock options and other nonparticipating unvested stock. The dilutive effect of stock options is computed using the treasury stock method, which assumes any proceeds that could be obtained upon the exercise of stock options or vesting of stock awards would be used to purchase common shares at the average market price for the period. The assumed proceeds include the purchase price the grantee pays and the unrecognized compensation expense at the end of each period. For periods where we recognize a net loss, any unvested award would have an anti-dilutive impact to our earnings per share calculation.

**Share Repurchases**

Repurchases of shares of common stock are made periodically in open-market transactions and are subject to market conditions, legal requirements and other factors. The cost of share repurchases is allocated between additional paid-in capital and retained earnings based on the amount of additional paid-in capital at the time of the share repurchase. Shares are retired upon repurchase.

**Defined Benefit Pension and Postretirement Benefit Plans**

The funded status of our defined benefit pension plans and postretirement benefit plans are recognized in the Consolidated Balance Sheets. The funded status is measured as the difference between the fair value of plan assets and the benefit obligation. The fair value of plan assets represents the current market value of contributions made to irrevocable trusts, held for the sole benefit of participants, which are invested by the trusts. For defined benefit pension plans, the benefit obligation represents the actuarial present value of benefits expected to be paid upon retirement. For postretirement benefit plans, the benefit obligation represents the actuarial present value of postretirement benefits attributed to employee services already rendered. Overfunded plans, with the fair value of plan assets exceeding the benefit obligation, are aggregated and reported as a pension asset in Sales-type leases and other assets. Underfunded plans, with the benefit obligation exceeding the fair value of plan assets, are aggregated and reported as a pension and postretirement benefit liability in Other non-current liabilities.

The current portion of pension and postretirement benefit liabilities represents the actuarial present value of benefits payable within the next year exceeding the fair value of plan assets (if funded), measured on a plan-by-plan basis. These liabilities are recognized in “Accrued expenses and other current liabilities” in the Consolidated Balance Sheets.

Prior service costs and actuarial gains and losses are recognized in “Accumulated other comprehensive loss” in the Consolidated Balance Sheets and are subsequently amortized as a component of pension and postretirement benefit expense generally over the remaining life expectancy.

The measurement of benefit obligations and pension and postretirement benefit expense is based on estimates and assumptions. These valuations reflect the terms of the plans and use participant-specific information such as compensation, age and years of service, as well as certain assumptions, including estimates of discount rates, expected return on plan assets, rate of compensation increases, interest rates and mortality rates.

**Fair Value Measurements**

We carry various assets and liabilities at fair value in the Consolidated Balance Sheets, including vehicles held for sale, investments held in Rabbi Trusts and pension assets.

Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. Fair value measurements are classified based on the following fair value hierarchy:

- **Level 1** Quoted prices (unadjusted) in active markets for identical assets or liabilities that we have the ability to access at the measurement date. An active market for the asset or liability is a market in which transactions for the asset or liability occur with sufficient frequency and volume to provide pricing information on an ongoing basis.
- **Level 2** Observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or model-derived valuations or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.
- **Level 3** Unobservable inputs for the asset or liability. These inputs reflect our own assumptions about the assumptions a market participant would use in pricing the asset or liability.

When available, we use unadjusted quoted market prices to measure fair value and classify such measurements within Level 1. If quoted prices are not available, fair value is based upon model-driven valuations that use current market-based or independently sourced market parameters such as interest rates and currency rates. Items valued using these models are classified according to the lowest level input or value driver that is significant to the valuation.

The carrying amounts reported in the Consolidated Balance Sheets for Cash and cash equivalents, Receivables, net and Accounts payable approximate fair value due to the immediate or short-term maturities of these financial instruments. Revenue earning equipment held for sale is measured at fair value on a nonrecurring basis and is stated at the lower of carrying amount or fair value less costs to sell. Investments held in Rabbi Trusts and derivatives are carried at fair value on a recurring basis. Investments held in Rabbi Trusts include exchange-traded equity securities and mutual funds. Fair values for these investments are based on quoted prices in active markets. Refer to Note 19, "Employee Benefit Plans," for further information regarding pension assets.

**2. RECENT ACCOUNTING PRONOUNCEMENTS**

In November 2023, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2023-07, Segment Reporting (Topic 280). This update provides enhanced reportable segment disclosure requirements, including disclosure of (1) significant expenses that are regularly provided to the chief operating decision maker (CODM) and included within each reported measure of segment profitability, (2) an amount for other segment items, the difference between segment revenue less significant expenses, by reportable segment and a description of its composition, (3) all annual segment reporting disclosures in interim periods, and (4) the title and position of the CODM and an explanation of how the CODM uses the reported measure of segment profitability in assessing segment performance and deciding how to allocate resources. The ASU also allows more than one measure of segment profitability if the CODM uses more than one measure of segment profitability when assessing performance and deciding allocation of resources. The standard is effective for fiscal years beginning in 2024, and interim periods within fiscal years beginning in 2025, with early adoption permitted. We are currently evaluating the impact of the adoption of this update. This ASU does not impact our consolidated financial position, results of operations, and cash flows.

In December 2023, the FASB issued ASU No. 2023-09, Income Taxes (Topic 740). This update provides enhanced income taxes disclosure requirements primarily related to the existing rate reconciliation and income taxes paid. These enhancements are meant to help investors better assess how the operations and related tax risks and tax planning and operational opportunities impact the tax rate and future cash flows. The standard is effective for fiscal years beginning in 2025, with early adoption permitted. We are currently evaluating the impact of the adoption of this update. This ASU does not impact our consolidated financial position, results of operations, and cash flows.

## 3. SEGMENT REPORTING

Our operating segments are aggregated into reportable business segments based upon similar economic characteristics, products, services, customers and delivery methods.

Our primary measurement of segment financial performance, defined as “Earnings from continuing operations before income taxes” (EBT), includes an allocation of costs from Central Support Services (CSS) and excludes Non-operating pension costs, net, intangible amortization expense, and certain other items as discussed in Note 20, "Other Items Impacting Comparability." CSS represents those costs incurred to support all business segments, including finance, procurement, corporate services, human resources, information technology, public affairs, legal, marketing and corporate communications. The objective of the EBT measurement is to provide clarity on the profitability of each business segment and, ultimately, to hold leadership of each business segment accountable for their allocated share of CSS costs. Certain costs are not attributable to any segment and remain unallocated in CSS, including costs for investor relations, public affairs and certain executive compensation. CSS costs attributable to the business segments are predominantly allocated to FMS, SCS and DTS as follows:

- *Finance, corporate services, and health and safety* — allocated based upon estimated and planned resource utilization;

- *Human resources* — individual costs within this category are allocated under various methods, including allocation based on estimated utilization and number of personnel supported;

- *Information technology* — principally allocated based upon utilization-related metrics such as number of users or minutes of central processing unit time. Customer-related project costs and expenses are allocated to the business segment responsible for the project; and

- *Other* — represents legal and other centralized costs and expenses including certain share-based incentive compensation costs. Expenses, where allocated, are based primarily on the number of personnel supported.

Our FMS segment leases revenue earning equipment and provides fuel, maintenance and other ancillary services to the SCS and DTS segments. Inter-segment EBT allocated to SCS and DTS includes earnings related to equipment used to provide services to SCS and DTS customers. EBT related to inter-segment equipment and services billed to SCS and DTS customers (equipment contribution) are included in both FMS and the segment that served the customer and then eliminated upon consolidation (presented as “Eliminations”).

In 2023, we revised our primary measure of segment financial performance to exclude intangible amortization expense. We revised the presentation of the prior periods to conform to the current period presentation. This change did not have a material impact to segment results. Segment results are not necessarily indicative of the results of operations that would have occurred had each segment been an independent, stand-alone entity during the periods presented. Each business segment follows the same accounting policies as described in Note 1, “Summary of Significant Accounting Policies.” However, we do not record ROU assets or liabilities for our intercompany operating leases between FMS and SCS and DTS business segments. The following tables set forth financial information for each of our segments and provide a reconciliation between segment EBT and Earnings from continuing operations before income taxes.

| | Years ended December 31, | | |
|---|---|---|---|
| *(In millions)* | **2023** | 2022 | 2021 |
| Revenue: | | | |
| Fleet Management Solutions: | | | |
| ChoiceLease | **$ 3,181** | $ 3,101 | $ 3,064 |
| Commercial rental | **1,178** | 1,338 | 1,077 |
| SelectCare and other | **694** | 624 | 538 |
| FMS Europe [1] | **—** | 150 | 262 |
| Fuel services revenue | **877** | 1,114 | 739 |
| Fleet Management Solutions | **5,930** | 6,327 | 5,680 |
| Supply Chain Solutions | **4,875** | 4,720 | 3,155 |
| Dedicated Transportation Solutions | **1,785** | 1,786 | 1,457 |
| Eliminations [2] | **(807)** | (822) | (629) |
| Total revenue | **$ 11,783** | $ 12,011 | $ 9,663 |
| | | | |
| Earnings from continuing operations before income taxes: | | | |
| Fleet Management Solutions | **$ 665** | $ 1,057 | $ 665 |
| Supply Chain Solutions | **231** | 218 | 123 |
| Dedicated Transportation Solutions | **121** | 103 | 49 |
| Eliminations | **(95)** | (114) | (78) |
| | **922** | 1,264 | 759 |
| Unallocated Central Support Services | **(72)** | (83) | (69) |
| Intangible amortization expense [3] | **(35)** | (37) | (8) |
| Non-operating pension costs, net [4] | **(40)** | (11) | 1 |
| Other items impacting comparability, net [5] | **(157)** | 83 | 10 |
| Earnings from continuing operations before income taxes | **$ 618** | $ 1,216 | $ 693 |

*(1) Refer to Note 20, "Other Items Impacting Comparability," for further information on the FMS U.K. business exit*
*(2) Represents the elimination of intercompany revenues in our FMS business segment.*
*(3) Included within "Selling, general and administrative expenses" in our Consolidated Statements of Earnings. Refer to Note 9, "Intangible Assets, Net," for a discussion on this item.*
*(4) Refer to Note 19, "Employee Benefit Plans," for a discussion on this items.*
*(5) Refer to Note 20, "Other Items Impacting Comparability," for a discussion of items excluded from our primary measure of segment performance.*

The following table sets forth depreciation expense, other non-cash charges, net, interest expense (income), capital expenditures paid and total assets for the years ended December 31, 2023, 2022 and 2021, as provided to the chief operating decision maker for each of our business segments:

| *(In millions)* | FMS | SCS | DTS | CSS | Eliminations | Total |
|---|---|---|---|---|---|---|
| **2023** | | | | | | |
| **Depreciation expense [(1)]** | **$ 1,571** | **136** | **3** | **2** | **$ —** | **$ 1,712** |
| **Other non-cash charges, net [(2)]** | **$ 106** | **230** | **8** | **(6)** | **—** | **$ 338** |
| **Interest expense (income) [(3)]** | **$ 292** | **8** | **(3)** | **(1)** | **—** | **$ 296** |
| **Capital expenditures paid** | **$ 3,085** | **117** | **1** | **31** | **—** | **$ 3,234** |
| **Total assets** | **$ 11,588** | **3,717** | **384** | **1,026** | **(937)** | **$ 15,778** |
| 2022 | | | | | | |
| Depreciation expense [(1)] | $ 1,618 | 91 | 3 | 1 | — | $ 1,713 |
| Other non-cash charges, net [(2)] | $ 90 | 173 | 4 | 13 | — | $ 280 |
| Interest expense (income) [(3)] | $ 219 | 10 | (2) | 1 | — | $ 228 |
| Capital expenditures paid | $ 2,442 | 155 | 2 | 32 | — | $ 2,631 |
| Total assets | $ 10,811 | 3,043 | 380 | 904 | (743) | $ 14,395 |
| 2021 | | | | | | |
| Depreciation expense [(1)] | $ 1,736 | 47 | 3 | — | — | $ 1,786 |
| Other non-cash charges, net [(2)] | $ 39 | 78 | 3 | (5) | — | $ 115 |
| Interest expense (income) [(3)] | $ 214 | 3 | (3) | — | — | $ 214 |
| Capital expenditures paid | $ 1,854 | 67 | 1 | 19 | — | $ 1,941 |
| Total assets | $ 11,000 | 2,320 | 318 | 555 | (358) | $ 13,835 |

*(1) Depreciation expense totaling $28 million in 2023, $27 million in 2022, and $26 million in 2021 associated with CSS assets was allocated to business segments based upon estimated and planned asset utilization.*

*(2) Primarily includes amortization of operating lease ROU assets and sales commissions, and bad debt expense.*

*(3) Interest expense was primarily allocated to the FMS segment since such borrowings were used principally to fund the purchase of revenue earning equipment used in FMS; however, interest was also reflected in SCS and DTS based on targeted segment leverage ratios.*

### Geographic Information

| | December 31, | |
|---|---|---|
| *(In millions)* | **2023** | 2022 |
| Long-lived assets: | | |
| United States | **$ 9,473** | $ 8,755 |
| Foreign: | | |
| Canada | **552** | 494 |
| Europe | **—** | 22 |
| Mexico | **84** | 67 |
| | **636** | 583 |
| Total | **$ 10,109** | $ 9,338 |

## 4. REVENUE

### Disaggregation of Revenue

The following tables disaggregate our revenue recognized by primary geographical market by our business segments and by industry for SCS. Refer to Note 3, “Segment Reporting”, for the disaggregation of our revenue by major product/service lines.

*Primary Geographical Markets*

| *(In millions)* | Year ended December 31, 2023 FMS | SCS | DTS | Eliminations | Total |
|---|---|---|---|---|---|
| United States | **$ 5,616** | **$ 4,295** | **$ 1,785** | **$ (764)** | **$ 10,932** |
| Canada | **314** | **267** | **—** | **(43)** | **538** |
| Mexico | **—** | **313** | **—** | **—** | **313** |
| Total revenue | **$ 5,930** | **$ 4,875** | **$ 1,785** | **$ (807)** | **$ 11,783** |

| *(In millions)* | Year ended December 31, 2022 FMS | SCS | DTS | Eliminations | Total |
|---|---|---|---|---|---|
| United States | $ 5,858 | $ 4,209 | $ 1,786 | $ (780) | $ 11,073 |
| Canada | 319 | 251 | — | (42) | 528 |
| Europe [1] | 150 | — | — | — | 150 |
| Mexico | — | 260 | — | — | 260 |
| Total revenue | $ 6,327 | $ 4,720 | $ 1,786 | $ (822) | $ 12,011 |

*(1) Refer to Note 20, "Other Items Impacting Comparability", for further information on the exit of the FMS U.K. business.*

| *(In millions)* | Year ended December 31, 2021 FMS | SCS | DTS | Eliminations | Total |
|---|---|---|---|---|---|
| United States | $ 5,116 | $ 2,706 | $ 1,457 | $ (600) | $ 8,679 |
| Canada | 302 | 230 | — | (29) | 503 |
| Europe [1] | 262 | — | — | — | 262 |
| Mexico | — | 219 | — | — | 219 |
| Total revenue | $ 5,680 | $ 3,155 | $ 1,457 | $ (629) | $ 9,663 |

*Industry*

We have a diversified portfolio of customers across a full array of transportation and logistics solutions and across many industries. We believe this will help to mitigate the impact of adverse downturns in specific sectors of the economy. Our portfolio of ChoiceLease and commercial rental customers, as well as our DTS business, is not concentrated in any one particular industry or geographic region.

During 2023, we introduced the omnichannel retail industry vertical within our SCS business segment to provide better visibility to the revenue mix following recent acquisitions and organic growth. This new vertical includes retail, e-commerce, last mile services, and technology. Our SCS business segment included revenue from the following industries:

| *(In millions)* | Years ended December 31, **2023** | 2022 | 2021 |
|---|---|---|---|
| Omnichannel retail | **$ 1,757** | $ 1,861 | $ 1,017 |
| Automotive | **1,600** | 1,523 | 1,185 |
| Consumer packaged goods | **965** | 845 | 654 |
| Industrial and other | **553** | 491 | 299 |
| Total SCS revenue | **$ 4,875** | $ 4,720 | $ 3,155 |

**Lease & Related Maintenance and Rental Revenue**

The non-lease revenue from maintenance services related to our ChoiceLease product is recognized in "Lease & related maintenance and rental revenue" in the Consolidated Statements of Earnings. We recognized $963 million in 2023, and $1.0 billion in both 2022 and 2021.

**Deferred Revenue**

The following table includes the changes in deferred revenue due to the collection and deferral of cash or the satisfaction of our performance obligation under the contract:

| *(In millions)* | Years ended December 31, 2023 | 2022 | 2021 |
|---|---|---|---|
| Balance as of beginning of period | **$ 544** | $ 594 | $ 630 |
| Recognized as revenue during period from beginning balance | **(166)** | (181) | (183) |
| Consideration deferred during period, net | **168** | 140 | 145 |
| Foreign currency translation adjustment and other | **(1)** | (9) | 2 |
| Balance as of end of period | **$ 545** | $ 544 | $ 594 |

**Contracted Not Recognized Revenue**

Revenue allocated to remaining performance obligations represents contracted revenue that has not yet been recognized (contracted not recognized revenue). Contracted not recognized revenue was $2.8 billion and $2.3 billion as of December 31, 2023 and 2022, respectively, and primarily includes deferred revenue and amounts for full service ChoiceLease maintenance revenue that will be recognized as revenue in future periods as we provide maintenance services to our customers. Contracted not recognized revenue excludes (1) variable consideration as it is not included in the transaction price consideration allocated at contract inception, (2) revenues from the lease component of our ChoiceLease product and all the revenue from the commercial rental product, (3) revenues from contracts with an original duration of one year or less, including SelectCare contracts, and (4) revenue from SCS, DTS and other contracts where there are remaining performance obligations when we have the right to invoice but the revenue to be recognized in the future corresponds directly with the value delivered to the customer.

**Sales Commissions and Setup Costs**

We capitalize incremental sales commissions paid as a result of obtaining ChoiceLease, SCS and DTS contracts as contract costs. Capitalized sales commissions, including initial direct costs of our leases, was $117 million and $126 million as of December 31, 2023 and 2022, respectively. Sales commission expense was $47 million in 2023 and $44 million in both 2022 and 2021. We also capitalize setup costs as a result of obtaining SCS and DTS contracts as contract costs. Capitalized setup costs were $84 million and $73 million as of December 31, 2023 and 2022, respectively. Setup contract amortization expense was $30 million, $28 million and $23 million in 2023, 2022 and 2021, respectively.

**5. RECEIVABLES, NET**

| *(In millions)* | December 31, 2023 | 2022 |
|---|---|---|
| Trade | **$ 1,505** | $ 1,476 |
| Sales-type leases | **140** | 120 |
| Other, primarily warranty and insurance | **111** | 55 |
| | **1,756** | 1,651 |
| Allowance for credit losses and other | **(42)** | (41) |
| Receivables, net | **$ 1,714** | $ 1,610 |

The following table provides a reconciliation of our allowance for credit losses and other:

| *(In millions)* | Years ended December 31, 2023 | 2022 |
|---|---|---|
| Balance as of beginning of period | **$ 41** | $ 31 |
| Changes to provisions for credit losses | **22** | 33 |
| Write-offs and other | **(21)** | (23) |
| Balance as of end of period | **$ 42** | $ 41 |

## 6. REVENUE EARNING EQUIPMENT, NET

| *(In millions)* | Estimated Useful Lives | **December 31, 2023** Cost | Accumulated Depreciation | Net | December 31, 2022 Cost | Accumulated Depreciation | Net |
|---|---|---|---|---|---|---|---|
| Held for use: | (In years) | | | | | | |
| Trucks | 3 — 7 | **$ 5,630** | **$ (2,192)** | **$ 3,438** | $ 5,282 | $ (2,114) | $ 3,168 |
| Tractors | 4 — 7.5 | **6,995** | **(2,712)** | **4,283** | 7,153 | (3,153) | 4,000 |
| Trailers and other | 9.5 — 12 | **1,686** | **(683)** | **1,003** | 1,610 | (690) | 920 |
| Held for sale [(1)] | | **732** | **(564)** | **168** | 388 | (286) | 102 |
| Total | | **$ 15,043** | **$ (6,151)** | **$ 8,892** | $ 14,433 | $ (6,243) | $ 8,190 |

———————————————

*(1) Revenue earning equipment held for sale, where net book values exceed fair values, are adjusted to fair value on a nonrecurring basis and these adjustments are considered Level 3 fair value measurements. Revenue earning equipment held for sale adjusted with Level 3 fair value measurements was $47 million and $3 million as of December 31, 2023 and December 31, 2022, respectively. The net book value of all other assets held for sale were below fair value.*

Total depreciation expense related to revenue earning equipment primarily used in our FMS segment was $1.5 billion in 2023 and 2022, and $1.7 billion in 2021.

### Residual Value Estimate Changes

We periodically review and adjust, as appropriate, the estimated residual values and useful lives of existing revenue earning equipment for the purposes of recording depreciation expense. Reductions in estimated residual values or useful lives will increase depreciation expense over the remaining useful life of the vehicle. Conversely, an increase in estimated residual values or useful lives will decrease depreciation expense over the remaining useful life of the vehicle. Our review of the estimated residual values and useful lives of revenue earning equipment is based on vehicle class, (i.e., generally subcategories of trucks, tractors and trailers by weight and usage), historical and current market prices, third-party expected future market prices, expected lives of vehicles, and expected sales in the wholesale or retail markets, among other factors. A variety of factors, many of which are outside of our control, could cause residual value estimates to differ from actual used vehicle sales pricing, such as changes in supply and demand of used vehicles; volatility in market conditions; changes in vehicle technology; competitor pricing; regulatory requirements; wholesale market prices; customer requirements and preferences; and changes in underlying assumption factors. We have disciplines related to the management and maintenance of our vehicles designed to manage the risk associated with the residual values of our revenue earning equipment.

In 2023 and 2022, we did not adjust the estimated residual values and useful lives of existing revenue earning equipments. In 2021, we adjusted our residual value estimates for certain tractors and useful lives of certain classes of our revenue earning equipment, which impacted approximately 15% of our total fleet. The increase in depreciation expense in 2021 as a result of residual value estimate changes was not material to our results of operations.

### Used Vehicle Sales and Valuation Adjustments

Revenue earning equipment held for sale is stated at the lower of carrying amount or fair value less costs to sell. Losses on vehicles held for sale for which carrying values exceed fair value, which we refer to as "valuation adjustments," are recognized at the time they are deemed to meet the held for sale criteria and are presented within "Used vehicle sales, net" in the Consolidated Statements of Earnings. For revenue earning equipment held for sale, we stratify our fleet by vehicle type (trucks, tractors and trailers), weight class, age and other relevant characteristics and create classes of similar assets for analysis purposes. For revenue earning equipment held for sale, fair value was determined based upon recent market prices obtained from our own sales experience for each class of similar assets and vehicle condition if available or third-party market pricing. In addition, we also consider expected declines in market prices, as well as, forecasted sales channel mix (retail/wholesale) when valuing the vehicles held for sale.

The components of Used vehicle sales, net were as follows:

| | Years ended December 31, | | |
|---|---|---|---|
| *(In millions)* | **2023** | 2022 | 2021 |
| Gains on vehicle sales, net [(1)] | **$ (216)** | $ (459) | $ (271) |
| Losses from valuation adjustments | **20** | 9 | 14 |
| Used vehicle sales, net | **$ (196)** | $ (450) | $ (257) |

*(1) 2023 and 2022 includes gains on used vehicles sold as part of the exit of the FMS U.K business of $2 million and $49 million, respectively.*

## 7. OPERATING PROPERTY AND EQUIPMENT, NET

| *(In millions)* | Estimated Useful Lives *(In years)* | December 31, 2023 | December 31, 2022 |
|---|---|---|---|
| Land | — | **$ 227** | $ 233 |
| Buildings and improvements | 1 — 40 | **1,082** | 1,033 |
| Machinery and equipment | 2 — 10 | **1,219** | 1,073 |
| Other | 1 — 30 | **200** | 186 |
| | | **2,728** | 2,525 |
| Accumulated depreciation | | **(1,511)** | (1,377) |
| Operating property and equipment, net | | **$ 1,217** | $ 1,148 |

Depreciation expense related to operating property and equipment was $228 million, $182 million and $128 million in 2023, 2022, and 2021, respectively.

*Long-Lived Asset Impairments*

In 2023 and 2022, we identified impairment indicators primarily associated with specialized sortation and conveyor equipment used in the warehouse operations of a specific SCS customer. The impairment indicators were triggered by the early termination of one of their distribution centers, credit deterioration and eventual bankruptcy of this customer in April 2023. These events resulted in a significant decline in the forecasted operating cash flows associated with the equipment. We performed an asset impairment test under the income-based approach using a discounted cash flow method of valuation and determined we had a $35 million impairment in 2023 and $20 million impairment in 2022.

## 8. GOODWILL

The carrying amount of goodwill attributable to each business segment with changes therein was as follows:

| *(In millions)* | FMS | SCS | DTS | Total |
|---|---|---|---|---|
| Balance as of January 1, 2022 | $ 244 | $ 286 | $ 41 | $ 571 |
| Acquisitions [(1)] | 1 | 289 | — | 290 |
| Balance as of December 31, 2022 | $ 245 | $ 575 | $ 41 | $ 861 |
| Acquisition [(1)] | **—** | **79** | **—** | **79** |
| Balance as of December 31, 2023 | **$ 245** | **$ 654** | **$ 41** | **$ 940** |

*(1) Refer to Note 23, "Acquisitions," for additional information.*

We assess goodwill for impairment on October 1st of each year or more often if deemed necessary. On October 1, 2023, we completed our annual goodwill impairment test for all reporting units and determined there was no impairment.

## 9. INTANGIBLE ASSETS, NET

| | December 31, 2023 | | | | |
|---|---|---|---|---|---|
| *(In millions)* | **FMS** | **SCS** | **DTS** | **CSS** | **Total** |
| Indefinite lived intangible assets — Trade name | **$ —** | **$ —** | **$ —** | **$ 9** | **$ 9** |
| Finite lived intangible assets, primarily customer relationships [1] | **49** | **469** | **8** | **—** | **526** |
| Accumulated amortization | **(46)** | **(87)** | **(6)** | **—** | **(139)** |
| Total | **$ 3** | **$ 382** | **$ 2** | **$ 9** | **$ 396** |

| | December 31, 2022 | | | | |
|---|---|---|---|---|---|
| *(In millions)* | FMS | SCS | DTS | CSS | Total |
| Indefinite lived intangible assets — Trade name | $ — | $ — | $ — | $ 9 | $ 9 |
| Finite lived intangible assets, primarily customer relationships [1] | 59 | 338 | 8 | — | 405 |
| Accumulated amortization | (55) | (58) | (6) | — | (119) |
| Total | $ 4 | $ 280 | $ 2 | $ 9 | $ 295 |

*(1) Includes $131 million of customer relationships related to the acquisition of IFS Holdings, LLC, a holding company for Impact Fulfillment Services, LLC (IFS) in 2023. Includes $148 million of customer relationships related to the acquisition of PLG Investments I, LLC (Whiplash) in 2022. Refer to Note 23, "Acquisitions," for additional information.*

The Ryder trade name has been identified as having an indefinite useful life. Customer relationship intangibles are being amortized on a straight-line basis over their estimated useful lives, generally 6-19 years. We recognized intangible asset amortization expense of $35 million in 2023, of which $28 million is associated with finite lived intangible assets and $7 million relates to the amortization of favorable lease assets recorded in Operating lease right-of-use assets in the Consolidated Balance Sheets. We also wrote-off $10 million of FMS U.K. finite lived intangible assets and the related accumulated amortization as part of the shutdown of those operations in 2023. In 2022, we recognized intangible assets amortization expense of $37 million, of which $32 million is associated with finite lived intangible assets and $5 million relates to favorable lease asset amortization. In 2021, intangible assets amortization expense associated with finite lived intangible assets was $8 million. The future amortization expense for each of the five succeeding years related to all intangible assets that are currently reported in the Consolidated Balance Sheets is estimated to range from $31 - $44 million per year for 2024 - 2028.

## 10. ACCRUED EXPENSES AND OTHER LIABILITIES

| | **December 31, 2023** | | | December 31, 2022 | | |
|---|---|---|---|---|---|---|
| *(In millions)* | **Accrued expenses and other current liabilities** | **Other non-current liabilities** | **Total** | Accrued expenses and other current liabilities | Other non-current liabilities | Total |
| Salaries and wages | **$ 200** | **$ —** | **$ 200** | $ 259 | $ — | $ 259 |
| Legal accrual | **52** | **—** | **52** | 3 | — | 3 |
| Pension and other employee benefits | **27** | **231** | **258** | 29 | 179 | 208 |
| Self-insurance | **175** | **284** | **459** | 176 | 287 | 463 |
| Operating taxes | **129** | **—** | **129** | 132 | — | 132 |
| Interest | **59** | **—** | **59** | 41 | — | 41 |
| Deposits, mainly from customers | **68** | **—** | **68** | 84 | — | 84 |
| Operating lease liabilities [1] | **234** | **800** | **1,034** | 191 | 541 | 732 |
| Deferred revenue | **177** | **368** | **545** | 178 | 366 | 544 |
| Other [2] | **112** | **188** | **300** | 107 | 195 | 302 |
| Total | **$ 1,233** | **$ 1,871** | **$ 3,104** | $ 1,200 | $ 1,568 | $ 2,768 |

*(1) Refer to Note 23, "Acquisitions," for further information.*
*(2) As of December 31, 2022, includes $13 million of restructuring liabilities related to the exit of the FMS U.K. business.*

Self-insurance accruals include vehicle liability, workers' compensation, property damage, cargo, medical and dental, which comprise our self-insurance programs.

Changes to self-insurance accruals consisted of the following:

| | (In millions) |
|---|---|
| Balance as of January 1, 2021 | $ 444 |
| Additions charged to earnings | 478 |
| Employee contributions to medical and dental self-insurance plans | 89 |
| Claim payments and write-offs | (545) |
| Balance as of December 31, 2021 | 466 |
| Additions charged to earnings | 497 |
| Employee contributions to medical and dental self-insurance plans | 95 |
| Claim payments and write-offs | (595) |
| Balance as of December 31, 2022 | **463** |
| Additions charged to earnings | **520** |
| Employee contributions to medical and dental self-insurance plans | **103** |
| Claim payments and write-offs | **(627)** |
| Balance as of December 31, 2023 | **$ 459** |

## 11. INCOME TAXES

The components of "Earnings from continuing operations before income taxes" and the "Provision for income taxes" from continuing operations in the Consolidated Statements of Earnings were as follows:

| | Years ended December 31, | | |
|---|---|---|---|
| *(In millions)* | **2023** | 2022 | 2021 |
| Earnings from continuing operations before income taxes | | | |
| United States | **$ 479** | $ 1,021 | $ 560 |
| Foreign | **139** | 195 | 133 |
| Total | **$ 618** | $ 1,216 | $ 693 |
| | | | |
| Provision for income taxes | | | |
| Current tax expense from continuing operations: | | | |
| Federal | **$ 35** | $ 30 | $ 9 |
| State | **45** | 43 | 24 |
| Foreign | **17** | 14 | 12 |
| | **97** | 87 | 45 |
| Deferred tax expense (income) from continuing operations: | | | |
| Federal | **88** | 214 | 112 |
| State | **(8)** | 23 | 8 |
| Foreign | **35** | 29 | 6 |
| | **115** | 266 | 126 |
| Total | **$ 212** | $ 353 | $ 171 |

Federal, state, and foreign net operating losses were utilized to offset current income taxes payable resulting in tax benefits of $56 million, $103 million, and $124 million in 2023, 2022 and 2021,respectively.

A reconciliation of the federal statutory tax rate with the effective tax rate from continuing operations follows:

| | Years ended December 31, | | |
|---|---|---|---|
| (Percentage of pre-tax earnings) | **2023** | 2022 | 2021 |
| Federal statutory tax rate | **21.0 %** | 21.0 % | 21.0 % |
| Impact on deferred taxes for changes in tax rates | **(0.8)%** | (0.4)% | (0.3)% |
| State income taxes, net of federal income tax benefit | **5.8 %** | 5.1 % | 4.4 % |
| Foreign rates varying from federal statutory tax rate | **2.2 %** | (5.3)% | 0.1 % |
| FMS U.K. business exit | **1.9 %** | 3.2 % | — % |
| Tax contingencies | **(0.2)%** | (0.3)% | (0.7)% |
| Tax credits | **(1.8)%** | (0.2)% | (0.3)% |
| Other permanent book-tax differences | **0.9 %** | 0.6 % | 1.8 % |
| Change in foreign valuation allowance | **(0.3)%** | 5.4 % | (1.1)% |
| Currency translation adjustment | **5.5 %** | — % | — % |
| Other | **0.1 %** | — % | (0.2)% |
| Effective tax rate | **34.3 %** | 29.1 % | 24.7 % |

**Deferred Income Taxes**

The components of the net deferred income tax liability were as follows:

| | December 31, | |
|---|---|---|
| *(In millions)* | **2023** | 2022 |
| **Deferred income tax assets:** | | |
| Self-insurance accruals | **$ 110** | $ 109 |
| Net operating loss carryforwards | **94** | 182 |
| Accrued compensation and benefits | **87** | 88 |
| Pension benefits | **50** | 27 |
| Deferred revenue | **133** | 131 |
| Other | **67** | 25 |
| | **541** | 562 |
| Valuation allowance | **(87)** | (88) |
| | **454** | 474 |
| **Deferred income tax liabilities:** | | |
| Property and equipment basis differences | **(2,077)** | (2,013) |
| Other | **(22)** | (18) |
| | **(2,099)** | (2,031) |
| **Net deferred income tax liability (1)** | **$ (1,645)** | $ (1,557) |

*(1) Deferred tax assets of $13 million and $14 million have been included in "Sales-type leases and other assets" as of December 31, 2023, and 2022.*

Changes to the valuation allowance on deferred tax assets consisted of the following:

| | (In millions) |
|---|---|
| Balance as of January 1, 2021 | $ 42 |
| Credited to income tax expense | (18) |
| Balance as of December 31, 2021 | 24 |
| Charged to income tax expense | 64 |
| Balance as of December 31, 2022 | **88** |
| Credited to income tax expense | **(1)** |
| Balance as of December 31, 2023 | **$ 87** |

During 2021, we reevaluated our historic assertion with respect to our U.K. and Germany operations and determined that we no longer consider these earnings to be indefinitely reinvested. During 2023 and 2022, we repatriated $78 million and $282 million, respectively, of undistributed earnings from our U.K. subsidiary with minimal tax cost. As of December 31, 2023, we continue to consider these earnings no longer indefinitely reinvested and determined that there was no impact to deferred taxes. We intend to continue to permanently reinvest the earnings from our remaining foreign jurisdictions which, as of December 31, 2023, had $582 million of undistributed foreign earnings. Any future repatriations of unremitted earnings could be subject to additional federal, state and foreign income taxes, withholding taxes, and/or the tax impact of foreign currency exchange gains or losses. The determination of the amount of unrecognized deferred tax liability associated with the $582 million of undistributed foreign earnings is not practicable because of the complexities associated with the hypothetical calculations used in evaluating whether we will maintain the indefinite reinvestment assertion on the remaining foreign subsidiaries.

As of December 31, 2023, we had U.S. federal tax effected net operating loss carryforwards, before unrecognized tax benefits, of $7 million, of which $4 million is expected to expire between 2034 and 2037 and the remaining portion having an indefinite carryforward period. U.S. federal net operating loss deductions are limited to 80% of taxable income for losses generated in taxable years beginning after December 31, 2017. All of the remaining U.S. federal net operating losses as of December 31, 2023, are subject to IRC Section 382 limitations further reducing the amount available for offset in any given future year. Various U.S. subsidiaries had state tax-effected net operating loss carryforwards, before unrecognized tax benefits and valuation allowances, of $28 million that will begin to expire as follows: approximately $1 million in 2026, $23 million in years 2027 and thereafter, with the remaining $4 million having an indefinite carryforward period. We also had foreign tax effected net operating loss carryforwards of $84 million, of which $80 million is expected to expire between 2038 and 2039, and the remaining $4 million having an indefinite carryforward period. We assess the realizability of our deferred tax assets and record a valuation allowance to the extent it is determined that they are not more-likely-than-not to be realized. Due to our assessment of future sources of taxable income in various states and foreign jurisdictions, we have a cumulative valuation allowance of $87 million against our deferred tax assets as of December 31, 2023, a net decrease of $1 million from the prior year. The valuation allowance is subject to change in future years based on the availability of future sources of taxable income.

**Uncertain Tax Positions**

In many cases, our uncertain tax positions are related to tax years that remain subject to examination by the relevant taxing authorities. The following table summarizes these open tax years by jurisdiction:

| Jurisdiction | Open Tax Year |
|---|---|
| United States (Federal) | 2013 - 2015, 2018 - 2023 |
| Canada | 2013 - 2023 |
| Mexico | 2018 - 2023 |
| United Kingdom | 2022 - 2023 |
| Brazil (discontinued operations) | 2019- 2023 |

The following table summarizes the activity related to unrecognized tax benefits (excluding the federal benefit received from state positions):

| *(In millions)* | December 31, 2023 | 2022 | 2021 |
|---|---|---|---|
| Balance at January 1 | **$ 34** | $ 38 | $ 43 |
| Additions based on tax positions related to the current year | **2** | 2 | 1 |
| Reductions due to lapse of applicable statutes of limitation | **(4)** | (6) | (6) |
| Total before interest and penalties at December 31 | **32** | 34 | 38 |
| Interest and penalties | **3** | 3 | 4 |
| Balance at December 31 | **$ 35** | $ 37 | $ 42 |

Of the total unrecognized tax benefits as of December 31, 2023, $29 million (net of the federal benefit on state issues) represents the amount of unrecognized tax benefits that, if recognized, would favorably affect the effective tax rate in future periods. Unrecognized tax benefits related to federal, state and foreign tax positions may decrease $7 million by December 31, 2024, if audits are completed or tax years close during 2024.

## 12. LEASES

### Leases as Lessor

The components of revenue from leases were as follows:

| *(In millions)* | Years ended December 31, 2023 | 2022 | 2021 |
|---|---|---|---|
| Operating leases | | | |
| Lease income related to ChoiceLease | **$ 1,483** | $ 1,490 | $ 1,538 |
| Lease income related to commercial rental [(1)] | **$ 1,123** | $ 1,286 | $ 1,062 |
| | | | |
| Sales-type leases | | | |
| Interest income related to net investment in leases | **$ 56** | $ 45 | $ 48 |
| | | | |
| Variable lease income excluding commercial rental [(1)] | **$ 308** | $ 323 | $ 312 |

______________________

*(1) Lease income related to commercial rental includes both fixed and variable lease income. Variable lease income is approximately 15% of total commercial rental income based on management's internal estimates.*

The components of the net investment in sales-type leases, which are included in "Receivables, net" and "Sales-type leases and other assets" in the Consolidated Balance Sheets, were as follows:

| *(In millions)* | December 31, 2023 | 2022 |
|---|---|---|
| Net investment in the lease - lease payment receivable | **$ 723** | $ 598 |
| Net investment in the lease - unguaranteed residual value in assets | **43** | 43 |
| | **766** | 641 |
| Estimated loss allowance | **(4)** | (6) |
| Total | **$ 762** | $ 635 |

Maturities of sales-type lease receivables as of December 31, 2023, were as follows:

| Years ending December 31, | *(In millions)* |
|---|---|
| 2024 | **$ 198** |
| 2025 | **181** |
| 2026 | **169** |
| 2027 | **129** |
| 2028 | **113** |
| Thereafter | **123** |
| Total undiscounted cash flows | **913** |
| Present value of lease payments (recognized as lease receivables) | **(723)** |
| Difference between undiscounted cash flows and discounted cash flows | **$ 190** |

Operating lease payments expected to be received as of December 31, 2023, were as follows:

| Years ending December 31, | *(In millions)* |
|---|---|
| 2024 | **$ 1,238** |
| 2025 | **969** |
| 2026 | **716** |
| 2027 | **496** |
| 2028 | **333** |
| Thereafter | **300** |
| Total undiscounted cash flows | **$ 4,052** |

**Leases as Lessee**

The components of lease expense were as follows:

| | Years ended December 31, | | |
|---|---|---|---|
| *(In millions)* | **2023** | 2022 | 2021 |
| Finance lease cost | | | |
| Amortization of right-of-use-assets | **$ 15** | $ 13 | $ 14 |
| Interest on lease liabilities | **2** | 2 | 2 |
| Operating lease cost | **271** | 199 | 98 |
| Short-term lease and other | **10** | 10 | 9 |
| Variable lease cost | **50** | 26 | 16 |
| Sublease income | **(41)** | (39) | (27) |
| Total lease cost | **$ 307** | $ 211 | $ 112 |

Operating and finance lease ROU assets and lease liabilities included in the Consolidated Balance Sheets were as follows:

| | December 31, | | | |
|---|---|---|---|---|
| | **2023** | | 2022 | |
| *(In millions)* | **Operating** | **Finance** | Operating | Finance |
| Noncurrent assets [(1)] | **$ 1,016** | **$ 48** | $ 715 | $ 38 |
| Current liabilities [(2)] | **$ 234** | **$ 16** | $ 191 | $ 13 |
| Noncurrent liabilities [(3)] | **$ 800** | **$ 33** | $ 541 | $ 29 |

*(1) Finance lease ROU assets are included in "Operating property and equipment, net" and "Revenue earning equipment, net."*
*(2) Operating and finance lease liabilities are included in "Accrued expenses and other current liabilities" and "Short-term debt and current portion of long-term debt," respectively.*
*(3) Operating and finance lease liabilities are included in "Other non-current liabilities" and "Long-term debt," respectively.*

| | December 31, | |
|---|---|---|
| | **2023** | 2022 |
| Weighted-average remaining lease term | | |
| Operating | **5 years** | 5 years |
| Finance | **4 years** | 4 years |
| Weighted-average discount rate | | |
| Operating | **5.1 %** | 4.0 % |
| Finance | **5.0 %** | 4.4 % |

Maturities of operating and finance lease liabilities were as follows (in millions):

| Years ending December 31, | **Operating Leases** | **Finance Leases** | **Total** |
|---|---|---|---|
| 2024 | **$ 278** | **$ 18** | **$ 296** |
| 2025 | **252** | **14** | **265** |
| 2026 | **206** | **9** | **215** |
| 2027 | **160** | **6** | **166** |
| 2028 | **111** | **4** | **115** |
| Thereafter | **178** | **4** | **182** |
| Total lease payments | **1,185** | **55** | **1,239** |
| Less: Imputed Interest | **(151)** | **(6)** | **(156)** |
| Present value of lease liabilities | **$ 1,034** | **$ 49** | **$ 1,083** |

*Note: Amounts may not be additive due to rounding.*

As of December 31, 2023, we have entered into $62 million of additional facility operating leases that have not yet commenced. The operating leases will commence in 2024 with lease terms of generally 3 to 7 years.

## 13. DEBT

| | Weighted Average Interest Rate | | | | |
|---|---|---|---|---|---|
| *(Dollars in millions)* | **December 31, 2023** | December 31, 2022 | **Maturities** | **December 31, 2023** | December 31, 2022 |
| Debt: | | | | | |
| U.S. commercial paper | **5.68%** | 4.61% | **2026** | **$ 572** | $ 672 |
| Trade receivables financing program | **5.87%** | 5.14% | **2024** | **50** | 50 |
| Global revolving credit facility | **—%** | —% | **2026** | **—** | — |
| Unsecured U.S. obligations | **4.13%** | 4.08% | **2024-2027** | **375** | 375 |
| Unsecured medium-term note issued February 2018 | **—%** | 3.40% | **2023** | **—** | 450 |
| Unsecured medium-term note issued June 2018 | **—%** | 3.75% | **2023** | **—** | 450 |
| Unsecured medium-term note issued October 2018 | **—%** | 3.88% | **2023** | **—** | 300 |
| Unsecured medium-term note issued February 2019 | **3.65%** | 3.65% | **2024** | **600** | 600 |
| Unsecured medium-term note issued August 2019 | **2.50%** | 2.50% | **2024** | **550** | 550 |
| Unsecured medium-term note issued April 2020 | **4.63%** | 4.63% | **2025** | **400** | 400 |
| Unsecured medium-term note issued May 2020 | **3.35%** | 3.35% | **2025** | **400** | 400 |
| Unsecured medium-term note issued December 1995 | **6.95%** | 6.95% | **2025** | **150** | 150 |
| Unsecured medium-term note issued November 2021 | **6.15%** | 5.29% | **2026** | **300** | 300 |
| Unsecured medium-term note issued November 2019 | **2.90%** | 2.90% | **2026** | **400** | 400 |
| Unsecured medium-term note issued February 2022 | **4.50%** | 3.57% | **2027** | **450** | 450 |
| Unsecured medium-term note issued May 2022 | **4.30%** | 4.30% | **2027** | **300** | 300 |
| Unsecured medium-term note issued February 2023 | **5.65%** | —% | **2028** | **500** | — |
| Unsecured medium-term note issued May 2023 | **5.25%** | —% | **2028** | **650** | — |
| Unsecured medium-term note issued November 2023 | **6.30%** | —% | **2028** | **400** | — |
| Unsecured medium-term note issued November 2023 | **6.60%** | —% | **2033** | **600** | — |
| Unsecured foreign obligations | **2.88%** | 2.88% | **2024** | **50** | 50 |
| Asset-backed U.S. obligations [(1)] | **3.40%** | 2.98% | **2024-2030** | **382** | 477 |
| Finance lease obligations and other | | | **2024-2031** | **49** | 42 |
| | | | | **7,178** | 6,416 |
| Fair market value adjustment on medium-term notes [(2)] | | | | **(34)** | (46) |
| Debt issuance costs and original issue discounts | | | | **(30)** | (18) |
| Total debt [(3)] | | | | **7,114** | 6,352 |
| Short-term debt and current portion of long-term debt | | | | **(1,583)** | (1,349) |
| Long-term debt | | | | **$ 5,531** | $ 5,003 |

*(1) Asset-backed U.S. obligations are financing transactions backed by a portion of our revenue earning equipment.*
*(2) Included in "Other non-current liabilities" within the Consolidated Balance Sheets. The notional amount of the executed interest rate swaps designated as fair value hedges was $500 million as of both December 31, 2023 and December 31, 2022.*
*(3) The unsecured medium-term notes bear semi-annual interest.*

The fair value of total debt (excluding finance lease and asset-backed U.S. obligations) was approximately $6.8 billion and $5.7 billion as of December 31, 2023 and 2022, respectively. For publicly-traded debt, estimates of fair value were based on market prices. For other debt, fair value was estimated based on a model-driven approach using rates currently available to us for debt with similar terms and remaining maturities. The fair value measurements of our publicly-traded debt and our other debt were classified within Level 2 of the fair value hierarchy.

### Debt Proceeds and Repayments

In November 2022, we entered into three term notes that mature on November 16, 2027, with aggregate principal amounts totaling $175 million, bearing annual interest rates ranging from 5.0% to 5.15%.

In 2022, we received $102 million from financing transactions backed by a portion of our revenue earning equipment. The proceeds from the transaction were used for general corporate purposes. We provided end of term guarantees for the residual value of the revenue earning equipment in the transaction. The transaction proceeds, along with the end of term residual value guarantees, have been included within "asset-backed U.S. obligations" in the preceding table.

The following table includes our debt proceeds and repayments in 2023:

| *(In millions)* | Debt Proceeds | | Debt Repayments |
|---|---|---|---|
| Medium-term notes [(1)] | $ 2,135 | Medium-term notes | $ 1,200 |
| U.S. and foreign term loans, finance lease obligations and other | 172 | U.S. and foreign term loans, finance lease obligations and other | 281 |
| Total debt proceeds | $ 2,307 | Total debt repaid | $ 1,481 |

*(1) Proceeds from medium-term notes presented net of discount and issuance costs.*

Debt proceeds were used to repay maturing debt and for general corporate purposes. If the unsecured medium-term notes are downgraded below investment grade following, or as a result of, a change in control, the note holders can require us to repurchase all or a portion of the notes at a purchase price equal to 101% of principal value plus accrued and unpaid interest.

Contractual maturities of total debt, excluding finance lease obligations, are as follows:

| Years ending December 31, | *(In millions)* |
|---|---|
| 2024 | **$ 1,569** |
| 2025 | **1,089** |
| 2026 | **1,347** |
| 2027 | **938** |
| 2028 | **1,565** |
| Thereafter | **621** |
| Total | **7,129** |
| Finance lease obligations (Refer to *Note 12*, "*Leases*") | **49** |
| Total long-term debt | **$ 7,178** |

**Global Revolving Credit Facility**

We maintain a $1.4 billion global revolving credit facility, which supports U.S. and Canadian commercial paper programs, with a syndicate of eleven lending institutions and expires in December 2026. The agreement provides for annual facility fees which range from 7.0 to 17.5 basis points based on our long-term credit ratings. The annual facility fee is 10.0 basis points as of December 31, 2023. The credit facility is primarily used to finance working capital and vehicle purchases, but can also be used to issue up to $75 million in letters of credit (there were no letters of credit outstanding against the facility as of December 31, 2023). At our option, the interest rate on borrowings under the credit facility is based on specific risk-free rates. The credit facility contains no provisions limiting its availability in the event of a material adverse change to our business operations; however, the credit facility does contain standard representations and warranties, events of default, cross-default provisions, and certain affirmative and negative covenants. As of December 31, 2023, there was $828 million available under the credit facility.

In order to maintain availability of funding, we must maintain a ratio of debt to Consolidated Net Worth of less than or equal to 300%. Consolidated Net Worth, as defined in the credit facility, represents shareholders' equity excluding any accumulated other comprehensive income or loss associated with our pension and other postretirement plans as well as currency translation adjustment as reported in our consolidated balance sheet. Consolidated Net Worth also adds back the after-tax charge to shareholders' equity, which resulted from our adoption of the new lease accounting standard as of December 31, 2018 (amortized quarterly to 50% of the charge over a 7 year period) and any potential non-cash FMS goodwill impairment charges, should they occur, up to a maximum amount. As of December 31, 2023, the ratio was 178%.

In April 2023, certain terms of our global revolving credit facility were amended. Pursuant to the amendment, among other items, (i) the definition of Consolidated Net Worth was revised to exclude impacts from our exit of the FMS U.K. business, (ii) LIBOR was replaced as an available benchmark interest rate with term secured overnight financing rate (SOFR), and (iii) the maximum absolute dollar amounts for our trade receivables financing program and asset-backed financings were removed and the percentage-based maximum amounts were substantially increased.

Our global revolving credit facility enables us to refinance short-term obligations on a long-term basis. Short-term commercial paper obligations are classified as long-term as we have both the intent and ability to refinance on a long-term basis.

**Trade Receivables Financing Program**

We maintain a $300 million trade receivables purchase and sale program, pursuant to which we sell certain of our domestic trade accounts receivable to a bankruptcy remote, consolidated subsidiary of Ryder, that in turn sells, on a revolving basis, an ownership interest in certain of these accounts receivable to a committed purchaser. The subsidiary is considered a VIE and is consolidated based on our control of the entity's activities. We use this program to provide additional liquidity to fund our operations, particularly when it is cost effective to do so. The costs under the program may vary based on changes in interest rates. The credit facility has a commitment fee of 35 to 45 basis points dependent on the utilization of the credit facility, which includes both borrowings and letters of credit that are supported by the credit facility. Borrowings bear interest at a variable interest rate based on the 30-day term SOFR rate plus 90 basis points or the A1/P1 commercial paper yield rate plus 80 basis points. In April 2023, we extended the trade receivables financing program for an additional year to April 2024. As of December 31, 2023, the available proceeds under the program were $167 million, net of short-term borrowings of $50 million and issued letter of credit outstanding of $83 million. The program contains provisions restricting its availability in the event of a material adverse change to our business operations or the collectability of the collateralized receivables. Sales of receivables under this program are accounted for as secured borrowings based on our continuing involvement in the transferred assets.

## 14. GUARANTEES

We have executed various agreements with third parties that contain standard indemnifications that may require us to indemnify a third party against losses arising from a variety of matters, such as lease obligations, financing agreements, environmental matters, and agreements to sell business assets, if they bring a claim against us. Additionally, we have entered into individual indemnification agreements with each of our independent directors, through which we will indemnify such director acting in good faith against any and all losses, expenses and liabilities arising out of such director's service as a director. The maximum amount of potential future payments under these agreements is generally unlimited.

We cannot predict the maximum potential amount of future payments under certain of these agreements, including the indemnification agreements, due to the contingent nature of the potential obligations and the distinctive provisions that are involved in each individual agreement. We believe that if a loss were incurred in any of these matters, the loss would not have a material adverse impact on our consolidated results of operations or financial position.

As of December 31, 2023 and 2022, we had letters of credit and surety bonds outstanding, which primarily guarantee various insurance activities as noted in the following table:

| | December 31, | |
|---|---|---|
| *(In millions)* | **2023** | 2022 |
| Letters of credit | **$ 301** | $ 351 |
| Surety bonds | **$ 165** | $ 162 |

## 15. SHARE REPURCHASE PROGRAMS

We currently maintain two share repurchase programs approved by our board of directors in October 2023. The first program authorized management to repurchase up to 2 million shares issued to employees under our employee stock plans since August 31, 2023, under a new anti-dilutive program (the "2023 Anti-Dilutive Program"). The second program grants management discretion to repurchase up to 2 million shares of common stock over a period of two years under a new discretionary share repurchase program (the "October 2023 Discretionary Program"). Both the 2023 Anti-Dilutive Program and the October 2023 Discretionary Program commenced October 12, 2023, and expire October 12, 2025. Share repurchases under both programs can be made from time to time using our working capital and other borrowing sources. Shares are repurchased under open-market transactions and trading plans established pursuant to Rule 10b5-1 of the Securities Exchange Act of 1934. The timing and actual number of shares repurchased are subject to market conditions, legal requirements and other factors, including balance sheet leverage, availability of acquisitions and stock price.

In February 2023, our board of directors authorized a discretionary share repurchase program to grant management discretion to repurchase up to 2 million shares of common stock over a period of two years (the "February 2023 Discretionary Program"). The February 2023 Discretionary Program was completed in September 2023.

In October 2021, our board of directors authorized two share repurchase programs. The first program granted management discretion to repurchase up to 2.0 million shares of common stock over a period of two years (the "2021 Discretionary Program"). The 2021 Discretionary Program was completed in November 2022. The second program authorized management to repurchase up to 2.5 million shares of common stock, issued to employees under our employee stock plans since September 1, 2021 (the "2021 Anti-Dilutive Program"). The 2021 Anti-Dilutive Program commenced on October 14, 2021 and expired on October 14, 2023. The 2021 Anti-Dilutive Program replaced the 2019 anti-dilutive program, which expired in December 2021.

The discretionary share repurchase programs are designed to provide management with capital structure flexibility while concurrently managing objectives related to balance sheet leverage, acquisition opportunities, and shareholder returns. The anti-dilutive share repurchase programs are designed to mitigate the dilutive impact of shares issued under our employee stock plans.

In September 2022, we completed our $300 million accelerated share repurchase program. This program was authorized by our board of directors in February 2022, and at that time, we repurchased and retired an initial amount of approximately 3 million shares. The final settlement occurred in September 2022, resulting in the delivery and retirement of approximately 1 million additional shares. The number of shares ultimately repurchased and retired was based on the average of Ryder's daily volume-weighted average price per share of common stock during a repurchase period, less a discount. The average price paid for all of the shares delivered and retired under the accelerated share purchase agreement was $74.47 per share.

The following table provides the activity for shares repurchased and retired:

| | Years ended December 31, | | | | | |
|---|---|---|---|---|---|---|
| | **2023** | | 2022 | | 2021 | |
| *(In millions)* | **Shares** | **Amount** | Shares | Amount | Shares | Amount |
| 2023 Anti-Dilutive Program | **0.1** | **$ 11** | — | $ — | — | $ — |
| 2021 Anti-Dilutive Program | **1.0** | **96** | 0.9 | 78 | — | — |
| 2019 Anti-Dilutive Program | **—** | **—** | — | — | 0.7 | 57 |
| Anti-Dilutive Programs | **1.1** | **107** | 0.9 | 78 | 0.7 | 57 |
| | | | | | | |
| October 2023 Discretionary Program | **0.4** | **44** | — | — | — | — |
| February 2023 Discretionary Program | **2.0** | **186** | — | — | — | — |
| 2021 Discretionary Program | **—** | **—** | 2.0 | 179 | — | — |
| Discretionary Programs | **2.4** | **230** | 2.0 | 179 | — | — |
| | | | | | | |
| 2022 Accelerated share repurchase program | **—** | **—** | 4.0 | 300 | — | — |
| Total | **3.6** | **$ 337** | 7.0 | $ 557 | 0.7 | $ 57 |

*Amounts in the table may not be additive due to rounding.*

## 16. ACCUMULATED OTHER COMPREHENSIVE LOSS

Comprehensive income presents a measure of all changes in shareholders' equity except for changes resulting from transactions with shareholders in their capacity as shareholders. The following summary sets forth the components of Accumulated other comprehensive loss, net of taxes:

| *(In millions)* | Currency Translation Adjustments | Net Actuarial (Loss) Gain and Prior Service Costs | Unrealized (Loss) Gain from Cash Flow Hedges | Accumulated Other Comprehensive (Loss) Gain |
|---|---|---|---|---|
| December 31, 2021 | $ (153) | $ (529) | $ (7) | $ (689) |
| Other comprehensive income (loss), net of taxes, before reclassifications | (85) | (53) | 12 | (126) |
| Amounts reclassified from AOCI, net of taxes | — | 16 | 3 | 19 |
| Net current-period Other comprehensive income (loss), net of taxes | (85) | (37) | 15 | (107) |
| December 31, 2022 | (238) | (566) | 8 | (796) |
| Other comprehensive income (loss), net of taxes, before reclassifications | **37** | **(91)** | **(1)** | **(55)** |
| Amounts reclassified from AOCI, net of taxes | **183** | **20** | **(7)** | **196** |
| Net current-period Other comprehensive income (loss), net of taxes | **220** | **(71)** | **(8)** | **141** |
| December 31, 2023 | **$ (18)** | **$ (637)** | **$ —** | **$ (655)** |

In 2023, we recognized a non-cash, cumulative currency translation adjustment loss of $183 million as a result of the FMS U.K. business exit, which is included in "Currency translation adjustment loss" in our Consolidated Statements of Earnings. The cumulative currency translation adjustment loss had no impact on our consolidated financial position or cash flows.

## 17. EARNINGS PER SHARE

The following table presents the calculation of basic and diluted earnings per common share from continuing operations:

| | Years ended December 31, | | |
|---|---|---|---|
| *(Dollars in millions, except per share amounts; share amounts in thousands)* | **2023** | 2022 | 2021 |
| **Earnings per common share — Basic** | | | |
| Earnings from continuing operations | **$ 406** | $ 863 | $ 522 |
| Less: Distributed and undistributed earnings allocated to unvested stock | **(2)** | (5) | (2) |
| Earnings from continuing operations available to common shareholders | **$ 404** | $ 858 | $ 520 |
| | | | |
| Weighted average common shares outstanding | **45,383** | 49,549 | 52,338 |
| | | | |
| Earnings from continuing operations per common share — Basic | **$ 8.89** | $ 17.32 | $ 9.92 |
| | | | |
| **Earnings per common share — Diluted** | | | |
| Earnings from continuing operations | **$ 406** | $ 863 | $ 522 |
| Less: Distributed and undistributed earnings allocated to unvested stock | **—** | — | (2) |
| Earnings from continuing operations available to common shareholders — Diluted | **$ 406** | $ 863 | $ 520 |
| | | | |
| Weighted average common shares outstanding — Basic | **45,383** | 49,549 | 52,338 |
| Effect of dilutive equity awards | **1,104** | 1,337 | 1,170 |
| Weighted average common shares outstanding — Diluted | **46,486** | 50,887 | 53,508 |
| | | | |
| Earnings from continuing operations per common share — Diluted | **$ 8.73** | $ 16.96 | $ 9.70 |
| | | | |
| Anti-dilutive equity awards not included in diluted EPS | **825** | 662 | 682 |

*Amounts in the table may not recalculate due to rounding of earnings and shares.*

## 18. SHARE-BASED COMPENSATION PLANS

The following table provides information on Share-based compensation expense and related income tax benefits recognized:

| | Years ended December 31, | | |
|---|---|---|---|
| *(In millions)* | **2023** | 2022 | 2021 |
| Unvested stock awards | **$ 42** | $ 44 | $ 44 |
| Stock option and employee stock purchase plans | **2** | 2 | 3 |
| Share-based compensation expense | **44** | 46 | 47 |
| Income tax benefit | **(6)** | (6) | (7) |
| Share-based compensation expense, net of tax | **$ 38** | $ 40 | $ 40 |

Total unrecognized pre-tax compensation expense related to share-based compensation arrangements as of December 31, 2023 was $42 million and is expected to be recognized over a weighted-average period of approximately 1.7 years. The total fair value of equity awards vested was $41 million, $31 million and $27 million during 2023, 2022 and 2021, respectively. The total cash received from employees under all share-based employee compensation arrangements, net of shares withheld for taxes, was $2 million, $14 million and $30 million during 2023, 2022 and 2021, respectively.

**Share-Based Incentive Awards**

Share-based incentive awards are provided to employees under the terms of various share-based compensation plans (collectively, the Plans). The Plans are administered by the compensation committee of the board of directors and principally include grants of RSUs.

*Restricted Stock Units*

RSUs entitle the holder to receive one share of Ryder common stock for each RSU granted. Under the terms of our Plans, dividends on RSUs are paid only upon vesting of the award, and the amount of dividends paid is equal to the aggregate dividends declared on common shares during the period from the date of grant of the award until the date the shares underlying the award are delivered. The common stock underlying RSUs is not deemed issued or outstanding upon grant, and does not carry any voting rights. As of December 31, 2023, there are 7.8 million shares authorized for issuance under the Plans and 3.4 million shares remaining available for future grants.

RSUs granted to employees typically contain time-based vesting conditions, and in the case of certain senior executives also performance-based vesting conditions. Time-vested restricted stock rights (TVRSRs) typically vest ratably over three years for employees. The fair value of TVRSRs is determined and fixed based on Ryder's stock price on the date of grant. Performance-based restricted stock rights (PBRSRs) are generally granted to executive management and include company specific performance-based vesting conditions. PBRSRs are awarded based on various revenue, return-based and cash flow performance targets and may include a total shareholder return (TSR) modifier. The fair values of the PBRSRs that include a TSR modifier are estimated using a lattice-based option-pricing valuation model that incorporates a Monte-Carlo simulation. Share-based compensation expense for PBRSRs is recognized on a straight-line basis over the vesting period, based upon the probability that the performance target will be met.

In 2023, 2022 and 2021, PBRSRs were awarded based on adjusted return on equity (ROE), strategic revenue growth (SRG), and free cash flow (FCF). Our TSR will be compared against the TSR of each of the companies in a custom peer group to determine our TSR percentile rank versus this custom peer group. The number of PBRSRs will then be adjusted based on this rank.

We also grant stock awards and RSUs to non-executive members of the board of directors. RSUs to new board members do not vest until the director has served a minimum of one year. After one year of service on the board of directors, each director may elect to receive his or her stock award in the form of either (1) shares that are distributed at the time of grant or (2) RSUs that are delivered upon or after separation from the board. The fair value of the awards is determined and fixed based on Ryder's stock price on the date of grant. Share-based compensation expense is recognized for RSUs in the year the RSUs are granted to board members. Shares of Ryder common stock delivered upon grant have standard voting rights and rights to dividend payments.

The following is a summary of activity for RSUs as of and for the year ended December 31, 2023:

| | Time-Vested (1) | | Performance-Based (2) | |
|---|---|---|---|---|
| *(Shares in millions)* | Shares | Weighted-Average Grant Date Fair Value | Shares | Weighted-Average Grant Date Fair Value |
| Unvested stock awards at January 1, 2023 | 1.1 | $ 61.03 | 0.5 | $ 55.94 |
| Granted | 0.2 | 95.61 | 0.1 | 101.25 |
| Vested | (0.6) | 54.09 | (0.2) | 37.37 |
| Unvested stock awards at December 31, 2023 | 0.7 | $ 75.55 | 0.4 | $ 82.11 |

_______________

*(1) Includes RSUs granted to non-executive members of the board of directors.*
*(2) Performance-based awards are initially granted at target, assuming 100% payout.*

*Option Awards*

Stock options are awards that allow employees to purchase shares of our stock at a fixed price in the future. Stock option awards are granted at an exercise price equal to the market price of our stock at the time of grant. These awards, which generally vest one-third each year, are fully vested three years from the grant date. Stock options have contractual terms of ten years.

We have not granted stock option awards since 2019. As of December 31, 2023, we had options outstanding and exercisable of 0.9 million with a weighted-average exercise price of $72.37 and a weighted average-remaining contractual term of 3.1 years. As of December 31, 2022, we had options outstanding of 1.2 million with a weighted-average exercise price of $74.18 and a weighted average-remaining contractual term of 3.6 years.

The aggregate intrinsic values (the difference between the close price of our stock on the last trading day of the year and the exercise price, multiplied by the number of in-the-money options) that would have been received by the option holders if all options were exercised at year-end was $37 million as of December 31, 2023. This amount fluctuates based on the fair market value of our stock. The fair value of each option award is estimated on the date of grant using a Black-Scholes-Merton option-pricing valuation model. We use historical data to estimate stock option forfeitures.

**Employee Stock Purchase Plan**

We maintain an Employee Stock Purchase Plan (ESPP) that enables eligible employees in the U.S. and Canada to purchase full or fractional shares of Ryder common stock through payroll deductions of a specific dollar amount or up to 15% of eligible compensation during quarterly offering periods. The price is based on the fair market value of the stock on the last trading day of the quarter. Stock purchased under the ESPP must be held for 90 days or one year for officers. There were 7.5 million shares authorized for issuance under the existing ESPP as of December 31, 2023. There were 1.6 million shares remaining available to be purchased in the future under the ESPP as of December 31, 2023.

The following table presents the shares purchased and the related weighted-average purchase price under the ESPP:

| | Years ended December 31, | | |
|---|---|---|---|
| | **2023** | 2022 | 2021 |
| Shares purchased | **152,000** | 171,000 | 160,000 |
| Weighted average purchase price | **$ 82.81** | $ 65.50 | $ 66.75 |

## 19. EMPLOYEE BENEFIT PLANS

**Pension Plans**

We historically sponsored several defined benefit pension plans covering most employees not covered by union-administered plans, including certain employees in foreign countries. These plans generally provided participants with benefits based on years of service and career-average compensation levels.

In past years, we made amendments to defined benefit retirement plans that froze the retirement benefits for non-grandfathered and certain non-union employees in the U.S., Canada and the U.K. As of December 31, 2023, our U.S., Canadian and U.K. pension plans are frozen for all remaining active employees. These employees have ceased accruing further benefits under the defined benefit pension plans and began receiving benefits under enhanced defined contribution plans. All pension benefits earned were fully preserved and will be paid in accordance with plan and legal requirements. We recognized curtailment losses in 2020 of $9 million in Non-operating pension costs, net with an offset to Accumulated other comprehensive loss as a result of the freeze of the pension plans. We maintain an active $12 million unfunded pension plan in Mexico.

In September 2023, we executed a bulk annuity contract with a U.K. insurance company to fully settle our $250 million U.K. pension benefit obligation. This transaction secured all future pension benefits to the pension plan members. We are targeting a pension plan termination in 18-24 months. At that time, the pension plan will distribute individual annuities to each pension plan member and the U.K. insurance company will assume all administrative and financial responsibilities of the pension plan. This bulk annuity transaction will have no impact to our financial position or statement of earnings until we terminate the pension plan.

We also have a non-qualified supplemental pension plan covering certain U.S. employees, which provides for incremental pension payments so that the participants' payments equal the amounts that could have been received under our qualified pension plan if it were not for limitations imposed by income tax regulations. The accrued pension liability related to this plan was $45 million as of December 31, 2023 and 2022.

*Net Pension Expense*

Components of net pension expense for defined benefit pension plans were as follows:

| | Years ended December 31, | | |
|---|---|---|---|
| *(In millions)* | **2023** | 2022 | 2021 |
| Company-administered plans: | | | |
| Service cost | **$ 1** | $ 1 | $ 1 |
| Interest cost | **90** | 63 | 58 |
| Expected return on plan assets | **(77)** | (74) | (86) |
| Amortization of net actuarial loss and prior service cost | **27** | 21 | 28 |
| Net pension expense | **$ 41** | $ 11 | $ 1 |
| | | | |
| Company-administered plans: | | | |
| U.S. | **$ 31** | $ 13 | $ 9 |
| Non-U.S. | **10** | (2) | (8) |
| Net pension expense | **$ 41** | $ 11 | $ 1 |

Non-operating pension costs, net include the amortization of net actuarial loss and prior service cost, interest cost and expected return on plan assets components of pension and postretirement benefit costs, as well as any significant charges for settlements or curtailments if recognized.

The following table sets forth the weighted-average actuarial assumptions used in determining our annual net pension expense:

| | U.S. Plans Years ended December 31, | | | Non-U.S. Plans Years ended December 31, | | |
|---|---|---|---|---|---|---|
| | **2023** | 2022 | 2021 | **2023** | 2022 | 2021 |
| Discount rate | **5.50%** | 2.95% | 2.60% | **5.05%** | 2.14% | 1.53% |
| Expected long-term rate of return on plan assets | **5.40%** | 3.60% | 3.90% | **3.80%** | 2.79% | 3.89% |
| Gain and loss amortization period (years) | **20** | 21 | 21 | **24** | 25 | 24 |

The return on plan assets assumption reflects the weighted-average of the expected long-term rates of return for the broad categories of investments held in the plans net of fees. The expected long-term rate of return is adjusted when there are fundamental changes in expected returns or in asset allocation strategies of the plan assets.

*Obligations and Funded Status*

The following table sets forth the benefit obligations, assets and funded status associated with our pension plans:

| *(In millions)* | **2023** | 2022 |
|---|---|---|
| Change in benefit obligations: | | |
| Benefit obligations at January 1 | **$ 1,705** | $ 2,344 |
| Service cost | **1** | 1 |
| Interest cost | **90** | 63 |
| Actuarial loss (gain) | **155** | (547) |
| Pension curtailment and settlement | **—** | 1 |
| Benefits paid | **(111)** | (111) |
| Foreign currency exchange rate changes | **18** | (46) |
| Benefit obligations at December 31 | **1,858** | 1,705 |
| | | |
| Change in plan assets: | | |
| Fair value of plan assets at January 1 | **1,600** | 2,294 |
| Actual return on plan assets | **114** | (549) |
| Employer contribution | **21** | 23 |
| Benefits paid | **(111)** | (111) |
| Foreign currency exchange rate changes | **18** | (57) |
| Fair value of plan assets at December 31 | **1,642** | 1,600 |
| Funded status | **$ (216)** | $ (105) |
| Funded percent | **88%** | 94% |

The funded status of our pension plans was presented in the Consolidated Balance Sheets as follows:

| | December 31, | |
|---|---|---|
| *(In millions)* | **2023** | 2022 |
| Noncurrent asset | **$ 7** | $ 65 |
| Current liability | **(4)** | (4) |
| Noncurrent liability | **(219)** | (166) |
| Net amount recognized | **$ (216)** | $ (105) |

Amounts recognized in Accumulated other comprehensive loss (pre-tax) consisted of:

| | December 31, | |
|---|---|---|
| *(In millions)* | **2023** | 2022 |
| Prior service cost | **$ 26** | $ 3 |
| Net actuarial loss | **830** | 759 |
| Net amount recognized | **$ 856** | $ 762 |

In 2024, we expect to amortize $31 million of net actuarial loss and prior service cost as a component of pension expense.

The following table sets forth the weighted-average actuarial assumptions used in determining funded status:

| | U.S. Plans December 31, | | Non-U.S. Plans December 31, | |
|---|---|---|---|---|
| | **2023** | 2022 | **2023** | 2022 |
| Discount rate | **5.15%** | 5.50% | **4.25%** | 5.05% |

As of December 31, 2023 and 2022, our total accumulated benefit obligations, as well as our pension plan obligations (projected benefit obligations (PBO) and accumulated benefit obligations (ABO)) in excess of the fair value of the related plan assets, for our U.S. and foreign plans were as follows:

| | U.S. Plans December 31, | | Non-U.S. Plans December 31, | | Total December 31, | |
|---|---|---|---|---|---|---|
| *(In millions)* | **2023** | 2022 | **2023** | 2022 | **2023** | 2022 |
| Total accumulated benefit obligations | **$ 1,444** | $ 1,387 | **$ 411** | $ 316 | **$ 1,855** | $ 1,703 |
| Plans with pension obligations in excess of plan assets: | | | | | | |
| PBO | **1,444** | 1,387 | **352** | 11 | **1,796** | 1,398 |
| ABO | **1,444** | 1,387 | **349** | 9 | **1,793** | 1,396 |
| Fair value of plan assets | **1,241** | 1,229 | **—** | — | **1,241** | 1,229 |

*Investment Policy and Fair Value of Plan Assets*

We have a liability hedging investment strategy for our qualified pension plans that reduces the volatility of our pension assets relative to our pension liabilities. The overall objective is to achieve attractive risk-adjusted returns that will balance the liquidity requirements related to the plans' liabilities while striving to minimize the risk of significant funded status deterioration. As the funded status of each plan improves, we (1) gradually increase the liability hedging portfolio, which consists of high quality, longer-term fixed income securities and (2) reduce our allocation of equity investments. The plans utilize several investment strategies, including actively and passively managed fixed income strategies and passively managed equity strategies. The investment policy establishes targeted allocations for each asset class that incorporate measures of asset and liability risks. Deviations between actual pension plan asset allocations and targeted asset allocations may occur as a result of investment performance and changes in the funded status from time to time. Rebalancing of our pension plan asset portfolios is evaluated periodically and rebalanced if actual allocations exceed an acceptable range. U.S. plans account for approximately 76% of our total pension plan assets. Fixed income and equity securities in our international plans include actively and passively managed funds.

The following table presents the fair value of each major category of pension plan assets and the level of inputs used to measure fair value as of December 31, 2023 and 2022:

| *(In millions)* | **Fair Value Measurements at December 31, 2023** | | | |
|---|---|---|---|---|
| **Asset Category** | **Total** | **Level 1** | **Level 2** | **Level 3** |
| Commingled funds: | | | | |
| Equity funds | **$ 155** | **$ —** | **$ 155** | **$ —** |
| Fixed income funds | **70** | **—** | **65** | **5** |
| Fixed income securities | **969** | **—** | **969** | 0 **—** |
| Alternative investments: | | | | |
| Private equity fund | **38** | **—** | **—** | **38** |
| Hedge fund | **67** | **—** | **—** | **67** |
| Bulk annuity contract | **327** | **—** | **—** | **327** |
| Cash and cash equivalents | **16** | **—** | **16** | **—** |
| Total | **$ 1,642** | **$ —** | **$ 1,205** | **$ 437** |

| *(In millions)* | Fair Value Measurements at December 31, 2022 | | | |
|---|---|---|---|---|
| **Asset Category** | Total | Level 1 | Level 2 | Level 3 |
| Commingled funds: | | | | |
| Equity funds | $ 173 | $ — | $ 173 | $ — |
| Fixed income funds | 395 | — | 390 | 5 |
| Fixed income securities | 917 | — | 917 | — |
| Alternative investments: | | | | |
| Private equity fund | 47 | — | — | 47 |
| Hedge fund | 63 | — | — | 63 |
| Cash and cash equivalents | 5 | — | 5 | — |
| Total | $ 1,600 | $ — | $ 1,485 | $ 115 |

The following is a description of the valuation methodologies used for our pension assets as well as the level of input used to measure fair value:

*Equity securities* — These investments include common and preferred stocks and index common collective trusts that track U.S. and foreign indices. The common collective trusts were valued at the unit prices established by the funds' sponsors based on the fair value of the assets underlying the funds. Since the units of the funds are not actively traded, the fair value measurements have been classified within Level 2 of the fair value hierarchy.

*Fixed income securities* — These investments include investment grade bonds of U.S. issuers from diverse industries, government issuers, index common collective trusts that track the Barclays Aggregate Index and other fixed income investments (primarily mortgage-backed securities). Fair values for the corporate bonds were valued using third-party pricing services. These sources determine prices utilizing market income models which factor in, where applicable, transactions of similar assets in active markets, transactions of identical assets in infrequent markets, interest rates, bond or credit default swap spreads and volatility. Since the corporate bonds are not actively traded, the fair value measurements have been classified within Level 2 of the fair value hierarchy. The common collective trusts were valued at the unit prices established by the funds' sponsors based on the fair value of the assets underlying the funds. Since the units of the funds are not actively traded, the fair value measurements have been classified within Level 2 of the fair value hierarchy. The other investments are not actively traded and fair values are estimated using bids provided by brokers, dealers or quoted prices of similar securities with similar characteristics or pricing models. Therefore, the other investments have been classified within Level 2 of the fair value hierarchy.

*Private equity and hedge funds* — These investments represent limited partnership interests in private equity and hedge funds. The partnership interests are valued by the general partners based on the underlying assets in each fund. The limited partnership interests are valued using unobservable inputs and have been classified within Level 3 of the fair value hierarchy.

*Bulk annuity contract* — The bulk annuity contract is a U.K insurance policy issued by an authorized U.K. life insurer. This contract is valued by the insurer using unobservable inputs not traded on an open market. Accordingly, this contract was categorized as Level 3.

The following table presents a summary of changes in the fair value of the pension plans' Level 3 assets for 2023 and 2022:

| *(In millions)* | **2023** | 2022 |
|---|---|---|
| Beginning balance at January 1 | **$ 115** | $ 122 |
| Return on plan assets: | | |
| Relating to assets still held at the reporting date | **(3)** | (9) |
| Purchases, sales, settlements and expenses | **325** | 2 |
| Ending balance at December 31 | **$ 437** | $ 115 |

*Funding Policy and Contributions*

The funding policy for these plans is to make contributions when required by statute. We may, from time to time, make voluntary contributions to our pension plans, which exceed the amount required by statute. The majority of the plans' assets are invested in a master trust that, in turn, is invested primarily in commingled funds whose investments are listed stocks and bonds. During 2023, total global pension contributions were $21 million compared with $23 million in 2022. We estimate total 2024 required contributions to our pension plans to be approximately $4 million, and we do not expect to make voluntary contributions.

*Estimated Future Benefits Payments*

The following table details pension benefits expected to be paid in each of the next five fiscal years and in the aggregate for the five fiscal years thereafter:

| | *(In millions)* |
|---|---|
| 2024 | **$ 206** |
| 2025 | **154** |
| 2026 | **141** |
| 2027 | **136** |
| 2028 | **130** |
| 2029-2033 | **600** |

**Savings Plans**

Employees who are not covered by union-administered plans are generally eligible to participate in enhanced savings plans. These plans provide for (1) a company contribution even if employees do not make contributions for employees hired before January 1, 2016, (2) a company match of employee contributions of eligible pay, subject to tax limits and (3) a discretionary company match. Savings plan costs totaled $48 million, $49 million and $45 million in 2023, 2022 and 2021, respectively.

**Deferred Compensation and Long-Term Compensation Plans**

We have deferred compensation plans that permit eligible U.S. employees, officers and directors to defer a portion of their compensation. The deferred compensation liability, including Ryder matching amounts and accumulated earnings, was $108 million and $85 million as of December 31, 2023 and 2022, respectively.

We have established grantor trusts (Rabbi Trusts) to provide funding for benefits payable under the supplemental pension plan, deferred compensation plans and long-term incentive compensation plans. The assets held in the trusts were $109 million and $85 million as of December 31, 2023 and 2022, respectively. The Rabbi Trusts' assets consist of short-term cash investments and a managed portfolio of equity securities, including our common stock. These assets, except for the investment in our common stock, are included in "Sales-type leases and other assets" because they are available to our general creditors in the event of insolvency. The equity securities are classified as trading securities and stated at fair value. The realized and unrealized investment income (loss) recognized in "Miscellaneous income, net" was a $17 million income for 2023, $15 million loss for 2022 and $11 million of income for 2021. The Rabbi Trusts' investments in our common stock as of both December 31, 2023 and 2022 were not material. Investments held in Rabbi Trusts are assets measured at fair value on a recurring basis. All investments are considered Level 1 of the fair value hierarchy.

## 20. OTHER ITEMS IMPACTING COMPARABILITY

Our primary measure of segment performance as shown in Note 3, "Segment Reporting," excludes certain items we do not believe are representative of the ongoing operations of the segment. Excluding these items from our segment measure of performance allows for better year over year comparison:

| *(In millions)* | Years ended December 31, 2023 | 2022 | 2021 |
|---|---|---|---|
| FMS Europe results (1) | **$ 6** | $ — | $ 10 |
| Gains on sale of U.K. revenue earning equipment (2) | **(2)** | (49) | — |
| Gains on sale of U.K. properties (3) | **(9)** | (36) | (37) |
| Commercial claims proceeds, net of fees (1) | **(31)** | (12) | — |
| Severance and other, net (1) | **4** | 15 | — |
| FMS U.K. exit | **(32)** | (82) | (27) |
| Currency translation adjustment loss | **188** | — | — |
| ERP Implementation costs (1) | **—** | — | 13 |
| Other, net (1) (3) | **1** | (1) | 4 |
| Other items impacting comparability, net | **$ 157** | $ (83) | $ (10) |

*(1) Included within "Restructuring and other items, net" in our Consolidated Statements of Earnings.*
*(2) Included within "Used vehicle sales, net" in our Consolidated Statements of Earnings.*
*(3) Included within "Miscellaneous income, net" in our Consolidated Statements of Earnings.*

## 21. CONTINGENCIES AND OTHER MATTERS

We are a party to various claims, complaints and proceedings arising in the ordinary course of our continuing business operations including those relating to commercial and employment claims, environmental matters, risk management matters (e.g., vehicle liability, workers' compensation, etc.), and administrative assessments primarily associated with operating taxes. We have established loss provisions for matters in which losses are probable and can be reasonably estimated. We believe that the resolution of these claims, complaints and legal proceedings will not have a material effect on our consolidated financial statements.

Our estimates regarding potential losses and materiality are based on our judgment and assessment of the claims utilizing currently available information. Although we will continue to reassess our estimated liability based on future developments, our objective assessment of the legal merits of such claims may not always be predictive of the outcome and actual results may vary from our current estimates.

### Securities Litigation Relating to Residual Value Estimates

On May 20, 2020, a putative class action on behalf of purchasers of our securities who purchased or otherwise acquired their securities between July 23, 2015 and February 13, 2020, inclusive ("Class Period"), was commenced against Ryder and certain of our current and former officers in the U.S. District Court for the Southern District of Florida (the "Securities Class Action"). The complaint alleges, among other things, that the defendants misrepresented Ryder's depreciation policy and residual value estimates for its vehicles during the Class Period in violation of Section 10(b) and 20(a) of the Securities Exchange Act of 1934 and Rule 10b-5 promulgated thereunder, and seeks to recover, among other things, unspecified compensatory damages and attorneys' fees and costs. On August 3, 2020, the State of Alaska, Alaska Permanent Fund, the City of Fort Lauderdale General Employees' Retirement System, and the City of Plantation Police Officers Pension Fund were appointed lead plaintiffs. On October 5, 2020, the lead plaintiffs filed an amended complaint. On December 4, 2020, Ryder and the other named defendants in the case filed a Motion to Dismiss the amended complaint. On May 12, 2022, the court denied the defendants' motion to dismiss. The court entered a case management schedule on June 27, 2022, which, among other things, provided that discovery shall be completed by October 2023 and trial shall commence in June 2024. On April 18, 2023, the parties reached an agreement in principle to resolve the Securities Class Action, and the court entered an order staying the case discovery deadlines. On May 19, 2023, plaintiffs filed an unopposed Motion for Preliminary Approval of the settlement, with corresponding settlement documentation. On August 11, 2023, the court entered an order directing the plaintiffs to file a renewed Motion for Preliminary Approval of the settlement with specified changes to the settlement documentation, which was filed on August 17, 2023. The renewed Motion for Preliminary Approval of the settlement remains pending court approval. We expect that the settlement amount will be covered by insurance, and accordingly is not material to our financial position or results of operations.

As previously disclosed, between June 2020 and February 2, 2021, five shareholder derivative complaints were filed purportedly on behalf of Ryder against us as nominal defendant and certain of our current and former officers and directors. The derivative complaints are generally based on the allegations set forth in the Securities Class Action and allege breach of fiduciary duties, unjust enrichment, and waste of corporate assets. The derivative plaintiffs, on our behalf, seek an award of monetary damages and restitution to us, improvements in our corporate governance and internal procedures, and legal fees. Three of these derivative complaints were filed in the Circuit Court of the 11th Judicial Circuit in and for Miami-Dade County, Florida, and were then consolidated into a single action (the "State Action"). Two of the derivative complaints were filed in U.S. District Court for the Southern District of Florida (the "Federal Actions", and together with the State Action, the "Derivative Cases"). All of the Derivative Cases were stayed (stopped) pending the resolution of the motion to dismiss the Securities Class Action described in the paragraph above. On July 18, 2022, the Federal Actions were further stayed pending the final resolution of the State Action. On July 26, 2022, the State Action was further stayed until the conclusion of summary judgment proceedings in the Securities Class Action (except that certain discovery would be permitted). In September 2023, the parties reached an agreement in principle to resolve the Derivative Cases in exchange for certain specified corporate reforms, subject to the execution of definitive settlement documentation and court approval. We expect that any settlement amount of plaintiffs' attorneys' fees and expenses in connection with the settlement of the Derivative Cases also will be covered by insurance, and accordingly is not material to our financial position or results of operations.

**Environmental Matters**

Our operations involve storing and dispensing petroleum products, primarily diesel fuel, regulated under environmental protection laws. These laws require us to eliminate or mitigate the effect of such substances on the environment. In response to these requirements, we continually upgrade our operating facilities and implement various programs to detect and minimize contamination. In addition, we have received notices from the Environmental Protection Agency (EPA) and others that we have been identified as a potentially responsible party under the Comprehensive Environmental Response, Compensation, and Liability Act; the Superfund Amendments and Reauthorization Act; and similar state statutes. We may be required to share in the cost of cleanup of 22 identified disposal sites and have established loss provisions for matters in which losses are probable and can be reasonably estimated. We believe that the resolution of these matters will not have a material effect on our consolidated financial statements.

The ultimate cost of our environmental liabilities cannot presently be projected with certainty due to the presence of several unknown factors, primarily the level of contamination, the effectiveness of selected remediation methods, the stage of investigation at individual sites, the determination of our liability in proportion to other responsible parties and the recoverability of such costs from third parties. Based on information presently available, we believe that the ultimate disposition of these matters, although potentially material to the results of operations in any one year, will not have a material adverse effect on our financial condition or liquidity.

## 22. SUPPLEMENTAL CASH FLOW INFORMATION

Supplemental cash flow information was as follows:

| | As of and for the years ended December 31, | | |
|---|---|---|---|
| *(In millions)* | **2023** | 2022 | 2021 |
| Interest paid | **$ 269** | $ 214 | $ 208 |
| Income taxes paid | **$ 96** | $ 115 | $ 45 |
| Cash paid for operating lease liabilities | **$ 249** | $ 184 | $ 98 |
| Right-of-use assets obtained in exchange for lease obligations: | | | |
| Finance leases | **$ 26** | $ 12 | $ 15 |
| Operating leases | **$ 477** | $ 340 | $ 108 |
| Capital expenditures acquired but not yet paid | **$ 244** | $ 199 | $ 179 |

## 23. ACQUISITIONS

The following table provides the preliminary and final purchase price allocations for IFS and Whiplash, respectively, of the fair value of the assets and liabilities as of the acquisition date. The excess of the purchase consideration over the aggregate estimated fair values of identifiable assets acquired and liabilities assumed was recorded as goodwill:

| | November 1, 2023 | January 1, 2022 |
|---|---|---|
| *(In millions)* | IFS | Whiplash |
| Assets: | | |
| Total current assets | **$ 39** | $ 92 |
| Operating property and equipment, net | **20** | 40 |
| Goodwill | **79** | 280 |
| Intangible assets, net | **131** | 150 |
| Sales-type leases and other assets | **59** | 196 |
| Total assets | **328** | 758 |
| | | |
| Liabilities: | | |
| Total current liabilities | **40** | 106 |
| Other non-current liabilities | **33** | 169 |
| Total liabilities | **73** | 275 |
| Net assets acquired | **$ 255** | $ 483 |

On November 1, 2023, we acquired all the outstanding equity of IFS, which specializes in contract packaging, contract manufacturing and warehousing, primarily in the consumer packaged goods, retail, and healthcare industries, for an approximate purchase price of $255 million. The acquisition is included within the consumer packaged goods industry vertical in our SCS business segment and expands the product offerings that we can offer to our customers.

We believe that we have sufficient information to provide a reasonable basis for estimating the fair values of assets acquired and liabilities assumed. The purchase price excludes certain items to be resolved post-closing with the seller, which may result in additional adjustments to the final purchase price. Therefore, the provisional measurements of estimated fair values reflected are subject to change. We expect to finalize the valuation and complete the purchase consideration allocation no later than one year from the acquisition date. The goodwill recognized reflects anticipated supply chain services growth opportunities and expected synergies of combining IFS with our business. All of the goodwill is expected to be deductible for income tax purposes. All of the intangible assets acquired relates to customer relationship and is expected to be amortized over 11 to 14 years.

On January 1, 2022, we acquired all the outstanding equity of Whiplash, a leading national provider of omnichannel fulfillment and logistics services for a purchase price of $483 million. The acquisition is included in our SCS business segment, and will expand our e-commerce and omnichannel fulfillment network. The purchase price allocation of estimated fair values reflected were finalized during the fourth quarter of 2022. The goodwill recognized reflects anticipated supply chain services growth opportunities and expected synergies of combining Whiplash with our business. None of the goodwill is deductible for income tax purposes. Customer relationship intangible assets are expected to be amortized over 13 years. The cash paid from escrow during 2022 is reflected in "Acquisitions, net of cash acquired" in the Consolidated Statement of Cash Flows for the year ended December 31, 2022.

For the year ended December 31, 2022, we paid $32 million, net of cash acquired, related to other business combinations, primarily within the SCS segment, which resulted in additions to goodwill and intangible assets of $11 million and $6 million, respectively. On November 1, 2021, we acquired all the outstanding equity of Midwest, a warehousing, distribution, and transportation company based in Woodbridge, IL for a purchase price of $284 million. The acquisition is included in our SCS business segment.

**Subsequent Event**

On February 1, 2024, we acquired all the outstanding equity of CLH Parent Corporation (Cardinal Logistics) for a purchase price of $290 million. Cardinal Logistics is a leading customized dedicated contract carrier in North America, providing dedicated fleets and professional drivers, as well as complementary freight brokerage services, last-mile delivery and contract logistics services. Cardinal Logistics primarily serves the consumer packaged goods, omnichannel retail, automotive, and industrial verticals. This acquisition increases our scale and network density and further advances our strategy to accelerate growth in dedicated.

## ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

## ITEM 9A. CONTROLS AND PROCEDURES

**Evaluation of Disclosure Controls and Procedures**

As of the end of the period covered by this report, we carried out an evaluation, under the supervision and with the participation of management, including Ryder's Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of Ryder's disclosure controls and procedures (as defined in Rule 13a-15(e) under the Securities Exchange Act of 1934). Based upon that evaluation, the Chief Executive Officer and Chief Financial Officer concluded that as of December 31, 2023, Ryder's disclosure controls and procedures (as defined in Rule 13a-15(e) under the Securities Exchange Act of 1934) were effective.

**Management's Report on Internal Control over Financial Reporting**

We excluded IFS Holdings, LLC, a holding company for Impact Fulfillment Services, LLC (IFS) from our assessment of internal control over financial reporting as of December 31, 2023, because it was acquired in a purchase business combination during the year ended December 31, 2023. The total assets and total revenues of IFS, a wholly-owned subsidiary, represented less than 1% of the related consolidated financial statement amounts as of and for the year ended December 31, 2023.

Management's Report on Internal Control over Financial Reporting and the Report of Independent Registered Public Accounting Firm thereon are set out in Item 8 of Part II of this Form 10-K Annual Report.

**Changes in Internal Controls over Financial Reporting**

During the three months ended December 31, 2023, there were no changes in Ryder's internal control over financial reporting that have materially affected or are reasonably likely to materially affect such internal control over financial reporting.

## ITEM 9B. OTHER INFORMATION

**Rule 10b5-1 Trading Plans and Non-Rule 10b5-1 Trading Arrangements**

Certain of our officers or directors, as applicable, have made elections to participate in, and are participating in, our dividend reinvestment plan and 401(k) savings plan, and have made, and may from time to time make, elections to purchase shares, have shares withheld to cover withholding taxes, or pay the exercise price of options, which may be designed to satisfy the affirmative defense conditions of Rule 10b5-1 under the Exchange Act or may constitute non-Rule 10b5-1 trading arrangements (as defined in Item 408(c) of Regulation S-K).

## ITEM 9C. DISCLOSURE REGARDING FOREIGN JURISDICTIONS THAT PREVENT INSPECTIONS

Not applicable.

# PART III

## ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

The information required by Item 10 with respect to executive officers is included within Item 1 in Part I under the caption "Information about our Executive Officers" of this Form 10-K Annual Report.

The information required by Item 10 with respect to directors, audit committee, audit committee financial experts and Section 16(a) beneficial ownership reporting compliance (to the extent applicable) is included under the captions "Election of Directors," "Audit Committee," and "Delinquent Section 16(a) Reports," respectively, in our definitive proxy statement, which will be filed with the Commission within 120 days after the close of the fiscal year, and is incorporated herein by reference.

Ryder has adopted a code of conduct applicable to all employees, including its Chief Executive Officer, Chief Financial Officer, Controller and Senior Financial Management. We will provide a copy of our code of conduct to anyone, free of charge, upon request through our Investor Relations Page, on our website at *www.ryder.com*.

## ITEM 11. EXECUTIVE COMPENSATION

The information required by Item 11 is included under the captions "Compensation Discussion and Analysis," "Executive Compensation," "Compensation Committee," "Compensation Committee Report on Executive Compensation" and "Director Compensation" in our definitive proxy statement, which will be filed with the Commission within 120 days after the close of the fiscal year, and is incorporated herein by reference.

## ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

The information required by Item 12 with respect to security ownership of certain beneficial owners and management is included under the captions "Security Ownership of Officers and Directors" and "Security Ownership of Certain Beneficial Owners" in our definitive proxy statement, which will be filed with the Commission within 120 days after the close of the fiscal year, and is incorporated herein by reference.

**Securities Authorized for Issuance under Equity Compensation Plans**

The following table includes information as of December 31, 2023, about certain plans that provide for the issuance of common stock in connection with the exercise of stock options and other share-based awards.

| Plans | Number of Securities to be Issued Upon Exercise of Outstanding Options, Warrants and Rights | Weighted-Average Exercise Price of Outstanding Options, Warrants and Rights | Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans Excluding Securities Reflected in Column (a) |
|---|---|---|---|
| | (a) | (b) | (c) |
| Equity compensation plans approved by security holders: | | | |
| Broad based employee and non-employee directors' stock plan | **2,023,650** (1) | **$72.37** (2) | **3,410,450** (3) |
| Employee stock purchase plan | — | — | **1,584,791** |
| Total | **2,023,650** | **$72.37** | **4,995,241** |

*(1) Includes broad based employee stock options and other share-based awards of 864,824 stock options, 569,983 time-vested restricted stock units and 334,986 performance-based restricted stock units calculated at target. Includes non-employee directors' units of 249,138 time-vested restricted stock units, as well as 4,719 time-vested restricted stock units awarded to non-executive directors and vested but not exercisable until six months after the director's retirement. Refer to Note 18, "Share-Based Compensation Plans", for additional information.*

*(2) Weighted-average exercise price of outstanding options excludes restricted stock units.*

*(3) Calculated by reducing shares authorized for issuance by a ratio of two shares for each share issued (on a 1:2 ratio) other than with respect to shares delivered pursuant to a stock option which shall reduce the shares available by one share (on a 1:1 ratio) as set forth under the terms of the 2019 Equity and Incentive Compensation Plan and assuming maximum performance for the performance-based restricted stock units. All future awards issued will reduce the shares available for issuance by the terms set forth in the 2019 Equity and Incentive Compensation Plan, as described in the previous sentence.*

## ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

The information required by Item 13 is included under the captions “Board of Directors” and “Related Person Transactions” in our definitive proxy statement, which will be filed with the Commission within 120 days after the close of the fiscal year, and is incorporated herein by reference.

## ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

The information required by Item 14 is included under the caption “Ratification of Independent Auditor” in our definitive proxy statement, which will be filed with the Commission within 120 days after the close of the fiscal year, and is incorporated herein by reference.

# PART IV

## ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

(a) Items A through H and are presented on the following pages of this Form 10-K Annual Report:



All other schedules are omitted because they are not applicable or the required information is shown in the consolidated financial statements or notes thereto.

3. Exhibits:

The following exhibits are filed with this report or, where indicated, incorporated by reference (Forms 10-K, 10-Q and 8-K referenced herein have been filed under the Commission’s file No. 1-4364). Ryder will provide a copy of the exhibits filed with this report at a nominal charge to those parties requesting them.

## ITEM 16. FORM 10-K SUMMARY

None.

## EXHIBIT INDEX

| Exhibit Number | Description |
|---|---|
| 3.1 | The Ryder System, Inc. Restated Articles of Incorporation (conformed copy incorporating all amendments through May 3, 2019), previously filed with the Commission on May 9, 2019 as an exhibit to Ryder's Quarterly Report on Form 10-Q, is incorporated by reference in this report. |
| 3.2 | The Ryder System, Inc. By-Laws, as amended through May 3, 2019, previously filed with the Commission on May 9, 2019 as an exhibit to Ryder's Quarterly Report on Form 10-Q, is incorporated by reference in this report. |
| 4.1 | Ryder hereby agrees, pursuant to paragraph (b)(4)(iii) of Item 601 of Regulation S-K, to furnish the Commission with a copy of any instrument defining the rights of holders of long-term debt of Ryder, where such instrument has not been filed as an exhibit hereto and the total amount of securities authorized there under does not exceed 10% of the total assets of Ryder and its subsidiaries on a consolidated basis. |
| 4.2 | The First Supplemental Indenture between Ryder System, Inc. and The Chase Manhattan Bank (National Association) dated October 1, 1987, previously filed with the Commission as an exhibit to Ryder's Annual Report on Form 10-K for the year ended December 31, 1994, is incorporated by reference into this report. |
| 4.3 | The Form of Indenture between Ryder System, Inc. and The Chase Manhattan Bank (National Association) dated as of May 1, 1987, and supplemented as of November 15, 1990 and June 24, 1992, filed with the Commission on July 30, 1992 as an exhibit to Ryder's Registration Statement on Form S-3 (No. 33-50232), is incorporated by reference into this report. |
| 4.4 | The Form of Indenture between Ryder System, Inc. and J.P. Morgan Trust Company (National Association) dated as of October 3, 2003 filed with the Commission on August 29, 2003 as an exhibit to Ryder's Registration Statement on Form S-3 (No. 333-108391), is incorporated by reference into this report. |
| 4.5 | Form of Medium-Term Note - Master Note, previously filed with the Commission on July 30, 2019, as an exhibit to Ryder's Quarterly Report on Form 10-Q, is incorporated by reference in this report. |
| 4.6 | Description of Ryder System, Inc.'s Securities Registered Under Section 12 of the Securities Exchange Act of 1934, previously filed with the Commission on February 27, 2020 as an exhibit to Ryder's Annual Report on Form 10-K, is incorporated by reference in this report. |
| 10.1* | The Ryder System, Inc. 2005 Equity Compensation Plan, previously filed with the Commission on March 21, 2008, as Appendix A to Ryder's Definitive Proxy Statement on Schedule 14A, is incorporated by reference into this report. |
| 10.2* | The Ryder System, Inc. Stock Purchase Plan for Employees, previously filed with the Commission on March 29, 2010, as Appendix B to Ryder System, Inc.'s Definitive Proxy Statement on Schedule 14A, is incorporated by reference into this report. |
| 10.3* | Terms and Conditions applicable to restricted stock units granted under the Ryder System, Inc. 2005 Equity Compensation Plan, previously filed with the Commission as an exhibit to Ryder's Quarterly Report on Form 8-K filed with the Commission on May 11, 2005, are incorporated by reference into this report. |
| 10.4* | Ryder System, Inc. 2012 Equity and Incentive Compensation Plan, previously filed with the Commission as an exhibit to Ryder's Current Report on Form 8-K filed with the Commission on May 10, 2012, is incorporated by reference into this report. |
| 10.5* | Terms and Conditions applicable to non-qualified stock options granted under the Ryder System, Inc. 2012 Equity and Incentive Compensation Plan, previously filed with the Commission as an exhibit to Ryder's Current Report on Form 8-K filed with the Commission on May 10, 2012, are incorporated by reference into this report. |
| 10.6* | Terms and Conditions applicable to restricted stock units granted under the Ryder System, Inc. 2012 Equity and Incentive Compensation Plan, previously filed with the Commission as an exhibit to Ryder's Current Report on Form 8-K filed with the Commission on May 10, 2012, are incorporated by reference into this report. |

| Exhibit Number | Description |
|---|---|
| 10.7* | Amended and Restated Ryder System, Inc. 2012 Equity and Incentive Compensation Plan, previously filed with the Commission on May 10, 2016 as an exhibit to Ryder's Quarterly Report on Form 8-K, is incorporated by reference to this report. |
| 10.8* | Form of Terms and Conditions applicable to non-qualified stock options granted under the Amended and Restated Ryder System, Inc. 2012 Equity and Incentive Compensation Plan, previously filed with the Commission on July 27, 2016 as an exhibit to Ryder's Quarterly Report on Form 10-Q, is incorporated by reference to this report. |
| 10.9* | Form of Terms and Conditions applicable to restricted stock units for non-employee directors granted under the Amended and Restated Ryder System, Inc. 2012 Equity and Incentive Compensation Plan, previously filed with the Commission on July 27, 2016 as an exhibit to Ryder's Quarterly Report on Form 10-Q, is incorporated by reference to this report. |
| 10.10* | The Officer Severance Plan |
| 10.11* | Form of Terms and Conditions Applicable to Restricted Stock Rights issued under the Amended and Restated Ryder System, Inc. 2019 Equity and Incentive Compensation Plan |
| 10.12* | Form of Terms and Conditions applicable to non-qualified stock options granted under the Amended and Restated Ryder System, Inc. 2012 Equity and Incentive Compensation Plan, previously filed with the Commission on April 25, 2017 as an exhibit to Ryder's Quarterly Report on Form 10-Q, is incorporated by reference to this report. |
| 10.13* | Form of Terms and Conditions applicable to restricted stock units for non-employee directors granted under the Amended and Restated Ryder System, Inc. 2012 Equity and Incentive Compensation Plan, previously filed with the Commission on April 25, 2017 as an exhibit to Ryder's Quarterly Report on Form 10-Q, is incorporated by reference to this report. |
| 10.14* | Form of Terms and Conditions applicable to performance-based restricted stock rights granted under the Amended and Restated Ryder System, Inc. 2012 Equity and Incentive Compensation Plan, previously filed with the Commission on February 20, 2018 as an exhibit to Ryder's Annual Report on Form 10-K, is incorporated by reference to this report. |
| 10.16* | Form of Terms and Conditions applicable to stock-awards for non-employee directors issued under the Amended and Restated Ryder System, Inc. 2012 Equity and Incentive Compensation Plan, previously filed with the Commission on July 25, 2018 as an exhibit to Ryder's Quarterly Report on Form 10-Q, is incorporated by reference to this report. |
| 10.17* | Form of Terms and Conditions applicable to deferred stock awards for non-employee directors issued under the Amended and Restated Ryder System, Inc. 2012 Equity and Incentive Compensation Plan, previously filed with the Commission on October 26, 2018 as an exhibit to Ryder's Quarterly Report on Form 10-Q, is incorporated by reference to this report. |
| 10.18* | The Ryder System, Inc. Directors Stock Award Plan, as amended and restated at February 10, 2005, previously filed with the Commission on February 24, 2005 as an exhibit to Ryder's Annual Report on Form 10-K for the year ended December 31, 2004, is incorporated by reference into this report. |
| 10.19* | The Ryder System, Inc. Directors Stock Plan, as amended and restated at May 7, 2004, previously filed with the Commission on February 24, 2005 as an exhibit to Ryder's Annual Report on Form 10-K for the year ended December 31, 2004, is incorporated by reference into this report. |
| 10.20* | The Ryder System Benefit Restoration Plan, as amended and restated, previously filed with the Commission as an exhibit to Ryder's Current Report on Form 8-K filed with the Commission on February 11, 2009, is incorporated by reference into this report. |
| 10.21* | Form of Indemnification Agreement for independent directors, effective as of February 24, 2016, previously filed with the Commission as an exhibit to Ryder's Current Report on Form 8-K filed with the Commission on February 29, 2016, is incorporated by reference into this report. |

| Exhibit Number | Description |
|---|---|
| 10.22* | The Ryder System, Inc. Deferred Compensation Plan, effective as of January 1, 2009, previously filed with the Commission as an exhibit to Ryder's Current Report on Form 8-K filed with the Commission on February 11, 2009, is incorporated by reference to this report. |
| 10.23 | Third Amended and Restated Global Revolving Credit Agreement, dated as of December 14, 2021, by and among Ryder System, Inc., certain Ryder subsidiaries, and the lenders and agents named therein, previously filed with the Commission as an exhibit to Ryder's Current Report on Form 8-K filed with the Commission on December 20, 2021, is incorporated by reference to this report. |
| 10.24* | Ryder System, Inc. 2019 Equity and Incentive Compensation Plan, previously filed with the Commission on March 18, 2019, as Appendix A to Ryder System, Inc.'s Definitive Proxy Statement on Schedule 14A, is incorporated by reference into this report. |
| 10.26* | Form of Terms and Conditions Applicable to Deferred Stock Awards for Non-Employee Directors issued under the Ryder System, Inc. 2019 Equity and Incentive Compensation Plan, previously filed with the Commission on May 9, 2019 as an exhibit to Ryder's Quarterly Report on Form 10-Q, is incorporated by reference in this report. |
| 10.27* | Form of Terms and Conditions Applicable to Non-Qualified Stock Options issued under the Ryder System, Inc. 2019 Equity and Incentive Compensation Plan, previously filed with the Commission on May 9, 2019 as an exhibit to Ryder's Quarterly Report on Form 10-Q, is incorporated by reference in this report. |
| 10.28* | Form of Terms and Conditions Applicable to Performance-Based Restricted Stock Rights issued under the Ryder System, Inc. 2019 Equity and Incentive Compensation Plan, previously filed with the Commission on May 9, 2019 as an exhibit to Ryder's Quarterly Report on Form 10-Q, is incorporated by reference in this report. |
| 10.29* | Form of Terms and Conditions Applicable to Restricted Stock Rights issued under the Ryder System, Inc. 2019 Equity and Incentive Compensation Plan, previously filed with the Commission on May 9, 2019 as an exhibit to Ryder's Quarterly Report on Form 10-Q, is incorporated by reference in this report. |
| 10.30* | Form of Terms and Conditions Applicable to Stock Awards for Non-Employee Directors issued under the Ryder System, Inc. 2019 Equity and Incentive Compensation Plan, previously filed with the Commission on May 9, 2019 as an exhibit to Ryder's Quarterly Report on Form 10-Q, is incorporated by reference in this report. |
| 10.31* | Ryder System, Inc. Non-Qualified Stock Option Award Granted as an "Employment Inducement Grant" under New York Stock Exchange Listing Rule 303A.08, previously filed with the Commission on May 9, 2019 as an exhibit to Ryder's Quarterly Report on Form 10-Q, is incorporated by reference in this report. |
| 10.32* | Ryder System, Inc. Restricted Stock Rights Award Granted as an "Employment Inducement Grant" under New York Stock Exchange Listing Rule 303A.08, previously filed with the Commission on May 9, 2019 as an exhibit to Ryder's Quarterly Report on Form 10-Q, is incorporated by reference in this report. |
| 10.33* | Forms of Terms and Conditions Applicable to Non-Qualified Stock Options issued under the Ryder System, Inc. 2019 Equity and Incentive Compensation Plan, previously filed with the Commission on February 27, 2020 as an exhibit to Ryder's Annual Report on Form 10-K, is incorporated by reference in this report. |
| 10.34* | Form of Terms and Conditions Applicable to Performance-Based Restricted Stock Rights issued under the Ryder System, Inc. 2019 Equity and Incentive Compensation Plan, previously filed with the Commission on February 27, 2020 as an exhibit to Ryder's Annual Report on Form 10-K, is incorporated by reference in this report. |
| 10.35* | Form of Terms and Conditions Applicable to Restricted Stock Rights issued under the Ryder System, Inc. 2019 Equity and Incentive Compensation Plan, previously filed with the Commission on February 27, 2020 as an exhibit to Ryder's Annual Report on Form 10-K, is incorporated by reference in this report. |
| 10.36* | The Ryder System, Inc. Stock Purchase Plan for Employees, previously filed with the Commission on March 16, 2020, as Appendix A to Ryder System, Inc.'s Definitive Proxy Statement on Schedule 14A, is incorporated by reference into this report. |
| 10.37* | Form of Annual Cash Incentive Award Agreement for Executive Officers. |
| 10.38* | Form of Terms and Conditions Applicable to Restricted Stock Rights issued under the Amended and Restated Ryder System, Inc. 2019 Equity and Incentive Compensation Plan, previously filed with the Commission on March 15, 2021 as Appendix A to Ryder System, Inc.'s Definitive Proxy Statement on Schedule 14A, is incorporated by reference to this report. |
| 10.39* | Ryder System, Inc. Amended and Restated 2019 Equity and Incentive Compensation Plan, previously filed with the Commission on March 15, 2021 as Appendix A to Ryder System, Inc.'s Definitive Proxy Statement on Schedule 14A, is incorporated by reference into this report. |

| Exhibit Number | Description |
|---|---|
| 10.41* | First Amendment to Third Amended and Restated Global Revolving Credit Agreement, dated as of December 14, 2021, by and among Ryder System, Inc., certain Ryder subsidiaries, and the lenders and agents named therein |
| 10.42* | Ryder System, Inc. Amended and Restated 2019 Equity and Incentive Compensation Plan, effective as of May 5, 2023, previously filed with the Commission on March 15, 2023 as Appendix A to Ryder System, Inc.'s Definitive Proxy Statement on Schedule 14A, is incorporated by reference into this report |
| 10.43* | The Form of Amended and Restated Severance Agreement for Executive Officers (other than the Chief Executive Officer) |
| 10.44* | The Form of Amended and Restated Severance Agreement for the Chief Executive Officer |
| 21.1 | List of subsidiaries of the registrant, with the state or other jurisdiction of incorporation or organization of each, and the name under which each subsidiary does business. |
| 23.1 | PricewaterhouseCoopers LLP consent to the incorporation by reference in certain Registration Statements on Form S-8 and on Form S-3 of their report on the financial statements and financial statement schedule and effectiveness of internal control over financial reporting of Ryder System, Inc. |
| 24.1 | Manually executed powers of attorney for each of:<br><br>Robert J. Eck, Robert A. Hagemann, Michael F. Hilton, Tamara L. Lundgren, Luis P. Nieto, Jr., David G. Nord, Abbie J. Smith, E. Follin Smith, Dmitri L. Stockton, Charles M. Swoboda |
| 31.1 | Certification of Robert E. Sanchez pursuant to Rule 13a-14(a) or Rule 15d-14(a). |
| 31.2 | Certification of John J. Diez pursuant to Rule 13a-14(a) or Rule 15d-14(a). |
| 32 | Certification of Robert E. Sanchez and John J. Diez pursuant to Rule 13a-14(b) or Rule 15d-14(b) and 18 U.S.C. Section 1350. |
| 97.1 | The Ryder System, Inc Policy for the Recoupment of Erroneously Awarded Compensation from Executive Officers |
| 101.INS | Inline XBRL Instance Document. |
| 101.SCH | Inline XBRL Taxonomy Extension Schema Document. |
| 101.CAL | Inline XBRL Taxonomy Extension Calculation Linkbase Document. |
| 101.DEF | Inline XBRL Taxonomy Extension Definition Linkbase Document. |
| 101.LAB | Inline XBRL Taxonomy Extension Label Linkbase Document. |
| 101.PRE | Inline XBRL Taxonomy Extension Presentation Linkbase Document. |
| 104 | Cover Page Interactive Data File (formatted in Inline XBRL and contained in Exhibit 101). |

* Management contract or compensation plan arrangement pursuant to Item 601(b)(10) of Regulation S-K.

## SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

| | | |
|---|---|---|
| Date: | February 20, 2024 | RYDER SYSTEM, INC. |
| | | By: /s/ ROBERT E. SANCHEZ<br>Robert E. Sanchez<br>Chairman, President and Chief Executive Officer |

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

| | | |
|---|---|---|
| Date: | February 20, 2024 | By: /s/ ROBERT E. SANCHEZ<br>Robert E. Sanchez<br>Chairman, President and Chief Executive Officer<br>(Principal Executive Officer) |
| Date: | February 20, 2024 | By: /s/ JOHN J. DIEZ<br>John J. Diez<br>Executive Vice President and Chief Financial Officer<br>(Principal Financial Officer) |
| Date: | February 20, 2024 | By: /s/ CRISTINA GALLO-AQUINO<br>Cristina Gallo-Aquino<br>Senior Vice President and Controller<br>(Principal Accounting Officer) |
| Date: | February 20, 2024 | By: ROBERT J. ECK *<br>Robert J. Eck<br>Director |
| Date: | February 20, 2024 | By: ROBERT A. HAGEMANN *<br>Robert A. Hagemann<br>Director |
| Date: | February 20, 2024 | By: MICHAEL F. HILTON*<br>Michael F. Hilton<br>Director |

| | | |
|---|---|---|
| Date: | February 20, 2024 | By: TAMARA L. LUNDGREN*<br>Tamara L. Lundgren<br>Director |
| Date: | February 20, 2024 | By: LUIS P. NIETO, JR. *<br>Luis P. Nieto, Jr.<br>Director |
| Date: | February 20, 2024 | By: DAVID G. NORD *<br>David G. Nord<br>Director |
| Date: | February 20, 2024 | By: ABBIE J. SMITH *<br>Abbie J. Smith<br>Director |
| Date: | February 20, 2024 | By: E. FOLLIN SMITH *<br>E. Follin Smith<br>Director |
| Date: | February 20, 2024 | By: DMITRI L. STOCKTON *<br>Dmitri L. Stockton<br>Director |
| Date: | February 20, 2024 | By: CHARLES M. SWOBODA *<br>Charles M. Swoboda<br>Director |
| Date: | February 20, 2024 | *By: /s/ ROBERT D. FATOVIC<br>Robert D. Fatovic<br>Attorney-in-Fact, pursuant to a power of attorney |

**OFFICER SEVERANCE PLAN**

Effective as of January 1, 2007
Amended and Restated Effective as of August 1, 2023

**PREAMBLE**

Ryder System, Inc. (the "Company") adopted the Ryder System, Inc. Officer Severance Plan (the "Plan") to set forth its severance pay policy as it applies to Eligible Employees (as defined below) of the Company and all of its subsidiaries and affiliates, effective as of January 1, 2007 (the "Effective Date"). The Plan was amended and restated effective on each of January 1, 2009 to ensure compliance with Section 409A of the Code (as defined below) and the regulations and guidance promulgated thereunder, January 1, 2013 to ensure that certain payments to "Covered Employees" as that term is defined in Section 162(m) of the Code qualify as "performance-based compensation" for purposes of Section 162(m) of the Code, January 1, 2017 to ensure compliance with Section 21F of the Code, and August 1, 2023 to amend certain provisions of the Plan. As used herein, the masculine pronoun shall include the feminine, and the singular shall include the plural, unless a contrary meaning is clearly intended.

The Plan is intended to fall within the definition of a top hat "employee welfare benefit plan" under Section 3(1) of the Employee Retirement Income Security Act of 1974, as amended, supplemented or substituted from time to time ("ERISA"). This document is intended to serve as the Plan document and the summary plan description of the Plan. This document supersedes and replaces any prior plan, summary plan descriptions, agreements (whether oral or written), summaries, policies, publications, memos or notices regarding the Plan and any other severance, termination, or separation benefits (including such benefits payable after a Change of Control (as defined below)) for Eligible Employees.

All rights of Participants (as defined below) to benefits relating to this Plan shall be governed by the Plan and the executed agreement and general release executed by the Company and the Participant in connection with a Participant's termination of employment. Any employee who participates in this Plan shall not be entitled to any severance, separation, notice, or termination benefits under any other severance or change of control policy, plan, agreement or practice of (i) the Company (including any previously executed severance, employment or change of control severance agreements); (ii) any predecessor agreement; or (iii) any respective subsidiary or affiliate thereof, or pursuant to which the Company is bound or obligated to provide such benefits. Except as set forth in this Plan, all such other severance (whether voluntary or involuntary) or change of control policies, plans, agreements and practices of the Company or any of its subsidiaries or affiliates in effect for Eligible Employees prior to the applicable Effective Date of this Plan shall be deemed amended and superseded in their entirety by this Plan to the extent that they would provide benefits to Participants upon their termination of employment.

In the event that the terms of the Plan are inconsistent with other documents or other written or verbal communications provided by the Company or its representatives with respect to this severance program, the terms of the Plan shall govern. The Plan may not be amended or changed except in accordance with the provisions set forth below.

## Section 1

## DEFINITIONS

Capitalized terms used in the Plan and not elsewhere defined herein shall have the meanings set forth in this Section:

1.1 "Accrued Benefits" means (i) earned but unpaid base salary accrued through the Termination Date and any accrued but unpaid vacation time to the extent carried to the Termination Date under Company policy; (ii) unreimbursed expenses incurred in accordance with applicable Company policy through the Termination Date; (iii) unpaid amounts under the terms of any incentive plan in which the Participant participates as of the Termination Date, if and to the extent that the Participant is entitled under the terms of any such plan to receive a payment as of the Termination Date; and (iv) all other payments, benefits or perquisites to which the Participant may be entitled through the Termination Date, subject to and in accordance with, the terms of any applicable compensation arrangement or benefit, or any equity or perquisite arrangement, plan, program or grant.

1.2 "Base Salary" means the Participant's annual base salary in effect on the Termination Date, or, on or before the second anniversary of a Change of Control, and if higher, the highest annual base salary in effect during the six (6) month period immediately preceding the Change of Control. Base Salary for this purpose shall not include or reflect bonuses, overtime pay, compensatory time-off, commissions, incentive or deferred compensation, employer contributions towards employee benefits, cost of living adjustment, or any other additional compensation, and shall not be reduced by any contributions made on the Participant's behalf to any plan of the Company under Section 125, 132, 401(k), or any other analogous section of the Code.

1.3 "Benefits Continuation Period" means the period for each applicable benefit beginning on the Termination Date and ending on the earliest of (i) the day on which the Participant is eligible to receive coverage for such benefit from a new employer; (ii) the date the Participant cancels his COBRA continuation coverage in accordance with the terms of the relevant plan(s); or (iii) the last day of the Participant's Severance Period.

1.4 "Cause" means (i) fraud, misappropriation, or embezzlement by the Participant against the Company or any of its subsidiaries and/or affiliates, (ii) conviction of or plea of guilty or nolo contendere to a felony, (iii) conviction of or plea of guilty or nolo contendere to a misdemeanor involving moral turpitude or dishonesty, (iv) willful failure to report to work for more than thirty (30) continuous days not attributable to eligible vacation or supported by a licensed physician's statement, (v) a material breach by the Participant of Section 9 of this Plan (Restrictive Covenants), (vi) willful failure to perform the Participant's key job duties or responsibilities, or (vii) any other activity which would constitute grounds for termination for cause by the Company or its subsidiaries or affiliates, including but not limited to material violations of the Company's Principles of Business Conduct or any analogous code of ethics or similar policy. Notwithstanding the foregoing, if a Change of Control has occurred within one year preceding a Cause determination, "Cause" shall not include subsections (vi) or (vii) of the preceding sentence, provided that subsections (vi) and (vii) shall continue to apply to any terminations that are deemed to have retroactively occurred pursuant to Section 5.3(b). For the purposes of this Section 1.4, any good faith interpretation by the Company of the foregoing definition of "Cause" shall be conclusive on the Participant. For purposes of the Plan "Cause" shall be determined by such Participant's direct supervisor and the Chief Human Resources Officer ("CHRO"). In the event that a Participant is a direct report to the CHRO, then the decision shall be made by the CHRO and the Chief Financial Officer.

1.5 A "Change of Control" shall be deemed to have occurred if:

(a) any individual, entity or group (within the meaning of Section 13(d)(3) or 14(d)(2) of the Securities Exchange Act of 1934, as amended (the "1934 Act")) (a "Person") becomes the beneficial owner, directly or indirectly, of thirty percent (30%) or more of the combined voting power of the Company's outstanding voting securities ordinarily having the right to vote for the election of directors of the Company; provided, however, that for purposes of this subparagraph (a), the following acquisitions shall not constitute a Change of Control: (i) any acquisition by any employee benefit plan or plans (or related trust) of the Company and its subsidiaries and affiliates or (ii) any acquisition by any corporation pursuant to a transaction which complies with clauses (i), (ii) and (iii) of subparagraph (c) of this Section 1.5; or

(b) the individuals who, as of June 1, 2023**,** constituted the Board of Directors of the Company (the "Board" generally and as of June 1, 2023, the "Incumbent Board") cease for any reason to constitute at least a majority of the Board, provided that any person becoming a director subsequent to June 1, 2023 whose election, or nomination for election, was approved by a vote of the persons comprising at least a majority of the Incumbent Board (other than an election or nomination of an individual whose initial assumption of office is in connection with an actual or threatened election contest, as such terms are used in Rule 14a-11 of Regulation 14A promulgated under the 1934 Act (as in effect on January 23, 2000)), shall be, for purposes of this Plan, considered as though such person were a member of the Incumbent Board; or

(c) there is a reorganization, merger or consolidation of the Company (a "Business Combination"), in each case, unless, following such Business Combination, (i) all or substantially all of the individuals and entities who were the beneficial owners, respectively, of the Company's outstanding common stock and outstanding voting securities ordinarily having the right to vote for the election of directors of the Company immediately prior to such Business Combination beneficially own, directly or indirectly, more than fifty percent (50%) of, respectively, the then outstanding shares of common stock and the combined voting power of the then outstanding voting securities ordinarily having the right to vote for the election of directors, as the case may be, of the corporation resulting from such Business Combination (including, without limitation, a corporation which as a result of such transaction owns the Company or all or substantially all of the Company's assets either directly or through one or more subsidiaries) in substantially the same proportions as their ownership, immediately prior to such Business Combination, of the Company's outstanding common stock and outstanding voting securities ordinarily having the right to vote for the election of directors of the Company, as the case may be, (ii) no Person (excluding any corporation resulting from such Business Combination or any employee benefit plan or plans (or related trust) of the Company or such corporation resulting from such Business Combination and their subsidiaries and affiliates) beneficially owns, directly or indirectly, 30% or more of the combined voting power of the then outstanding voting securities of the corporation resulting from such Business Combination and (iii) at least a majority of the members of the board of directors of the corporation resulting from such Business Combination were members of the Incumbent Board at the time of the execution of the initial agreement, or of the action of the Board, providing for such Business Combination; or

(d) there is a liquidation or dissolution of the Company approved by the shareholders; or

(e) there is a sale of all or substantially all of the assets of the Company.

Notwithstanding anything in this Section 1.5 to the contrary, for purposes of Sections 5.3(a), a Change of Control shall only be deemed to occur if such transactions or events would give rise to a "change in ownership or effective control" or a change in the "ownership of a substantial portion of the assets" under Section 409A of the Code, and the rulings and regulations issued thereunder.

1.6 "Change of Control Termination" means (i) an Involuntary Termination or (ii) a termination of the Participant's employment by the Participant for Good Reason, either of which occurs within twelve (12) months after a Change of Control.

1.7 "Code" means the Internal Revenue Code of 1986, as amended, supplemented or substituted from time to time.

1.8 "Committee" means the Compensation Committee of the Board.

1.9 "Company Entity" has the meaning set forth in Section 13.7(e).

1.10 "Disability" means (i) the Participant is unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment that can be expected to result in death or can be expected to last for a continuous period of not less than twelve (12) months; (ii) the Participant is, by reason of any medically determinable physical or mental impairment that can be expected to result in death or can be expected to last for a continuous period of not less than twelve (12) months, receiving income replacement benefits for a period of not less than three (3) months under an accident and health plan of the Company; or (iii) a determination by the Social Security Administration that a Participant is totally disabled.

1.11 "Eligible Employees" means (i) all active officers of the Company employed or residing in the United States in a management level 14 or above (or other classification designating officer status, as those classifications may change from time to time), and (ii) who have not entered into any agreements or arrangements providing severance or change of control benefits with the Company.

1.12 "Equity Compensation Opportunities" means the Participant's ability to obtain equity in the Company (or a comparable cash-based incentive program) through a compensatory arrangement. Equity Compensation Opportunities are measured using the valuation method applied by the Company for financial accounting purposes and the Board may take into account in determining that no reduction has occurred any exercises, cashing out, or other liquidity in favor of the Participant that is either triggered by the Participant or occurring in connection with a Change of Control. Changes in the underlying value of the stock shall not be treated as a reduction in the Equity Compensation Opportunities, and the Company may take into account in replacing the value of pre-Change of Control equity compensation with post-Change of Control equity compensation (or a comparable cash-based incentive program) that the Participant may have received value for his equity compensation in the Change of Control.

1.13 "Good Reason" only applies within one (1) year following a Change of Control, except as otherwise provided in Section 5.3(c), and only occurs when, without the Participant's consent, the Company: (i) requires the Participant to be based or to perform services at any site or location more than fifty (50) miles from the site or location at which the Participant is based at the time of the Change of Control, except for travel reasonably required in the performance of the Participant's responsibilities (which does not materially exceed the level of travel required of the Participant in the six (6) month period immediately preceding the Change of Control), or (ii) materially reduces the Participant's base salary, target bonus opportunity under the Company's annual bonus plan or program (including for the avoidance of doubt, any substitution of cash bonus opportunities with equity), Equity Compensation Opportunities or cash perquisites, whether on an individual or aggregate basis, or (iii) materially and adversely changes the Participant's position, duties and responsibilities, or reporting relationship. For the avoidance of doubt, a change in title shall not constitute "Good Reason." A Participant's termination of employment shall only constitute a termination for Good Reason if the Participant terminates employment on or prior to the first anniversary of the date on which the circumstances constituting Good Reason initially occurred. In addition, the Participant's continued employment shall not constitute consent to, or a waiver of rights with respect to, any circumstance surrounding Good Reason until ninety (90) days have elapsed since the occurrence of the circumstance he would assert constitutes Good Reason and the Participant has not provided Notice of Termination in accordance with Section 1.15 prior to the end of such ninety (90) day period.

1.14 "Involuntary Termination" means the termination of a Participant's employment by the Company for any reason other than death, Disability or Cause; provided, however, that an Involuntary Termination of a Participant's employment shall not occur if:

(a) the termination of the Participant's employment is due to the transfer of the Participant's employment between the Company and a Company Entity, or among the Company and one or more Company Entities;

(b) the termination results from the sale or transfer of all or any portion of the operations of the Company or any of its subsidiaries and affiliates (the "Disposed Business") (by means of a stock or asset disposition, or other similar transaction) which sale or transfer does not constitute a Change of Control, and either (i) the Participant's employment is transferred to the purchaser or transferee of the Disposed Business or (ii) the Participant terminates his employment with the Company or any of its subsidiaries or affiliates notwithstanding that the Participant received an offer of employment from either the purchaser or transferee of the Disposed Business or the Company or any of its subsidiaries and affiliates, as determined by the Company in its sole discretion; or

(c) the termination follows a Change of Control and either (i) the Participant's employment is transferred to the purchaser or transferee of the Disposed Business and the obligations of this Plan are assumed by the purchaser or transferee or (ii) the Participant terminates his employment with the Company or any of its subsidiaries or affiliates or does not accept an offer of employment from a purchaser or transferee notwithstanding that the Participant received an offer of employment from either the purchaser or transferee of the Disposed Business or the Company or any of its subsidiaries and affiliates which offer included a continuation of the obligations of this Plan, as determined by the Company in its sole discretion.

In no event shall an "Involuntary Termination" occur if the Participant terminates his employment with the Company or any of its subsidiaries or affiliates for any reason. In the event of the occurrence of any of the events set forth in subsection (b) and (c) above, the Company's obligations under this Plan shall terminate immediately and the Participant shall not be entitled to any amounts or benefits hereunder but shall still be required to comply with Section 9 hereof. This Plan shall, however, continue in effect if the Participant's employment is transferred between or among the Company and Company Entities, as contemplated in subsection (a) above.

1.15 "Notice of Termination" means written notice (i) specifying the effective date of the Participant's termination (which shall not be less than thirty (30) days after the date of such notice in the case of a termination on account of Disability or the Participant's voluntary termination other than for Good Reason); (ii) solely with respect to the Participant terminating for Good Reason, citing the specific provisions of this Plan and the facts and circumstances, in reasonable detail, providing a basis for such termination, provided that if the basis for such Good Reason is capable of being cured by the Company, the Participant will provide the Company with an opportunity to cure the Good Reason within thirty (30) calendar days after receipt of such notice; and (iii) solely with respect to the Company terminating the Participant's employment on account of Disability, its intent to terminate his employment on account of Disability.

1.16 "Participant" means an Eligible Employee who has satisfied the conditions for participation set forth in Section 2.

1.17 "Plan" means this Ryder System, Inc. Officer Severance Plan.

1.18 "Plan Administrator" shall mean the Company's Chief Human Resources Officer or his designate.

1.19 "Release" means a severance agreement and general release in such form as the Company, in its sole discretion, determines appropriate that is executed by the Participant and the Company in connection with the termination of the Participant's employment with the Company or any of its subsidiaries and affiliates. If the Participant is subject to the Older Workers Benefit Protection Act ("OWBPA"), the Release shall be revocable until the end of the seventh (7th) calendar day after Participant executes the Release.

1.20 "Release Effective Date" means, if the Participant is covered by the OWBPA on his Termination Date, the later of: (i) the eighth (8th) calendar day after the execution of the Release, provided that the Participant has not revoked the Release prior to such date, or (ii) the Termination Date. If the Participant is not covered by the OWBPA on his Termination Date, the Release Effective Date means the later of: (i) the date on which the Release is executed by the Participant, or (ii) the Termination Date.

1.21 "Severance Period" means:

(a) for Eligible Employees with at least one (1) year of service as an Eligible Employee: (i) twelve (12) months following the Termination Date if not in connection with a Change of Control Termination, or (ii) eighteen (18) months following the Termination Date if in connection with a Change of Control Termination; or

(b) for Eligible Employees with less than one (1) year of service as an Eligible Employee: twenty-six (26) weeks following the Termination Date regardless of whether in connection with a Change of Control Termination.

1.22 "Specified Employee" means a Participant who is deemed to be a "specified employee" in accordance with the policies and procedures adopted by the Company and shall generally include any Participant who is an officer of the Company.

1.23 "Target Bonus" means the Participant's stated target annual incentive award opportunity which the Participant is eligible to receive under the Company's annual incentive compensation plan or awards for the year in which the Termination Date occurs.

1.24 "Termination Date" means the effective date of the termination of the Participant's employment with the Company.

1.25 "Trustee" has the meaning set forth in Section 8.

## Section 2

## PARTICIPATION

An Eligible Employee shall participate in the Plan only if, upon becoming an Eligible Employee, he executes an acknowledgement form (the "Form") agreeing to abide by the terms of this Plan within sixty (60) days after being presented with such Form by the Company.

## Section 3

## NOTICE OF TERMINATION

Any termination of employment shall be communicated by a Notice of Termination to the other party. No notice period is required other than as required in Section 1.15.

## Section 4

## CONDITIONS AND ELIGIBILITY FOR SEVERANCE BENEFITS

1.1 Conditions for Eligibility. Subject to the conditions and limitations of this Section 4 and elsewhere in the Plan, a Participant shall be entitled to the severance benefits described herein only upon satisfaction of all the following conditions (and all other applicable conditions contained herein):

(a) he suffers an Involuntary Termination, a Change of Control Termination, or a termination pursuant to Section 5.3(c) herein;

(b) he timely executes without modification and in its entirety a Release within fifty (50) days of the Termination Date, and such Release becomes effective so that the Participant no longer has any right to revoke such Release within sixty (60) days of the Termination Date;

(c) if requested by the Company or any subsidiary or affiliate, he delivers a resignation letter, acceptable to the Company, from all offices, directorships and fiduciary positions in which the Participant was serving;

(d) he returns to the Company any property of the Company or its subsidiaries or affiliates which has come into his possession or control; and

(e) he remains actively at work through the date of termination designated in the Notice of Termination, unless the Company agrees in writing to release the Participant from employment earlier than such date of termination, or in the case of a resignation as of a future date, the Company chooses unilaterally to shorten the period before the resignation's effective date.

1.2 Exclusions. Each Participant shall cease to be entitled to severance benefits, upon the earliest to occur of the following:

(a) the end of the Severance Period;

(b) his breach of any provision of the Release, the Plan or any other Company agreement executed by the Participant including, but not limited to, the Form referenced in Section 2 or the refusal to execute the Form;

(c) the revocation, invalidity, unenforceability, or untimely execution of the Release;

(d) his reemployment by the Company, or any of its subsidiaries or affiliates;

(e) solely with respect to the reimbursement for the continuation of benefits described in Section 5.1(d), 5.3(c)(iv) or 6.1(e), the end of the Benefits Continuation Period; and/or

(f) termination pursuant to the last sentence in Sections 5.1(d), 5.3(c)(iv) or 6.1(e).

1.3 Early Termination of Payments.

(a) If a Participant dies prior to payment of all severance benefits to which he is entitled, all Company obligations under the Plan shall cease except that the Accrued Benefits (if unpaid at the time of death) shall be paid to the Participant's surviving spouse or, if no spouse survives, to the Participant's estate.

(b) If the Participant is receiving severance benefits under Sections 5 or 6, and (A) if the Participant is reemployed by the Company (or any subsidiary, affiliate or successor) or breaches the Plan's terms or the Release, or (B) if the Company (or any subsidiary, affiliate or successor) discovers information that would have permitted the Company to terminate the Participant for Cause or if the Company or any subsidiary, affiliate or successor discovers a breach of Section 9, payment of severance benefits shall immediately cease, and the Participant shall no longer be entitled to any severance benefits with respect to such termination. If severance benefits cease because of re-employment and the Company has paid severance in a lump sum, the Company (or any subsidiary or successor) shall have the right to require that the Participant repay to the applicable entity the value of the severance benefits that would not yet have been paid before re-employment if he had been receiving the severance in semi-monthly installments, and the Participant shall no longer be entitled to any severance benefits with respect to such termination. If the severance ceases because of a Cause determination or a breach of Section 9, the Company (or any subsidiary or successor) shall have the right to require that the Participant repay to the applicable entity the full value of any previously received severance. The remedies described in this paragraph are in addition to any other remedies that may be available to the Company in the event of the occurrence of any of the circumstances described in this paragraph.

## Section 5

## SEVERANCE BENEFITS OTHER THAN AS A RESULT OF A CHANGE OF CONTROL

1.1 Benefits. If a Participant experiences an Involuntary Termination other than as a result of a Change of Control and complies with all of the other terms and conditions of the Plan, he shall be eligible to receive:

(a) the Accrued Benefits, payable in a lump sum as soon as administratively feasible following the Release Effective Date, or such other date as their terms require;

(b) continuation of the Participant's Base Salary for the Severance Period payable in installments in accordance with the Company's standard payroll practices, but no less frequently than monthly, beginning within sixty (60) days following the Termination Date (with the first payment to include amounts accrued between the Termination Date and the first payment date); provided that, if the sixtieth (60th) day following the Termination Date falls in the calendar year following the calendar year in which the Termination Date occurs, payments will not commence prior to the first day of the calendar year following the calendar year in which the Termination Date occurs; provided further that, in the event the Participant is a Specified Employee on the Termination Date, payment shall be made in accordance with the following provisions:

(i) If the aggregate value of the payments due to the Participant pursuant to this Section 5.1(b) during the six (6) month period following his Termination Date, does not exceed two (2) times the lesser of: (x) the Specified Employee's base salary for the year prior to the year in which the Termination Date occurs; or (y) the maximum amount that may be taken into account under a qualified retirement plan pursuant to Section 401(a)(17) of the Code for the year in which the Termination Date occurs (such amount, the "Separation Pay Limit"), the Participant shall receive continuation of his Base Salary for the Severance Period payable in installments in accordance with the Company's standard payroll practices, but no less frequently than monthly, as set forth above.

(ii) If the aggregate value of the payments due to the Participant pursuant to this Section 5.1(b) during the six (6) month period following his Termination Date exceeds the Separation Pay Limit, the Participant shall not receive any payments of continued Base Salary in excess of the Separation Pay Limit during such six (6) month period. Any amounts in excess of the Separation Pay Limit which would have otherwise been paid during the six (6) month period following the Participant's Termination Date shall be paid in a lump sum on the first day following the six-month anniversary of the Participant's Termination Date. Beginning with the first payroll cycle occurring on or after the first day following the six-month anniversary of the Participant's Termination Date and continuing until the end of the Severance Period, the Participant shall receive continuation payments of the Participant's Base Salary in installments in accordance with the Company's standard payroll practices, but no less frequently than monthly.

(iii) For purposes of Section 409A of the Code, each installment payment of Base Salary made pursuant to this Section 5.1(b) shall be treated as a separate payment of compensation.

(c) a lump sum payment equal to the pro-rata cash bonus for the year in which the Termination Date occurs, which shall be paid (i) when such annual bonuses are paid to non-terminated employees (or, if later, upon the satisfaction of all conditions for the payment of benefits hereunder, but in no event shall such payment occur later than March 15 of the calendar year following the year in which the Termination Date occurs) and (ii) based on the actual attainment of the performance goals under the annual bonus plan for the year in which the Termination Date occurs;

(d) if the Participant continues to receive health benefits (including, medical, prescription, dental, vision and health care reimbursement account benefits) pursuant to the Company's health plans under the Consolidated Omnibus Budget Reconciliation Act of 1985, as amended, supplemented or substituted from time to time ("COBRA") and pays the full COBRA premiums, the Company will reimburse the Participant for the COBRA premiums paid for such benefits for the Participant and his family through COBRA (with the exception of any COBRA premiums paid for health care reimbursement account benefits) for the Benefits Continuation Period, in accordance with the applicable plans, programs or policies of the Company, and on such terms applicable to comparably situated active employees during such period (which shall offset the Company's COBRA obligation); provided that the Participant may continue to receive health benefits pursuant to the Company's health plans during a period of time in the Benefits Continuation Period during which the Participant would not otherwise be entitled to COBRA continuation coverage under Section 4980B of the Code if the Participant continues to pay premiums for such health benefits, and the Participant shall receive reimbursement for all premiums paid by the Participant for such continued health benefits on the date no later than December 31 of the calendar year immediately following the calendar year in which the applicable expenses have been incurred. If the Participant fails to accept available coverage from another employer or fails to notify the Company (or, following a Change of Control, the Company or the Trustee) within thirty (30) days of the Participant's eligibility to receive coverage under another employer's plan, the Participant's reimbursements under this Section 5.1(d) shall immediately terminate and the Participant shall cease to be entitled to any such reimbursements under this Plan and shall be required within three (3) months after such failure to reimburse the Company for the reimbursements paid to the Participant after such failure, and the Participant agrees that the Company may offset against such reimbursement or deduct such reimbursement from any payments due to the Participant by the Company, in full or partial payment of such reimbursement; provided that no such offset shall be made in violation of Section 409A of the Code;

(e) if the Participant is covered by any Company-sponsored supplemental long-term disability insurance program as of the Termination Date, the Company shall continue to pay for the Participant's coverage until the end of the Severance Period. At the end of the Severance Period, the Participant shall be entitled to keep this policy if he continues to pay the annual premiums;

(f) if the Participant is covered by any Company-sponsored executive life insurance program as of the Termination Date, the Company shall continue to pay for the Participant's coverage until the end of the Severance Period. At the end of the Severance Period, the Participant will have thirty-one (31) days from the last day of the Severance Period to convert his life insurance coverage to an individual policy;

(g) professional outplacement services as determined in the Company's sole discretion until the earliest of (i) twenty-four (24) months after the Termination Date, (ii) the date on which the Participant obtains another full-time job, (iii) the date on which the Participant becomes self-employed, and (iv) the date on which the Participant has received all services or benefits due under the applicable Company-sponsored outplacement program. The Company will not pay the Participant cash in lieu of professional outplacement services; and

(h) any benefits or rights to which the Participant is entitled under any of the Company's stock or equity plans in accordance with the terms and conditions of any such plans.

1.2 Payment of Severance Benefits. Notwithstanding anything herein to the contrary, no payments hereunder (other than Accrued Benefits payable pursuant to their terms) shall be made to a Participant prior to the Release Effective Date. In the event that (a) a Participant does not execute a release within fifty (50) days following the Termination Date or (b) the Release Effective Date does not occur within sixty (60) days following the Termination Date, a Participant shall not be entitled to any payments or benefits hereunder (other than the Accrued Benefits payable pursuant to their terms); provided that, if the Participant becomes entitled to payments and benefits pursuant to Section 5.3(c), the Participant shall not be entitled to any payments or benefits hereunder in the event that (a) the Participant does not execute a release within fifty (50) days following the date of the Change of Control or (b) the Release Effective Date does not occur within sixty (60) days following the date of the Change of Control.

1.3 Terminations Prior to a Change of Control.

(a) If a Change of Control occurs and the Participant is then receiving, or is entitled to receive, payments and benefits pursuant Section 5.1 of the Plan on account of his prior termination of employment, the Company shall pay to the Participant, in a lump sum, within seven (7) calendar days after the Change of Control, an amount (in lieu of future payments) equal to the present value of all future cash payments due under Section 5.1(b) of the Plan using the prime commercial lending rate published by the Trustee at the time the Change of Control occurs, but the Company and the Participant shall continue to be liable to each other for all other obligations under this Plan. In the event that the Participant was a Specified Employee on his Termination Date, if the sum of the payments which the Participant previously received in accordance with Section 5.1(b) and the payment set forth in this Section 5.3(a) exceeds the Separation Pay Limit, any amounts in excess of the Separation Pay Limit shall be paid on the later of (i) the first day following the six-month anniversary of the Termination Date and (ii) within seven (7) calendar days after the Change of Control. For the avoidance of doubt, in the event that the provisions of this Section 5.3(a) become effective, they shall supersede the provisions of Section 5.1(b).

(b) If a Change of Control occurs and (i) the Participant experienced an Involuntary Termination within one (1) year prior to the date on which the Change of Control occurs and (ii) it is reasonably demonstrated by the Participant that such Involuntary Termination either (A) was at the request of a third party who has taken steps reasonably calculated to effect a Change of Control or (B) otherwise arose in connection with or in anticipation of a Change of Control, then, in addition to the payments and benefits set forth in Section 5.1, the Participant shall be entitled to the following: (x) a lump sum payment equal to 50% of the Participant's Base Salary payable as soon as practicable but no later than sixty (60) days following the Change of Control; provided that if the Participant was a Specified Employee on his Termination Date, such payment shall be paid on the later of (1) as soon as practicable but no later than sixty (60) days following the Change of Control and (2) the first day following the six-month anniversary of the Participant's Termination Date; (y) the Target Bonus, which shall be paid as soon as practicable following the Change of Control but no later than March 15 of the calendar year following the calendar year in which the Change of Control occurs; and (z) for purposes of determining the Severance Period for benefits provided under Sections 5.1(d), (e), and (f), the Participant's Severance Period shall be defined as the eighteen (18) month period following the Participant's Termination Date. Notwithstanding the foregoing, in the event that (i) a Change of Control occurs and payments and benefits become payable to a Participant pursuant to this Section 5.3(b); and (ii) such Change of Control does not constitute a "change in ownership or effective control" or a change in the "ownership of a substantial portion of assets" under Section 409A of the Code and the rules and regulations issued thereunder, the lump sum payment set forth in (x) above shall be paid on the first anniversary of the Participant's Termination Date.

(c) If a Change of Control occurs and (i) the Participant's employment was voluntarily terminated within twelve (12) months prior to the date on which the Change of Control occurs; (ii) such termination would have constituted a termination for Good Reason if it had occurred within one (1) year following the Change of Control; and (iii) it is reasonably demonstrated by the Participant that the circumstances which would have caused the occurrence of Good Reason either (a) were at the request of a third party who had taken steps reasonably calculated to effect a Change of Control or (b) otherwise arose in connection with or in anticipation of a Change of Control, then the Participant shall be entitled to the following (determined based on a Severance Period of eighteen (18) months from the Termination Date):

(i) a lump sum payment equal to the Participant's Base Salary for the Severance Period, payable within sixty (60) days following the Change of Control; provided that, if the sixtieth (60th) day following the Change of Control falls in the calendar year following the calendar year in which the Change of Control occurs, payment will not be made prior to the first day of the calendar year following the calendar year in which the Change of Control occurs; provided further that, if the Participant is a Specified Employee on the Termination Date, any amounts in excess of the Separation Pay Limit shall be paid to the Participant in a lump sum on the later of (x) the first day following the six-month anniversary of the Termination Date and (y) within sixty (60) days following the Change of Control. In the event that (i) a Change of Control occurs and payments and benefits become payable to a Participant pursuant to this Section 5.3(c); and (ii) such Change of Control does not constitute a "change in ownership or effective control" or a change in the "ownership of a substantial portion of assets" under Section 409A of the Code and the rules and regulations issued thereunder, the lump sum payment set forth herein shall be paid on the first anniversary of the Participant's Termination Date.

(ii) a lump sum payment equal to the pro-rata Target Bonus, payable on the Release Effective Date or as soon thereafter as is practicable, but no later than March 15 of the calendar year following the year in which the Termination Date occurs;

(iii) a lump sum payment equal to the Participant's Target Bonus, payable on the Release Effective Date or as soon thereafter as is practicable, but no later than March 15 of the calendar year following the calendar year in which the Change of Control occurs;

(iv) if the Participant continues to receive health benefits (including, medical, prescription, dental, vision and health care reimbursement account benefits) pursuant to the Company's health plans under COBRA and pays the full COBRA premiums, the Company will reimburse the Participant for the COBRA premiums paid for such benefits for the Participant and his family through COBRA (with the exception of any COBRA premiums paid for health care reimbursement account benefits) for the remainder of the Benefits Continuation Period, in accordance with the applicable plans, programs or policies, if any, of the Company or its successor, and on such terms applicable to comparably situated active employees during such period (which shall offset the Company's COBRA obligation, if any); provided that the Participant may continue to receive health benefits pursuant to the Company's health plans during a period of time in the Benefits Continuation Period during which the Participant would not otherwise be entitled to COBRA continuation coverage under Section 4980B of the Code if the Participant continues to pay premiums for such health benefits, and the Participant shall receive reimbursement for all premiums paid by the Participant for such continued health benefits on the date no later than December 31 of the calendar year immediately following the calendar year in which the applicable expenses have been incurred. If the Participant fails to accept available coverage from another employer or fails to notify the Company (or the Trustee) within thirty (30) days of the Participant's eligibility to receive coverage under another employer's plan, the Participant's reimbursements under this Section 5.3(c)(iv) shall immediately terminate and the Participant shall cease to be entitled to any such reimbursements under this Plan and shall be required within three (3) months after such failure to reimburse the Company for the reimbursements paid to the Participant after such failure, and the Participant agrees that the Company may offset against such reimbursement or deduct such reimbursement from any payments due to the Participant by the Company, in full or partial payment of such reimbursement; provided that, no such offset shall be made in violation of Section 409A of the Code; and

(v) a lump sum payment equal to the value of the Company-sponsored outplacement program maintained by the Company immediately prior to the Change of Control, based on the Participant's management level as of the Termination Date, which shall be paid within sixty (60) days following the Change of Control; provided that, if the sixtieth (60th) day following the Change of Control falls in the calendar year following the calendar year in which the Change of Control occurs, payment will not be made prior to the first day of the calendar year following the calendar year in which the Change of Control occurs; provided further that, if the Participant is a Specified Employee on the Termination Date, such amount shall be paid on the later of (x) within sixty (60) days following the Change of Control and (y) the first day following the six-month anniversary of the Termination Date. In the event that (i) a Change of Control occurs and payments and benefits become payable to a Participant pursuant to this Section 5.3(c); and (ii) such Change of Control does not constitute a “change in ownership or effective control” or a change in the “ownership of a substantial portion of assets” under Section 409A of the Code and the rules and regulations issued thereunder, the lump sum payment set forth herein shall be paid on the first anniversary of the Participant’s Termination Date; and

(vi) if the Participant is covered by any Company-sponsored executive life insurance program as of the Termination Date, the Company (or the Trustee) shall continue to pay for the Participant’s coverage until the end of the Severance Period. At the end of the Severance Period, the Participant will have thirty-one days (31) from the last day of the Severance Period to convert his life insurance coverage to an individual policy; and

(vii) if the Participant is covered by any Company-sponsored supplemental long term disability insurance program as of the Termination Date, the Company (or the Trustee) shall continue to pay for the Participant’s coverage until the end of the Severance Period. At the end of the Severance Period, the Participant shall be entitled to keep this policy if he continues to pay the annual premiums; and

(viii) any benefits or rights to which the Participant is entitled under any of the Company’s stock or equity plans in accordance with the terms and conditions of any such plans.

For the avoidance of doubt, no payments or benefits payable to the Participant pursuant to this Section 5.3(c) shall continue beyond the end of the second calendar year following the calendar year in which the Termination Date occurs. The Participant shall not be entitled to any payments or benefits pursuant to this Section 5.3(c), unless prior to the Participant’s Termination Date, the Participant had given the Company notice of the circumstances forming the basis of termination for Good Reason and an opportunity to cure such circumstances in accordance with Sections 1.13 and 1.15.

## Section 6

## SEVERANCE BENEFITS AS A RESULT OF A CHANGE OF CONTROL

1.1 Benefits. If a Participant experiences a Change of Control Termination, and complies with all of the other terms and conditions of the Plan, he shall be eligible to receive:

(a) the Accrued Benefits, payable in a lump sum as soon as administratively feasible following the Release Effective Date, or such other date as their terms require;

(b) a lump sum payment equal to the Participant’s Base Salary for the Severance Period, payable within sixty (60) days following the Termination Date; provided that, if the sixtieth (60th) day following the Termination Date falls in the calendar year following the calendar year in which the Termination Date occurs, payment will not be made prior to the first day of the calendar year following the calendar year in which the Termination Date occurs; provided further that, if a Participant is Specified Employee on the Termination Date, any amounts payable under this Section 6.1(b) in excess of the Separation Pay Limit shall be paid to the Participant in a lump sum on the first day following the six-month anniversary of the Termination Date;

(c) a lump sum payment equal to the pro-rata Participant's Target Bonus, payable on the Release Effective Date or as soon thereafter as is practicable but no later than March 15 of the calendar year in which the Termination Date occurs;

(d) an amount equal to the Participant's Target Bonus, payable on the Release Effective Date or as soon thereafter as is practicable but no later than March 15 of the calendar year following the calendar year in which the Termination Date occurs;

(e) if the Participant continues to receive health benefits (including, medical, prescription, dental, vision and health care reimbursement account benefits) pursuant to the Company's health plans under COBRA and pays the full COBRA premiums, the Company will reimburse the Participant for the COBRA premiums paid for such benefits for the Participant and his family through COBRA (with the exception of any COBRA premiums paid for health care reimbursement account benefits) for the Benefits Continuation Period, in accordance with the applicable plans, programs or policies of the Company, and on such terms applicable to comparably situated active employees during such period (which shall offset the Company's COBRA obligation, if any); provided that the Participant may continue to receive health benefits pursuant to the Company's health plans during a period of time in the Benefits Continuation Period during which the Participant would not otherwise be entitled to COBRA continuation coverage under Section 4980B of the Code if the Participant continues to pay premiums for such health benefits, and the Participant shall receive reimbursement for all premiums paid by the Participant for such continued health benefits on the date no later than December 31 of the calendar year immediately following the calendar year in which the applicable expenses have been incurred. If the Participant fails to accept available coverage from another employer or fails to notify the Company or the Trustee within thirty (30) days of the Participant's eligibility to receive coverage under another employer's plan, the Participant's reimbursements under this Section 6.1(e) shall immediately terminate and the Participant shall cease to be entitled to any such reimbursements under this Plan and shall be required within three (3) months after such failure to reimburse the Company or the Trustee for the reimbursements paid to the Participant after such failure, and the Participant agrees that the Company may offset against such reimbursement or deduct such reimbursement from any payments due to the Participant by the Company, in full or partial payment of such reimbursement; provided that no such offset shall be made in violation of Section 409A of the Code;

(f) if the Participant is covered by any Company-sponsored supplemental long-term disability insurance program as of the Termination Date, the Company (or the Trustee) shall continue to pay for the Participant's coverage until the end of the Severance Period. At the end of the Severance Period, the Participant shall be entitled to keep this policy if he continues to pay the annual premiums;

(g) if the Participant is covered by any Company-sponsored executive life insurance program as of the Termination Date, the Company (or the Trustee) shall continue to pay for the Participant's coverage until the end of the Severance Period. At the end of the Severance Period, the Participant will have thirty-one (31) days from the last day of the Severance Period to convert his life insurance coverage to an individual policy;

(h) a lump sum payment equal to the value of the Company-sponsored outplacement program maintained by the Company immediately prior to the Change of Control, based on the Participant's management level as of the Termination Date, payable within sixty (60) days following the Termination Date; provided that, if the sixtieth (60th) day following the Termination Date falls in the calendar year following the calendar year in which the Termination Date occurs, payment will not be made prior to the first day of the calendar year following the calendar year in which the Termination Date occurs; provided further that, if the

Participant is a Specified Employee on the Termination Date, such amount shall be paid on the first day following the six-month anniversary of the Termination Date; and

(i) any benefits or rights to which the Participant is entitled under any of the Company's stock or equity plans in accordance with the terms and conditions of any such plans.

1.2 In the event that a Participant becomes entitled to payments and benefits pursuant to Section 6.1 in connection with a Change of Control that does not constitute a "change in ownership or effective control" or a change in the "ownership of a substantial portion of the assets" under Section 409A of the Code, and the rulings and regulations issued thereunder, the payments and benefits set forth in Sections 6.1 (a), (b), (c), (d), (e), (f) and (g) herein (in each case, based on a Severance Period of eighteen (18) months from the Termination Date), shall be provided in accordance with the schedule set forth in Section 5.1, except as otherwise provided in this Section 6.2. In addition, the services set forth in Section 5.1(g) (based on a Severance Period of twelve (12) months) shall be provided in lieu of the payment set forth in Section 6.1(h). Notwithstanding the foregoing, with respect to the payment set forth in Section 6.1(b), an amount equal to the lesser of (i) the Separation Pay Limit or (ii) the amount set forth in Section 6.1(b) shall be paid to the Participant on the Release Effective Date or as soon thereafter as is practicable, but no later than sixty (60) days following the Termination Date. In the event that the amount set forth in Section 6.1(b) exceeds the Separation Pay Limit, any excess amounts shall be paid at the time they would have otherwise been paid pursuant to Section 5.1(b).

1.3 Notwithstanding anything herein to the contrary, no payments hereunder (other than Accrued Benefits payable pursuant to their terms) shall be made to a Participant prior to the Release Effective Date. In the event that (a) a Participant does not execute a release within fifty (50) days following the Termination Date or (b) the Release Effective Date does not occur within sixty (60) days following the Termination Date, a Participant shall not be entitled to any payments or benefits hereunder (other than the Accrued Benefits payable pursuant to their terms).

## Section 7

## EFFECT OF 280G ON PAYMENTS

1.1 Reduction in Payments. In the event any Payment (as defined below) would constitute an "excess parachute payment" within the meaning of Section 280G of the Code, the Company shall reduce (but not below zero) the aggregate present value of the Payments payable to the Participant pursuant to the terms of this Plan to the Reduced Amount (as defined below), if reducing the Payments payable to the Participant pursuant to the terms of this Plan will provide the Participant with a greater net after-tax amount than would be the case if no reduction was made.

1.2 Determining Net After-Tax Amounts. In determining whether a reduction in Payments payable to the Participant pursuant to the terms of this Plan will provide the Participant with a greater net after-tax amount, the following computations shall be made:

(a) The net after-tax benefit to the Participant without any reduction in Payments shall be determined by reducing the Payments by the amount of federal, state, local and other applicable taxes (including the Excise Tax (as defined below)) applicable to the Payments. For these purposes, the tax rates shall be determined using the maximum marginal rate applicable to such Participant for each year in which the Payments shall be paid.

(b) The net after-tax benefit to the Participant with a reduction in the Payments to the Reduced Amount shall be determined by applying the tax rates under Section 7.2(a), with the exception of the Excise Tax.

1.3 Reduction Methodology. In the event a reduction in the Payments to the Reduced Amount will provide the Participant with a greater net after-tax amount, the following shall apply:

(a) Reduction of Payments. The reduction of the amounts payable hereunder, if applicable, shall be made by first reducing, but not below zero, the cash payments under Sections 5.1(b), 5.3(c)(i), or 6.1(b), as applicable (and in the event that such payments are installment payments, each such installment payment shall be reduced pro-rata, but not below zero), and by next reducing, but not below zero, the cash payments under Sections 5.1(c), 5.3(c)(ii), 5.3(c)(iii), 6.1(c) or 6.1(d), as applicable. In the event that following the reduction of the amounts set forth in the preceding sentence, additional amounts payable to the Participant must be reduced, any payments due to the Participant pursuant to the Company's equity plans shall be reduced on a pro-rata basis, but not below zero.

(b) Restrictions. Only amounts payable under this Plan shall be reduced pursuant to this Section 7.3. Any reduction shall be made in a manner consistent with the requirements of Section 409A of the Code.

1.4 Definitions. For purposes of this Section 7, the following definitions shall apply.

(a) "Payment" shall mean an amount that is received by the Participant or paid by the Company on his behalf, or represents any property, or any other benefit provided to the Participant under this Plan or under any other plan, arrangement or agreement with the Company or any other person, and such amount is treated as contingent on a change in control, as provided under Section 280G of the Code.

(b) "Reduced Amount" shall mean an amount, as determined under Section 280G of the Code, which does not cause any Payment to be subject to the Excise Tax.

(c) "Excise Tax" shall mean the excise tax imposed under Section 4999 of the Code.

1.5 Determination of Reduction. All determinations required to be made under this Section 7 shall be made by a nationally recognized accounting (or compensation and benefits consulting) firm selected by the Company (the "Accounting Firm") which shall provide detailed supporting calculations both to the Company and the Participant within ten (10) business days of the Change of Control. Any such determination by the Accounting Firm shall be binding upon the Company and the Participant. All fees and expenses of the Accounting Firm shall be borne solely by the Company.

## Section 8

## TRUSTS

In order to ensure in the event of a Change of Control that timely payment will be made of certain obligations of the Company to the Participant provided for under this Plan, the Company shall, immediately prior to or in connection with the consummation of a Change of Control, irrespective of whether the Change of Control constitutes a "change in ownership or effective control" or a change in the "ownership of a substantial portion of the assets" under Section 409A of the Code, and the rulings and regulations issued thereunder, pay into one or more trust(s) (the "Trust(s)") established between the Company and any financial institution with assets in excess of $100 million selected by the Company prior to the Change of Control, as trustee (the "Trustee"), such amounts and at such time or times as are required in order to fully pay all cash amounts due the Participant hereunder that are payable or as are otherwise required pursuant to the terms of the Trust(s), with payment to be made in cash or cash equivalents. Thereafter, all such payments required to be paid hereunder shall be made out of the Trust(s); provided, however, that the Company shall retain liability for and pay the Participant any amounts or provide for such other benefits due the Participant under this Plan for which there are insufficient funds in the Trust(s), for which no funding of the Trust(s) is required or in the event that the Trustee fails to make such payment to the Participant within the time frames set forth in this Plan. Prior to the Change of Control, and to the extent necessary because of a change in the Trustee, after the Change of Control, the Company shall provide the Participant with the name and address of the Trustee. Nothing in this Plan shall require the Company to maintain the funding required in this section beyond the first anniversary of a Change of Control unless, before such first anniversary, the Participant's employment has terminated in a manner qualifying him for benefits hereunder. The Participant expressly waives any requirement under this Section 8 or otherwise for the Company to fund the Trust(s) if funding would cause him to be taxed under Section 409A(b) of the Code or any successor law.

For purposes of this Plan, the term "the Company and/or the Trustee" means the Trustee to the extent the Company has put funds in the Trust(s) and the Company to the extent the Company has not funded or fully funded the Trust(s); provided, however, that in accordance with the paragraph above, the Company shall retain liability for and pay the Participant any amounts or provide for such other benefits due the Participant under this Plan for which the Trustee fails to make adequate payment to the Participant within the time frames set forth in this Plan**.**

## Section 9

## RESTRICTIVE COVENANTS

As consideration for the Company's offer of coverage under this Plan to the Participant and for other good and valuable consideration, during his employment and upon termination of employment for any reason, the Participant agrees to comply with the restrictive covenants contained in Section 9 of this Plan. In addition, receipt of the severance payments and benefits set forth in Sections 5 and 6 is expressly conditioned upon the Participant's continued compliance with Section 9.

1.1 Confidentiality. All documents, records, techniques, business secrets and other information of the Company, its subsidiaries and affiliates which have or will come into the Participant's possession from time to time during the Participant's affiliation with the Company and/or any of its subsidiaries or affiliates and which the Company treats as confidential and proprietary to the Company and/or any of its subsidiaries or affiliates shall be deemed as such by the Participant and shall be the sole and exclusive property of the Company, its subsidiaries and affiliates. The Participant agrees that the Participant will keep confidential and not use or divulge to any other individual or entity any of the Company's or its subsidiaries' or affiliates' confidential information and business secrets, including, but not limited to, such matters as costs, profits, markets, sales, products, product lines, key personnel, pricing policies, operational methods, customers, customer requirements, suppliers, plans for future developments, and other business affairs and methods and other information not readily available to the public. Additionally, the Participant agrees that upon his termination of employment, irrespective of the reason for such termination, the Participant shall promptly return to the Company any and all confidential and proprietary information of the Company and/or its subsidiaries or affiliates that is in his possession or control.

The Participant agrees that the terms and provisions of this Plan, as well as any and all incidents leading to or resulting from this Plan, are confidential and may not be discussed with anyone other than his spouse, domestic partner, attorney or tax advisor without the prior written consent of the Company's Chief Human Resources Officer, except as required by law. In the event that the Participant is subpoenaed, or asked to provide confidential information or to testify as a witness or to produce documents in any existing or potential legal or administrative or other proceeding or investigation formal or informal related to the Company, to the extent permitted by applicable law, the Participant will promptly notify the Company of such subpoena or request and will, if requested, meet with the Company for a reasonable period of time prior to any such appearance or production.

1.2 Non-Competition. During the Participant's employment with the Company, and thereafter during the Participant's Severance Period, if any, the Participant shall not, without the prior written consent of the Board, directly or indirectly engage or become a partner, director, officer, principal, employee in the same or similar capacity as the Participant worked for the Company, consultant, investor, creditor or stockholder in/for any business, proprietorship, association, firm or corporation not owned or controlled by the Company or its subsidiaries or affiliates which is engaged or proposes to engage or hereafter engages in a business competitive directly or indirectly with the business conducted by the Company or any of its subsidiaries or affiliates in any geographic area the Participant worked in or had responsibility over the previous twelve (12) month period; provided, however, that the Participant is not prohibited from owning one percent (1%) or less of the outstanding capital stock of any corporation whose stock is listed on a national securities exchange.

The Participant and the Company have attempted to limit the Participant's right to compete only to the extent necessary to protect the Company's legitimate business interests. The Participant and the Company recognize however, that reasonable people may differ in making such a determination. Consequently, the Participant and the Company agree that if the scope or enforceability of this Plan is in any way disputed at any time, a court may modify and enforce this Plan to the extent it believes to be reasonable under the circumstances.

1.3 Non-Solicitation. During the Participant's employment with the Company or any subsidiary or affiliate, and thereafter during the longer of (i) the Severance Period, if any, or (ii) twelve (12) months following the Participant's Termination Date (irrespective of the reason for the Participant's termination and without any reduction or modification), the Participant shall not, directly or indirectly, in any manner or capacity whatsoever, either on the Participant's own account or for any person, firm or company:

(a) take away, interfere with relations with, divert or attempt to divert from the Company any business with any customer or account: (x) which was a customer on the last day of the Participant's employment and/or has been solicited or serviced by the Company within one (1) year prior to the last day of the Participant's employment; and (y) with which the Participant had any contact or association, or which was under the supervision of the Participant, or the identity of which was learned by the Participant, as a result of the Participant's employment with the Company, or

(b) solicit, interfere with or induce, or attempt to induce, any employee or independent contractor of the Company or any of its subsidiaries or affiliates to leave his employment or service with the Company or to breach his employment agreement or other agreement, if any.

1.4 Inventions and Discoveries. The Participant acknowledges that all ideas, discoveries, inventions and improvements which are made, conceived or reduced to practice by the Participant and every item of knowledge relating to the Company's business interests (including potential business interests) gained by the Participant during the Participant's employment are the sole and absolute property of the Company, and the Participant shall promptly disclose and hereby irrevocably assigns all his right, title and interest in and to all such ideas, discoveries, inventions, improvements and knowledge to the Company for its sole use and benefit, without additional compensation, and shall communicate to the Company, without cost or delay, and without publishing the same, all available information relating thereto. The Participant also hereby waives all claims to moral rights in any such ideas, discoveries, inventions, improvements and knowledge. The provisions of this Section 9 shall apply whether such ideas, discoveries, inventions or knowledge are conceived, made, gained or reduced to practice by the Participant alone or with others, whether during or after usual working hours, whether on or off the job, whether applicable to matters directly or indirectly related to the Company's business interests (including potential business interests), and whether or not within the specific realm of the Participant's duties. Any of the Participant's ideas, discoveries, inventions and improvements relating to the Company's business interests or potential business interests and conceived, made or reduced to practice during the Severance Period shall for the purpose of this Plan, be deemed to have been conceived, made or reduced to practice before the end of the Participant's employment. The Participant shall, upon request of the Company, and without further compensation by the Company but at the expense of the Company, at any time during or after his employment with the Company, sign all instruments and documents requested by the Company and otherwise cooperate with the Company and take any actions which are or may be necessary to protect the Company's right to such ideas, discoveries, inventions, improvements and knowledge, including applying for, obtaining and enforcing patents, copyrights and trademark registrations thereon in any and all countries. To the extent this Section shall be construed in accordance with the laws of any state which precludes a requirement to assign certain classes of inventions made by an employee, this Section shall be interpreted not to apply to any invention which a court rules and/or the Company agrees falls within such classes.

1.5 Non-Disparagement and Cooperation. The Participant agrees not to make any remarks disparaging the conduct or character of the Company or any of its subsidiaries or affiliates, their current or former agents, employees, officers, directors, successors or assigns ("Ryder Parties"), except as may be necessary in the performance of his duties or as is otherwise required by law. The Participant agrees to cooperate with the Company in the investigation, defense or prosecution of any claims or actions now in existence or that may be brought in the future against or on behalf of the Company. Such cooperation shall include meeting with representatives of the Company upon reasonable notice at reasonable times and locations to prepare for discovery or any mediation, arbitration, trial, administrative hearing or other proceeding or to act as a witness. The Company shall reimburse the Participant for travel expenses approved by the Company or its subsidiaries or affiliates incurred in providing such assistance. The Participant shall notify the Company if the Participant is asked to assist, testify or provide information by or to any person, entity or agency in any such proceeding or investigation. Nothing in this provision is intended to or should be construed to prevent the Participant from providing truthful information to any person or entity as required by law or his fiduciary obligations.

1.6 Reports to Government Entities. Nothing in this Plan or any other agreement with, or plan or policy of, the Company restricts the Participant from providing truthful information to a self-regulatory authority or a government agency or entity, including the U.S. Equal Employment Opportunity Commission, the Department of Labor, the National Labor Relations Board, the Department of Justice, the Securities and Exchange Commission, Congress and any agency Inspector General (collectively, the "Regulators"), including in connection with initiating communications directly with, responding to any inquiries from, providing testimony before, providing confidential information to, reporting possible violations of law or regulation to, or from filing a claim or assisting with an investigation directly with a Regulator or making other disclosures that are protected under the whistleblower provisions of state or federal law or regulation. The Participant does not need the prior authorization of the Company to engage in such communications with the Regulators, respond to such inquiries from the Regulators, provide such confidential information or documents to the Regulators, or make any such reports or disclosures to the Regulators and is not required to notify the Company that Employee has engaged in such communications with the Regulators.

1.7 Specific Remedy. The Participant acknowledges and agrees that if he commits a material breach of the Covenant of Confidentiality or, if applicable, the Covenant Against Competition, the Covenant of Non-Solicitation, or the Covenant of Non-Disparagement and Cooperation, the Company shall have the right to have the covenant specifically enforced through an injunction or otherwise, without any obligation that the Company post a bond or prove actual damages, by any court having appropriate jurisdiction on the grounds that any such breach will cause irreparable injury to the Company, without prejudice to any other rights and remedies that Company may have for a breach of this Plan, and that money damages will not provide an adequate remedy to the Company. The Participant further acknowledges and agrees that the Covenant of Confidentiality, the Covenant Against Competition, the Covenant of Non-Solicitation, and the Covenant of Non-Disparagement and Cooperation contained in this Plan are intended to protect the Company's business interests and goodwill, are fair, do not unreasonably restrict his future employment and business opportunities, and are commensurate with the arrangements set out in this Plan and with the other terms and conditions of the Participant's employment. In addition, in executing this Plan, the Participant makes an election to receive severance pay and benefits pursuant to Sections 5 and 6 and is subject to the covenants above, therefore, the Participant shall have no right to return any amounts or benefits that are already paid or to refuse to accept any amounts or benefits that are payable in the future in lieu of his specific performance of his obligations under the covenants above.

## Section 10

## OFFSET

Participants in the Plan shall not be entitled to receive any other severance, notice, change of control or termination payments or benefits (or notice in lieu of severance) from the Company. In addition, to the extent permitted by Section 409A of the Code, the Participant's benefits under the Plan will be reduced by the amount of any other severance or termination payments, or pay in lieu of notice, payable by the Company to the Participant on account of his employment, or termination of employment, with the Company, including, but not limited to, (i) any payments required to be paid by the Company to the Participant under any other program, policy, practice, or plan, or (ii) any federal, state, national, municipal, provincial, commonwealth or local law (including any payment pursuant to the Worker Adjustment Retraining and Notification Act or any national, State, local, provincial, municipal, or commonwealth equivalent). A Participant must notify the Plan Administrator if he receives any such payments. Notwithstanding anything to the contrary in this Section 10, no severance payment paid or payable to a Participant, after giving effect to the provisions of this Section 10, shall be less than one week of Participant's Base Salary.

## Section 11

## CESSATION OF PARTICIPATION IN EMPLOYER PLANS

Except as otherwise provided herein, a Participant, as of his Termination Date, shall cease to participate in and shall cease to be treated as an employee of the Company for all purposes under the employee benefit plans of the Company, including, without limitation, all retirement, welfare, incentive, bonus and other similar plans, policies, programs and arrangements maintained for employees of the Company. Each such Participant's rights under any such plan, policy, program or arrangement shall be governed by the terms and conditions of each thereof, as in effect on such Termination Date.

## Section 12

## ADMINISTRATION

1.1 Plan Interpretation and Benefit Determinations. The Plan is administered and operated by the Plan Administrator who has complete authority, with respect to matters within its jurisdiction, in its sole and absolute discretion, to construe the terms of the Plan (and any related or underlying documents or policies), and to determine the eligibility for, and amount of, severance benefits due under this Plan to Participants and their beneficiaries. All such interpretations and determinations (including factual determinations) of the Plan Administrator shall be final and binding upon all parties and persons affected thereby. The Plan Administrator may appoint one or more individuals and delegate such of its powers and duties as it deems desirable to any such individual(s), in which case every reference herein made to the Plan Administrator shall be deemed to mean or include the appointed individual(s) as to matters within their jurisdiction.

1.2 Benefit Claims. A Participant or his beneficiary (if applicable) may file a written claim with the Plan Administrator with respect to his rights to receive a benefit from the Plan. The Participant will be informed of the decision of the Plan Administrator with respect to the claim within ninety (90) days after it is filed. Under special circumstances, the Plan Administrator may require an additional period of not more than ninety (90) days to review a claim. If this occurs, the Participant will be notified in writing as to the length of the extension, the reason for the extension, and any other information needed in order to process the claim. If the Participant is not notified within the ninety-day (or one hundred and eighty-day, if so extended) period, he may consider the claim to be denied.

If a claim is denied, in whole or in part, the Participant will be notified in writing of the specific reason(s) for the denial, the exact plan provision(s) on which the decision was based, what additional material or information is relevant to his case, and what procedure the Participant should follow to get the claim reviewed again. The Participant then has sixty (60) days to appeal the decision to the Plan Administrator.

The appeal must be submitted in writing to the Plan Administrator. A Participant may request to review pertinent documents and may submit a written statement of issues and comments. A decision as to a Participant's appeal will be made within sixty (60) days after the appeal is received. Under special circumstances, the Plan Administrator may require an additional period of not more than sixty (60) days to review an appeal. If this occurs, the Participant will be notified in writing as to the length of the extension, not to exceed one hundred and twenty (120) days from the day on which the appeal was received.

If a Participant's appeal is denied, in whole or in part, he will be notified in writing of the specific reason(s) for the denial and the exact plan provision(s) on which the decision was based. The decision on an appeal of the Plan Administrator will be final and binding on all parties and persons affected thereby. If a Participant is not notified within the sixty-day (or one hundred and twenty-day, if so extended) period, he may consider the appeal as denied.

## Section 13

## MISCELLANEOUS

1.1 Tax Withholding. The Company may withhold from any and all amounts payable under this Plan such federal, state and local taxes as may be required to be withheld pursuant to any applicable law or regulation.

1.2 Unfunded Plan. The Plan is unfunded. The Company shall pay the full cost of the Plan out of its general assets, to the extent not satisfied by the Trust.

1.3 Not a Contract of Employment. The Plan shall not be deemed to constitute a contract of employment, or to impose on the Company any obligation to retain any Participant as an employee, to continue any Participant's current employment status or to change any employment policies of the Company; nor shall any provision hereof restrict the right of the Company to discharge any of its employees or restrict the right of any such employee to terminate his employment with the Company.

1.4 Successors.

(a) This Plan is personal to the Participant and the Participant does not have the right to assign this Plan or any interest herein.

(b) This Plan shall inure to the benefit of and be binding upon the Company and its successors. As used in this Plan, "the Company" shall mean the Company as hereinbefore defined and any successor to its business and/or assets as aforesaid which assumes and agrees to perform this Plan by operation of law, or otherwise.

1.5 Full Settlement. Except as specifically provided otherwise in this Plan, the Company's obligation to make the payments provided for herein and otherwise to perform its obligations hereunder shall not be affected by any circumstances, including, without limitation, any setoff, counterclaim, recoupment, defense or other right which the Company may have against the Participant or others. The Participant shall not be obligated to seek other employment by way of mitigation of the amounts payable to the Participant under any of the provisions of this Plan nor, except as specifically provided otherwise in this Plan, shall the amount of any payment provided for under this Plan be reduced by any compensation or benefits earned by the Participant as the result of employment by another employer after the Termination Date.

1.6 Attorney's Fees. To the fullest extent permitted by law, the Company shall promptly pay upon submission of statements all legal and other professional fees, costs of litigation, prejudgment interest, and other expenses incurred in connection with any dispute concerning payments, benefits and other entitlements which the Participant may have under Sections 5.1, 5.3(b), 5.3(c), 6.1, or 6.2 subject to a cap of $15,000; provided, however, the Company shall be reimbursed by the Participant (i) for the fees and expenses advanced in the event the Participant's claim is, in a material manner, in bad faith or frivolous and the arbitrator or court, as applicable, determines that the reimbursement of such fees and expenses is appropriate, or (ii) to the extent that the arbitrator or court, as appropriate, determines that such legal and other professional fees are clearly and demonstrably unreasonable. Any payments made pursuant to this Section 13.6 shall be limited to expenses incurred on or prior to December 31 of the second calendar year following the calendar year in which the Termination Date occurs, and any payments made pursuant to this Section 13.6 shall be made on or prior to December 31 of the third calendar year following the calendar year in which the Termination Date occurs.

1.7 Section 409A of the Code.

(a) Notwithstanding anything herein to the contrary, this Plan shall be construed and interpreted in a manner so as not to trigger adverse tax consequences under Section 409A of the Code and the rulings and regulations issued thereunder. The Company may amend this Plan in any manner necessary to comply with Section 409A of the Code or any other applicable laws, with or without the consent of the Participant. Furthermore, to the extent necessary to comply with Section 409A of the Code, the payment terms for any of the payments or benefits payable hereunder shall be amended without the Participant's consent to comply with Section 409A of the Code.

(b) Notwithstanding anything herein to the contrary, a Participant shall not be entitled to any payments or benefits pursuant to the Plan in the event that the occurrence of his termination of employment does not constitute a "separation from service" as defined by Section 409A of the Code and the regulations issued thereunder. For purposes of determining whether a "separation from service", as defined by Section 409A of the Code, has occurred, pursuant to Treas. Reg. § 1.409A-1(h)(3), the Company has elected to use "at least 80 percent" each place it appears in Sections 1563(a)(1), (2), and (3) of the Code and in Treas. Reg. § 1.414(c)-2.

(c) Notwithstanding anything herein to the contrary, if a Participant is a Specified Employee at the time of his Termination Date, and the deferral of the commencement of any payments or benefits otherwise payable hereunder is necessary in order to prevent any accelerated or additional tax under Section 409A of the Code, then, to the extent permitted by Section 409A of the Code, the Company will defer the commencement of the payment of any such payments or benefits hereunder until the first day following the six-month anniversary of the Termination Date (or the earliest date as is permitted under Section 409A of the Code). If any payments or benefits are deferred due to such requirements, (whether they would have otherwise been payable in a single sum or in installments in the absence of such deferral) they shall be paid or reimbursed to the Participant in a lump sum on the first day following the six-month anniversary of the Termination Date, and any remaining payments and benefits due under this Plan shall be paid or provided in accordance with the normal payment dates specified for them herein.

(d) Except as otherwise provided herein, any reimbursements or in-kind benefits provided under the Plan shall be made or provided in accordance with the requirements of Section 409A of the Code, including, where applicable, the requirement that (i) any reimbursement is for expenses incurred during the period of time specified in the Plan (or, if no such period is specified, the Participant's lifetime), (ii) the amount of expenses eligible for reimbursement, or in kind benefits provided, during a calendar year may not affect the expenses eligible for reimbursement, or in kind benefits to be provided, in any other calendar year, (iii) the reimbursement of an eligible expense will be made no later than the last day of the calendar year following the year in which the expense is incurred, and (iv) the right to reimbursement or in kind benefits is not subject to liquidation or exchange for another benefit. In addition, for purposes of the limitations on nonqualified deferred compensation under Section 409A, each payment of compensation under the Plan shall be treated as a separate payment of compensation for purposes of applying the Section 409A deferral election rules and the exclusion from Section 409A for certain short-term deferral amounts and separation pay. Notwithstanding any other provision set forth herein, any payments which are intended to constitute separation pay due to an involuntary separation from service in accordance with Treas. Reg. § 1.409A-1(b)(9)(iii) shall be paid no later than the last day of the second calendar year following the calendar year in which the Termination Date occurs.

(e) For purposes of this Plan, a Company Entity means any member of a controlled group of corporations or a group of trades or businesses under common control of which the Company is a member. A "controlled group of corporations" means a controlled group of corporations as defined in Section 414(b) of the Code and a "group of trades or businesses under common control" means a group of trades or businesses under common control as defined in Section 414(c) of the Code, without any modifications.

1.8 Choice of Law and Jury Trial Waiver. The validity, interpretation, construction, and performance of this Plan shall be governed by the laws of the State of Florida without regard to its conflicts of law principles. The Parties agree that any suit, action or other legal proceeding that is commenced to resolve any matter arising under or relating to any provision of this Plan shall be commenced only in a court of the State of Florida (or, if appropriate, a federal court located within the State of Florida), in either case located in Miami, Florida, and the parties consent to the jurisdiction of such court. The parties hereto accept the exclusive jurisdiction and venue of those courts for the purpose of any such suit, action or proceeding. **The Company and the Participant each irrevocably waive any right to a trial by jury in any action, suit or other legal proceeding arising under or relating to any provision of this Plan.**

1.9 Effect of Invalidity of Provision. If any provision of the Plan is held invalid or unenforceable, such invalidity or unenforceability shall not affect any other provision hereof, and such provision shall, to the extent possible, be modified in such manner as to be valid and enforceable but so as to most nearly retain the intent of the Company. If such modification is not possible, the Plan shall be construed and enforced as if such provision had not been included in the Plan.

1.10 Effect of Plan. The Plan supersedes any and all prior severance arrangements, policies, plans or practices of the Company and its predecessors (whether written or unwritten) and further supersedes any nondisclosure, nonsolicitation, inventions and/or noncompetition agreements covering the Participants; provided, however, that any rights to indemnification, all stock options or other equity granted to the Participant prior to the Effective Date, and all agreements relating thereto shall remain in full force and effect in accordance with their terms except as otherwise modified herein.

1.11 Records. The records of the Company with respect to employment history, Base Salary, absences, and all other relevant matters shall be conclusive for all purposes of this Plan.

1.12 Non-transferability. In no event shall the Company make any payment under this Plan to any assignee or creditor of a Participant, except as otherwise required by law. Prior to the time of a payment hereunder, a Participant shall have no rights by way of anticipation or otherwise to assign or otherwise dispose of any interest under this Plan, nor shall rights be assigned or transferred by operation of law.

1.13 Other Benefits. No amount accrued or paid under this Plan shall be deemed compensation for purposes of computing a Participant's benefits under any retirement plan of the Company or its subsidiaries, nor affect any benefits under any other benefit plan now or subsequently in effect under which the availability or amount of benefits is related to the Participant's level of compensation.

## Section 14

## AMENDMENT OR TERMINATION OF THE PLAN

The Plan may be amended or terminated, in whole or in part, (i) at any time, with or without prior notice to Participants, by action of the Committee or its designees in order to comply with applicable laws, rules and regulations and (ii) at any time with notice to Participants by action of the Committee. Notwithstanding the foregoing, if a Change of Control occurs, the Company may not amend the Plan before the date that is two (2) years beyond the month in which a Change of Control occurs.

## Section 15

## REQUIRED INFORMATION

1.1 Participants' Rights Under ERISA. A Participant in the Plan is entitled to certain rights and protections under ERISA. ERISA provides that all Plan participants shall be entitled to:

- Examine, without charge, at the Plan Administrator's office, all Plan documents, and copies of all documents filed by the Plan with the U.S. Department of Labor, such as detailed annual reports and Plan descriptions.

- Obtain copies of Plan documents and other Plan information upon written request to the Plan Administrator. The Plan Administrator may make a reasonable charge for the copies.

- Receive a summary of the Plan's annual financial report if the Plan covers 100 or more people. The Plan Administrator is required by law to furnish each Participant with a copy of this summary annual report.

In addition to creating rights for Plan participants, ERISA imposes duties upon the people who are responsible for the operation of the Plan. The people who operate the Plan, called "fiduciaries" of the Plan, have a duty to do so prudently and in the interest of Plan participants and beneficiaries. No one, including the Company or any other person, may fire a Participant or otherwise discriminate against him in any way to prevent him from obtaining a welfare benefit or exercising his rights under ERISA. If a Participant's claim for a benefit is denied in whole or in part, he must receive a written explanation of the reason for the denial. The Participant has the right to have the Plan review and reconsider his claim. Under ERISA, there are steps a Participant can take to enforce the above rights.

For instance, if a Participant requests materials from the Plan and does not receive them within 30 days, he may file suit in a federal court. In such a case, the court may require the Plan Administrator to provide the materials and pay the Participant up to $110 a day until the he receives the materials, unless the materials were not sent because of reasons beyond the control of the Plan Administrator.

If the Participant's claim for benefits is denied or ignored, in whole or in part, he may file suit in a state or federal court. If a Participant is discriminated against for asserting his rights, he may seek assistance from the U.S. Department of Labor, or may file suit in a federal court. The court will decide who should pay court costs and legal fees. If the Participant is successful, the court may order the person the Participant sued to pay these costs and fees. If the Participant loses, the court may order him to pay these costs and fees, for example, if it finds the Participant's claim is frivolous. If a Participant has any questions about the Plan, he should contact the Plan Administrator. If the Participant has any questions about this statement or about his rights under ERISA, he should contact the nearest office of the Employee Benefits Security Administration, U.S. Department of Labor, listed in the telephone directory or the Division of Technical Assistance and Inquires, Employee Benefits Security Administration, U.S. Department of Labor, 200 Constitution Avenue N.W., Washington, D.C. 20210.

1.2 Other Important Facts.

| | |
|---|---|
| OFFICIAL NAME OF THE PLAN: | Ryder System, Inc. Officer Severance Plan |
| SPONSOR | Ryder System, Inc.<br>11690 NW 105th Street<br>Miami, Florida 33178-1103<br>(305) 500-3726 |
| EMPLOYER IDENTIFICATION NUMBER (EIN): | 59-0739250 |
| PLAN NUMBER: | [___] |
| TYPE OF PLAN: | Employee Welfare Severance Benefit Plan |
| END OF PLAN YEAR: | December 31 |
| TYPE OF ADMINISTRATION: | Employer Administered |
| PLAN ADMINISTRATOR: | Ryder's Chief Human Resources Officer<br>11690 NW 105th Street<br>Miami, Florida 33178-1103 |
| RESTATEMENT EFFECTIVE DATE: | August 1, 2023 |

The Plan Administrator keeps records of the Plan and is responsible for the administration of the Plan. The Plan Administrator will also answer any questions you may have about the Plan.

Service of legal process may be made upon the Plan Administrator.

No individual may, in any case, become entitled to additional benefits or other rights under this Plan after the Plan is terminated. Under no circumstances will any benefit under this Plan ever vest or become nonforfeitable.

**RESTRICTED STOCK RIGHTS ISSUED UNDER**

**Amended and Restated**

**RYDER SYSTEM, INC. 2019 EQUITY AND INCENTIVE COMPENSATION PLAN**

**<u>20XX TERMS AND CONDITIONS</u>**

The following terms and conditions apply to the Restricted Stock Rights (the "RSRs") granted in 20XX by Ryder System, Inc. (the "Company") under the Amended and Restated Ryder System, Inc. 2019 Equity and Incentive Compensation Plan (the "Plan"), as specified in the Restricted Stock Rights Award Notification (the "Notification") for the RSRs which references these terms and conditions. Certain terms of the RSRs, including the number of Shares underlying the RSRs, are set forth in the Notification. The Compensation Committee of the Company's Board of Directors (the "Committee") shall administer the RSRs in accordance with the Plan. Capitalized terms used herein and not defined shall have the meaning ascribed to such terms in the Plan or in the Notification.

1. ***General.*** Each RSR represents the right to receive one Share on a future date, on the terms and conditions set forth herein, in the Notification and the Plan, the applicable terms, conditions and other provisions of which are incorporated by reference herein (collectively, the "Award Documents"). A copy of the Plan and the documents that constitute the "Prospectus" for the Plan under the Securities Act of 1933 have been made available to the Participant prior to or along with delivery of the Notification. In the event there is an express conflict between the provisions of the Plan and those set forth in any other Award Document, the terms and conditions of the Plan shall govern.

   The terms and conditions contained herein may be amended by the Committee as permitted by the Plan; none of the terms and conditions of the RSRs may be amended or waived without the prior approval of the Committee. Any amendment or waiver not approved by the Committee will be void and have no force or effect. Any employee or officer of the Company who authorizes any such amendment or waiver without the prior approval of the Committee will be subject to disciplinary action up to and including forfeiture of his or her RSRs and/or termination of employment (unless otherwise prohibited by law). All decisions and determinations made by the Committee relating to the RSRs shall be final and binding on the Participant, his or her beneficiaries and any other person having or claiming an interest under the Plan.

2. ***Delivery of Shares.*** Subject to Sections 3 and 4 below, the RSRs will vest pursuant to the vesting schedule set forth in the Notification, provided the Participant is, on the relevant vesting date, and has been from the date of grant of the RSRs to the relevant vesting date, continuously employed by the Company or one of its Subsidiaries. For purposes of these terms and conditions, the Participant shall not be deemed to have terminated his or her employment with the Company and its Subsidiaries if he or she is then employed by the Company or another Subsidiary without a break in service.

   Upon vesting, the Shares subject to the vested RSRs will be transferred to an account held in the name of the Participant by the Company's independent stock plan administrator (the "Account") and the Participant will receive notice of such transfer together with all relevant account details. Subject to Sections 3 and 4 below, the transfer will occur within 15 days after the vesting date set forth in the Notification.

3. ***Termination of RSRs; Forfeiture.*** The RSRs will be cancelled upon or following the termination of the Participant's employment with the Company and its Subsidiaries as described below.

   (a) <u>Resignation by the Participant or Termination by the Company or a Subsidiary</u>: Except as otherwise provided in subsection (b) or (c) or Section 4 below, all outstanding RSRs will be forfeited and the Participant will not have any right to delivery of Shares that did not vest prior to such termination. If the Participant's employment is terminated by the Company or a Subsidiary for Cause, then the Company shall have the right to reclaim and receive from the Participant any Shares delivered to the Participant pursuant to Section 2 within the one year period before the date of the Participant's termination of employment, or to the extent the Participant has transferred such Shares, the equivalent after-tax value thereof (as of the date the Shares were transferred by the Participant) in cash.

(b) Termination by Reason of Death or Disability: If the Participant's employment terminates on account of the Participant's death or the Participant becomes Disabled, any unvested RSRs shall become fully vested upon such death or Disability. The Shares subject to the vested RSRs will be transferred to the Account within 60 days following the date of such death or Disability.

(c) Termination by Reason of Retirement:

(i) If the Participant's employment terminates on account of a Qualified Retirement and Section 4(c) below does not apply, then any unvested RSRs shall continue to vest pursuant to the vesting schedule set forth in the Notification as though the Participant remained continuously employed by the Company or its Subsidiaries through each applicable vesting date. The shares subject to the RSRs which vest on each applicable vesting date shall be transferred to the Account within 15 days following the applicable vesting date. Notwithstanding the foregoing, in the event that the Participant engages in Proscribed Activity in violation of the agreement described in Section 13(c)(ii) below, any unvested RSRs shall immediately cease vesting and upon the date of such violation, the Participant shall cease to have any further rights with respect to any unvested RSRs.

(ii) If the Participant's employment terminates on account of Retirement which does not constitute a Qualified Retirement and Section 4(c) below does not apply, then upon such Retirement, a prorated portion of the RSRs shall vest. Such prorated portion shall be equal to the number of RSRs that would otherwise vest on the next vesting date, multiplied by a fraction (and rounded down to the nearest whole Share), (A) the numerator of which shall be the number of days that elapsed during the period (I) beginning on the most recent vesting date (or, if no vesting date has occurred since the date of grant of the RSRs, beginning on the date of grant), and (II) ending on the date of Retirement, and (B) the denominator of which shall be 365. A number of Shares equal to the prorated number of RSRs that so vest will be delivered to the Account on or within 15 days following the first vesting date which occurs after the date of the Participant's Retirement.

(d) Proscribed Activity: If, during the Proscribed Period but prior to a Change of Control, the Participant engages in a Proscribed Activity, then the Company shall have the right to reclaim and receive from the Participant all Shares delivered to the Participant pursuant to Section 2 during the one year period immediately prior to, or at any time following, the date of the Participant's termination of employment, or to the extent the Participant has transferred such Shares, the after-tax equivalent value thereof (as of the date the Shares were transferred by the Participant) in cash.

4. ***Change of Control.*** In the event of a Change of Control, the RSRs shall become payable as described in this Section 4, provided that the Committee may take such other actions with respect to the RSRs as it deems appropriate pursuant to Section 7 and 8 of the Plan.

(a) Form of Payment: The Committee may determine that the outstanding RSRs will be (i) converted to and payable in units with respect to shares or other equity interests of the acquiring company or its parent or (ii) payable in cash based on the Fair Market Value of the RSRs as of the date of the Change of Control.

(b) Continued Employment: If the Participant continues in employment with the Company or one of its Subsidiaries through each applicable vesting date following the Change of Control, the RSRs will vest pursuant to the vesting schedule set forth in the Notification.

(c) Termination by Reason of Death or Disability: If the Participant's employment terminates on account of the Participant's death or the Participant becomes Disabled following the Change of Control, any unvested RSRs shall become fully vested upon such death or Disability and shall be paid within 60 days following the date of such death or Disability.

(d) Termination without Cause, for Good Reason or on Account of Retirement following a Change of Control: If the Participant's employment is terminated by the Company without Cause, the Participant terminates employment for Good Reason, or the Participant's employment terminates on account of Retirement (regardless of whether such Retirement constitutes a Qualified Retirement), in each case, upon or within 24 months following a Change of Control and prior to the last vesting date set forth in the Notification, any unvested RSRs shall become fully vested upon such termination of employment and shall be paid within 60 days following the date of such termination, subject to Section 7.

(e) Termination without Cause Prior to a Change of Control: To the extent (i) the Participant's employment was terminated by the Company other than for Cause or Disability within the 12 months prior to the date on which the Change of Control occurred, (ii) during such 12 month period the Participant did not engage in a Proscribed Activity, (iii) the Change in Control constitutes a change "in ownership" or "effective control" or a change in the "ownership of a substantial portion of the assets" of the Company under Section 409A of the Code, and (iv) the Committee determines, in its sole and absolute discretion, that the decision related to such termination was made in contemplation of the Change of Control, then upon the Change of Control, the Participant will become entitled to a cash payment equal to the product of: the Fair Market Value of a Share on the date of the Change of Control and the number of Shares to which the Participant would otherwise have been entitled if the Participant's employment had continued until the date of the Change of Control and the Participant's employment had been terminated as described in subsection (d) above as of such date. Such cash payment will be made in a lump sum within 60 days following the date on which the Change of Control occurs.

(f) Termination on Account of Retirement Prior to a Change of Control: To the extent that (i) the Participant's employment terminated on account of Retirement (regardless of whether such Retirement constitutes a Qualified Retirement) prior to a Change of Control and (ii) the Change in Control constitutes a change "in ownership" or "effective control" or a change in the "ownership of a substantial portion of the assets" of the Company under Section 409A of the Code, then any RSRs which would have vested on the otherwise applicable vesting date in accordance with Section 4(c)(i) and any outstanding RSRs which previously vested in accordance with Section 4(c)(ii) will be paid in a lump sum within 60 days following the date on which the Change of Control occurs.

5. ***Rights as a Shareholder; Dividend Equivalent Rights.*** The Participant will not have the rights of a shareholder of the Company with respect to Shares subject to the RSRs until such Shares are actually delivered to the Participant. If and when Shares are delivered to the Participant pursuant to Section 2, 3 or 4, as applicable, the Company will make a cash payment equal to the product of (i) the number of Shares delivered, and (ii) the aggregate dividends paid on a Share during the period from the date of grant of the award until the date the Shares are delivered.

6. ***U.S. Federal, State and Local Income Taxes.*** The Participant is solely responsible for the satisfaction of all taxes generally that may arise in connection with the RSRs. At the time of taxation, the Company shall have the right to deduct from other compensation or from amounts payable with respect to the RSRs, including by withholding Shares otherwise issuable upon settlement of the RSRs an amount equal to the federal (including FICA), state and local income and payroll taxes required by law to be withheld with respect to the RSRs. The Company intends to satisfy this withholding obligation by reducing the number of Shares and/or cash that are to be delivered to the Participant under this Agreement in an amount sufficient to satisfy the withholding obligations due (based on the Fair Market Value of the Shares for the related RSRs). Notwithstanding the foregoing, the Company may satisfy any tax obligations it may have in any jurisdiction outside the U.S. in any manner it deems, in its sole and absolute discretion, to be necessary or appropriate.

7. ***Section 409A.*** The RSRs are intended to comply with Section 409A of the Code or an exemption, and delivery of Shares and other payments pursuant to the RSRs may only be made upon an event and in a manner permitted by Section 409A, to the extent applicable. For the avoidance of doubt, in order for the Participant to be Disabled for purposes of Sections 3(b) and Section 4(c),

the Participant must have incurred a “disability” within the meaning of Section 409A of the Code. The RSRs shall be administered consistent with Section 9.17 of the Plan.

8. ***Statute of Limitations and Conflicts of Laws.*** All rights of action by, or on behalf of the Company or by any shareholder against any past, present, or future member of the Board of Directors, officer, or employee of the Company arising out of or in connection with the RSRs or the Award Documents, must be brought within three years from the date of the act or omission in respect of which such right of action arises. The RSRs and the Award Documents shall be governed by the laws of the State of Florida, without giving effect to principles of conflict of laws, and construed accordingly.

9. ***No Employment Right.*** Neither the grant of the RSRs nor any action taken hereunder shall be construed as giving any employee or any Participant any right to be retained in the employ of the Company. The Company is under no obligation to grant RSRs hereunder. Nothing contained in the Award Documents shall limit or affect in any manner or degree the normal and usual powers of management, exercised by the officers and the Board of Directors or committees thereof, to change the duties or the character of employment of any employee of the Company or to remove the individual from the employment of the Company at any time, all of which rights and powers are expressly reserved.

10. ***No Assignment.*** A Participant’s rights and interest under the RSRs may not be assigned or transferred, except as otherwise provided herein, and any attempted assignment or transfer shall be null and void and shall extinguish, in the Company’s sole discretion, the Company’s obligation under the RSRs or the Award Documents.

11. ***Unfunded Plan.*** Any shares or other amounts owed under the RSRs shall be unfunded. The Company shall not be required to establish any special or separate fund, or to make any other segregation of assets, to assure delivery or payment of any earned amounts.

12. ***Company Policies.*** The RSRs and any cash or Shares delivered pursuant to the RSRs shall be subject to all applicable clawback or recoupment policies, share trading policies, share holding and other policies that may be implemented by the Company’s Board of Directors from time to time.

13. ***Definitions.***

(a) “Proscribed Activity” means any of the following to the extent permitted by applicable law:

(i) the Participant’s breach of any written agreement between the Participant and the Company or any of its Subsidiaries, including any agreement relating to nondisclosure, noncompetition, nonsolicitation and/or nondisparagement, to the extent such agreements are enforceable under applicable law;

(ii) the Participant’s direct or indirect unauthorized use or disclosure of confidential information or trade secrets of the Company or any Subsidiary, including, but not limited to, such matters as costs, profits, markets, sales, products, product lines, key personnel, pricing policies, operational methods, customers, customer requirements, suppliers, plans for future developments, and other business affairs and methods and other information not readily available to the public;

(iii) the Participant’s direct or indirect engaging or becoming a partner, director, officer, principal, employee, consultant, investor, creditor or stockholder in/for any business, proprietorship, association, firm or corporation not owned or controlled by the Company or its Subsidiaries which is engaged or proposes to engage in a business competitive directly or indirectly with the business conducted by the Company or its Subsidiaries in any geographic area where such business of the Company or its Subsidiaries is conducted, provided that the Participant’s investment in 1% or less of the outstanding capital stock of any corporation whose stock is listed on a national securities exchange shall not be treated as a Proscribed Activity;

(iv) the Participant's direct or indirect, either on the Participant's own account or for any person, firm or company, soliciting, interfering with or inducing, or attempting to induce, any employee of the Company or any of its Subsidiaries to leave his or her employment or to breach his or her employment agreement;

(v) the Participant's direct or indirect taking away, interfering with relations with, diverting or attempting to divert from the Company or any Subsidiary any business with any customer of the Company or any Subsidiary, including (A) any customer that has been solicited or serviced by the Company within one year prior to the date of termination of Participant's employment with the Company and (B) any customer with which the Participant has had contact or association, or which was under the supervision of Participant, or the identity of which was learned by the Participant as a result of Participant's employment with the Company;

(vi) following the Participant's termination of employment, the Participant's making of any remarks disparaging the conduct or character of the Company or any of its Subsidiaries, or their current or former agents, employees, officers, directors, successors or assigns; or

(vii) the Participant's failure to cooperate with the Company or any Subsidiary, for no additional compensation (other than reimbursement of expenses), in any litigation or administrative proceedings involving any matters with which the Participant was involved during the Participant's employment with the Company or any Subsidiary.

Notwithstanding the foregoing, nothing in these terms and conditions restricts or prohibits the Participant from initiating communications directly with, responding to any inquiries from, providing testimony before, providing confidential information to, reporting possible violations of law or regulation to, or from filing a claim or assisting with an investigation directly with, a self-regulatory authority or a government agency or entity, including the U.S. Equal Employment Opportunity Commission, the Department of Labor, the National Labor Relations Board, the Department of Justice, the Securities and Exchange Commission, Congress, and any agency Inspector General (collectively, the "Regulators"), or from making other disclosures that are protected under the whistleblower provisions of state or federal law or regulation. The Participant does not need the prior authorization of the Company to engage in such communications with the Regulators, respond to such inquiries from the Regulators, provide confidential information or documents to the Regulators, or make any such reports or disclosures to the Regulators. The Participant is not required to notify the Company that the Participant has engaged in such communications with the Regulators.

The Participant acknowledges and agrees that the consideration provided in the Plan to enforce Sections 13 is fair and reasonable.

The Participant is hereby advised to consult with an attorney regarding the restrictive covenants set forth herein as consideration for the benefits received under this Plan.

If the Participant resides in California, subsection (iii) above shall not apply to the Participant and subsection (v) above shall apply to the Participant only to the extent that the Participant uses or discloses confidential information of the Company or any of its Subsidiaries in performing such Proscribed Activity and to the extent permitted by applicable law.

If the Participant provides services in Colorado, Illinois, Maine, or Oregon, the Participant shall have fourteen (14) calendar days to review and accept the terms and conditions of this Plan before the restrictive covenants set forth herein become effective.

If the Participant provides services in the District of Columbia, the Participant shall have fourteen (14) calendar days to review and accept the terms and conditions of this Plan before the restrictive covenants set forth herein become effective. The Participant is also hereby notified that the District of Columbia's Ban on Non-Compete Agreements

Amendment Act of 2020 limits the use of non-compete agreements. It allows employers to request non-compete agreements from highly compensated employees, as that term is defined in the Ban on Non-Compete Agreements Amendment Act of 2020, under certain conditions. The Company has determined that the Participant is a highly compensated employee. For more information about the Ban on Non-Compete Agreements Amendment Act of 2020, contact the District of Columbia Department of Employment Services (DOES).

If the Participant provides services in Massachusetts, the Participant shall have ten (10) business days to review and accept the terms and conditions of this Plan before the restrictive covenants set forth herein become effective.

If the Participant provides services in Minnesota, subsection (iii) above shall not apply to the Participant.

If the Participant provides services in Nevada, subsection (v) above will not apply to the Participant if the Participant did not solicit the customer, and the customer voluntarily chose to leave and seek services from the Participant without any contact instigated by the Participant, provided that the Participant is otherwise complying with the terms of subsection (v) above.

If the Participant provides services in North Dakota, subsection (iii) and subsection (v) above shall not apply to the Participant.

If the Participant provides services in Oklahoma, subsection (iii) above shall not apply to the Participant, and subsection (v) above shall apply to the Participant only to the extent that the Participant engages in direct solicitation of established customers of the Company or any of its Subsidiaries.

(b) “Proscribed Period” means the period beginning on the date of termination of Participant’s employment and ending on the later of (A) the one year anniversary of such termination date or (B) if the Participant is entitled to severance benefits in the form of salary continuation, the date on which salary continuation is no longer payable to the Participant.

(c) “Qualified Retirement” means termination of employment on account of the Participant’s voluntary resignation upon or following attainment of age 55 and completion of five years of service, or upon or following attainment of age 65 without regard to years of service; provided that, (i) the Participant’s employment terminates at least six months following the date of grant of the RSRs; (ii) the Participant executes an agreement provided by the Company pursuant to which the Participant executes a general release in favor of the Company and covenants not to engage in Proscribed Activity prior to the last scheduled vesting date for the RSRs set forth in the Notification; and (iii) the Participant provides the Company with at least six months advance written notice of such voluntary resignation and does not cease providing services to the Company prior to the last day of such notice period. For purposes of the preceding clause (iii), if so determined by the Committee, the Participant may satisfy all or any portion of the applicable notice period by providing services to the Company as a consultant (rather than an employee) on such terms as determined by the Committee.

(d) “Retirement” means termination of employment for any reason (other than for Cause or by reason of death or Disability) upon or following attainment of age 55 and completion of 5 years of service, or upon or following attainment of age 65 without regard to years of service.

14. ***Other Benefits.*** No amount accrued or paid under the RSRs shall be deemed compensation for purposes of computing a Participant’s benefits under any retirement plan of the Company or its Subsidiaries, nor affect any benefits under any other benefit plan now or subsequently in effect under which the availability or amount of benefits is related to the Participant’s level of compensation.

15. ***Defend Trade Secrets Act Notice***. Participants are hereby notified that the immunity provisions in Section 1833 of title 18 of the United States Code provide that an individual cannot be held criminally or civilly liable under any federal or state trade secret law for any disclosure of a trade secret that is made (a) in confidence to federal, state or local government officials, either directly or indirectly, or to an attorney, and is solely for the purpose of reporting or investigating a suspected violation of the law, (b) under seal in a complaint or other document filed in a lawsuit or other proceeding, or (c) to the Participant's attorney in connection with a lawsuit for retaliation for reporting a suspected violation of law (and the trade secret may be used in the court proceedings for such lawsuit) as long as any document containing the trade secret is filed under seal and the trade secret is not disclosed except pursuant to court order.

**EXHIBIT 21.1**

The following list sets forth (i) all subsidiaries of Ryder System, Inc. at December 31, 2023, (ii) the state or country of incorporation or organization of each subsidiary, and (iii) the names under which certain subsidiaries do business.

| Name of Subsidiary | State or Country of Incorporation or Organization |
|---|---|
| 3241290 Nova Scotia Company | Canada |
| Associated Ryder Capital Services, Inc. | Florida |
| Bedford Leasing, LLC | Delaware |
| Bedford Logistics, LLC | Illinois |
| Bedford Motor Service, LLC | Illinois |
| Bullwell Trailer Solutions Limited | England |
| COOP Technologies, Inc. | Delaware |
| CRTS Logistica Automotiva S.A. | Brazil |
| DSJ Acquisition, LLC | Delaware |
| DSJ West, LLC | Delaware |
| Enlinx, LLC | Utah |
| Euroway Vehicle Contracts Limited | England |
| Euroway Vehicle Engineering Limited | England |
| Euroway Vehicle Management Limited | England |
| Euroway Vehicle Rental Limited | England |
| Gateway Commerce Logistics, LLC | Delaware |
| Hill Hire Limited | England |
| IFS Holdings, LLC | Delaware |
| IFS SCS Holdings, LLC | Delaware |
| Impact Freight Management, LLC | Oregon |
| Impact Fulfillment Services, LLC | Delaware |
| Impact Transport, LLC | Oregon |
| Impact Warehouse, LLC | Oregon |
| Laromark Intermediate Holding Corporation | Delaware |
| Logistics Resources, LLC | Illinois |
| Maple Mountain Co-Packers LLC | Utah |
| Midwest Warehouse and Distribution System, LLC | Illinois |
| Network Vehicle Central, LLC | Florida |
| PLG Holdings, LLC | Delaware |
| PLG Investments II Holdings, LLC | Delaware |
| PLG Investments II, Inc. | Delaware |
| Port Logistics Group, LLC | Delaware |
| Road Master, Limited | Bermuda |
| RSI Holding B.V. | Netherlands |
| RTRC Finance LP | Canada |
| RTR Holdings (B.V.I.) Limited | British Virgin Islands |
| RTR Leasing I, Inc. | Delaware |

| | |
|---|---|
| RTR Next Gen Sales, LLC | Florida |
| Ryder Argentina S.A. | Argentina |
| Ryder Asia Pacific Holdings B.V. | Netherlands |
| Ryder Capital (Barbados) SRL | Barbados |
| Ryder Canadian Financing US LLC | Delaware |
| Ryder Capital Ireland Holdings II LLC | Delaware |
| Ryder Capital Luxembourg Limited, SARL | England |
| Ryder Capital S. de R.L. de C.V. | Mexico |
| Ryder Capital UK Holdings LLP | England |
| Ryder de Mexico S. de R.L. de C.V. | Mexico |
| Ryder Dedicated Logistics, Inc. | Delaware |
| Ryder Distribution Services Limited | England |
| Ryder do Brasil Ltda. | Brazil |
| Ryder E-commerce, LLC | Delaware |
| Ryder Energy Distribution Corporation | Florida |
| Ryder Europe B.V. | Netherlands |
| Ryder Freight Brokerage, Inc. | Delaware |
| Ryder Fuel Services, LLC | Florida |
| Ryder Funding LP | Delaware |
| Ryder Funding II LP | Delaware |
| Ryder Global Services, LLC | Florida |
| Ryder Holdings Mexico One S. de R.L. de C.V. | Mexico |
| Ryder Holdings Mexico Two S. de R.L. de C.V. | Mexico |
| Ryder Holdings Mexico Three S. de R.L. de C.V. | Mexico |
| Ryder Integrated Logistics, Inc. (1) | Delaware |
| Ryder Integrated Logistics of California Contractors, LLC | Delaware |
| Ryder Integrated Logistics of Texas, LLC | Texas |
| Ryder International Holdings LLC | Delaware |
| Ryder International, Inc. | Florida |
| Ryder International UK Holdings LP | England |
| Ryder Last Mile (California) LLC | Delaware |
| Ryder Last Mile, Inc. | California |
| Ryder Limited | England |
| Ryder Logistica Ltda. | Brazil |
| Ryder Logistics (Shanghai) Co., Ltd. | China |
| Ryder Mauritius Holdings, Ltd. | Mauritius |
| Ryder Mexican Holding B.V. | Netherlands |
| Ryder Midwest Warehouse LLC | Delaware |
| Ryder Pension Fund Limited | England |
| Ryder Puerto Rico, Inc. | Delaware |
| Ryder Purchasing LLC | Delaware |
| Ryder Receivable Funding III, LLC | Delaware |
| Ryder Risk Solutions, LLC | Florida |

| | |
|---|---|
| Ryder Services Corporation [2] | Florida |
| Ryder Servicios do Brasil Ltda. | Brazil |
| | |
| Ryder Supply Chain Solutions Canada ULC/Solutions de Chaine | Canada |
| D’Approvisionnement Ryder Canada SRI | |
| | |
| Ryder Supply Chain Solutions Puerto Rico, LLC | Delaware |
| Ryder System Holdings (UK) Limited | England |
| Ryder Transport Express, LLC | California |
| Ryder Transportation Solutions LLC [3] [4] | Delaware |
| Ryder Truck Rental Holdings Canada Ltd. | Canada |
| Ryder Truck Rental, Inc. [5] [6] [7] | Florida |
| Ryder Truck Rental I LLC | Delaware |
| Ryder Truck Rental II LLC | Delaware |
| Ryder Truck Rental III LLC | Delaware |
| Ryder Truck Rental IV LLC | Delaware |
| Ryder Truck Rental I LP | Delaware |
| Ryder Truck Rental II LP | Delaware |
| Ryder Truck Rental Canada Ltd. [8] | Canada |
| Ryder Truck Rental LT | Delaware |
| Ryder Vehicle Sales, LLC | Florida |
| RyderVentures, LLC | Florida |
| Sistemas Logisticos Sigma S.A. | Argentina |
| Tandem Transport, L.P. | Georgia |
| Tech Packaging, LLC | Florida |
| TPE Acquisition, LLC | Delaware |
| Translados Americano S. de R.L. de C.V. | Mexico |
| Whiplash Merchandising, LLC | Delaware |

---

(1) Florida: d/b/a UniRyder
Delaware, Missouri and Oklahoma: d/b/a Ryder

Alabama, Alaska, Arizona, Arkansas, California, Colorado, Connecticut, Delaware, District of Columbia, Florida, Georgia, Idaho, Illinois, Indiana, Iowa, Kansas, Kentucky, Louisiana, Maine, Maryland, Massachusetts, Michigan, Minnesota, Mississippi, Missouri, Montana, Nebraska, Nevada, New Hampshire, New Jersey, New Mexico, New York, North Carolina, North Dakota, Ohio, Oklahoma, Oregon, Pennsylvania, Rhode Island, South Carolina, South Dakota, Tennessee, Texas, Utah, Virginia, Washington, West Virginia and Wisconsin: d/b/a Ryder Freight Brokerage

(2) Ohio and Texas: d/b/a Ryder Claims Services Corporation
New Jersey: d/b/a Ryder Claims Services

(3) Arkansas, California, Colorado, Connecticut, District of Columbia, Florida, Georgia, Hawaii, Illinois, Iowa, Louisiana, Maine, Maryland, Massachusetts, Minnesota, Montana, Nebraska, New Jersey, New Mexico, North Carolina, South Dakota, Texas, Virginia, Washington and Wyoming: d/b/a Ryder Transportation Services

(4) Arizona, Arkansas, California, Colorado, Connecticut, District of Columbia, Florida, Georgia, Idaho, Illinois, Indiana, Iowa, Kentucky, Louisiana, Maryland, Massachusetts, Mississippi, Montana, Nebraska, New Hampshire, New Jersey, New Mexico, North Carolina, North Dakota, Pennsylvania, Rhode Island, South Dakota, Tennessee, Texas, Vermont, Virginia and Wyoming: d/b/a Ryder

(5) Alabama, Alaska, Arizona, Arkansas, California, Colorado, Connecticut, Delaware, District of Columbia, Florida, Georgia, Hawaii, Idaho, Illinois, Indiana, Iowa, Kansas, Kentucky, Louisiana, Maine, Maryland, Massachusetts, Michigan, Minnesota, Mississippi, Missouri, Montana, Nebraska, Nevada, New Hampshire, New Jersey, New Mexico, New York, North Carolina, North Dakota, Ohio, Oklahoma, Oregon, Pennsylvania, Rhode Island, South Carolina, South Dakota, Tennessee, Texas, Utah, Vermont, Virginia, Washington, West Virginia, Wisconsin and Wyoming: d/b/a Ryder Transportation Services:

(6) Alabama, Arizona, Arkansas, California, Florida, Georgia, Indiana, Kansas, Kentucky, Louisiana, Maryland, Mississippi, New Jersey, New Mexico, North Carolina, Oklahoma, Pennsylvania, South Carolina, Tennessee, Texas and Washington: d/b/a Torque By Ryder

(7) Maryland and Virginia: d/b/a Ryder/Jacobs
Michigan: d/b/a Atlas Trucking, Inc.
Michigan: d/b/a Ryder Atlas of Western Michigan
Texas: d/b/a DSC Truck Services

(8) French Name: Location de Camions Ryder du Canada Ltee.
Canadian Provinces: d/b/a: Ryder Integrated Logistics,
Ryder Dedicated Logistics,
Ryder Canada

**EXHIBIT 23.1**

**CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

We hereby consent to the incorporation by reference in the Registration Statements on Form S-8 (No. 333-19515, No. 333-26653, No. 333-69628, No. 333-108364, No. 333-124828, No. 333-134113, No. 333-153123, No. 333-177285, No. 333-181396, No. 333-211206, No. 333-212138, No. 333-230765, No. 333-231208, No. 333-239437 and No. 333-256368) and on Form S-3 (No. 333-254767 and No. 033-58667) of Ryder System, Inc. of our report dated February 20, 2024 relating to the financial statements and financial statement schedule and the effectiveness of internal control over financial reporting, which appears in this Form 10-K.

/s/ PricewaterhouseCoopers LLP
Hallandale Beach, Florida
February 20, 2024

**EXHIBIT 24.1**

**POWER OF ATTORNEY**

KNOW ALL MEN BY THESE PRESENTS, that each of the undersigned, being directors of Ryder System, Inc., a Florida corporation, hereby constitutes and appoints Robert D. Fatovic, and each of them, his or her true and lawful attorney-in-fact and agent, with full power of substitution and resubstitution, for the undersigned and in his or her name, place and stead, in any and all capacities, to sign the Ryder System, Inc. Form 10-K (Annual Report pursuant to the Securities Exchange Act of 1934) for the fiscal year ended December 31, 2023 (the “Form 10-K”), and any and all amendments thereto, and to file the same, with all exhibits thereto and other documents in connection therewith, with the Securities and Exchange Commission and with the New York Stock Exchange and any other stock exchange on which the Company's common stock is listed, granting unto each said attorney-in-fact and agent full power and authority to perform every act requisite and necessary to be done in connection with the execution and filing of the Form 10-K and any and all amendments thereto, as fully for all intents and purposes as he or she might or could do in person, hereby ratifying all that each said attorney-in-fact and agent, or his or her substitute or substitutes, may lawfully do or cause to be done by virtue thereof.

This Power of Attorney may be signed in any number of counterparts, each of which shall constitute an original and all of which, taken together, shall constitute one Power of Attorney.

IN WITNESS WHEREOF, each of the undersigned has hereunto set his or her hand effective the 14th day of February, 2024.

| | |
|---|---|
| /s/ Robert J. Eck<br>Robert J. Eck | /s/ Robert A. Hagemann<br>Robert A Hagemann |
| /s/ Michael F. Hilton<br>Michael F. Hilton | /s/ Tamara L. Lundgren<br>Tamara L. Lundgren |
| /s/ Luis P. Nieto, Jr.<br>Luis P. Nieto, Jr. | /s/ David G. Nord<br>David G. Nord |
| /s/ Abbie J. Smith<br>Abbie J. Smith | /s/ E. Follin Smith<br>E. Follin Smith |
| /s/ Dmitri L. Stockton<br>Dmitri L. Stockton | /s/ Hansel E. Tookes, II<br>Hansel E. Tookes, II |
| /s/ Charles M. Swoboda<br>Charles M. Swoboda | |

**EXHIBIT 31.1**

CERTIFICATION

I, Robert E. Sanchez, certify that:

1. I have reviewed this annual report on Form 10-K of Ryder System, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 20, 2024

/s/ ROBERT E. SANCHEZ

Robert E. Sanchez
President and Chief Executive Officer

**EXHIBIT 31.2**

CERTIFICATION

I, John J. Diez, certify that:

1. I have reviewed this annual report on Form 10-K of Ryder System, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

    a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

    c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

    a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

    b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 20, 2024

/s/ JOHN J. DIEZ
John J. Diez
Executive Vice President and Chief Financial Officer

**EXHIBIT 32**

CERTIFICATION

In connection with the Annual Report of Ryder System, Inc. (the “Company”) on Form 10-K for the period ended December 31, 2023, as filed with the Securities and Exchange Commission on the date hereof (the “Report”), Robert E. Sanchez, President and Chief Executive Officer of the Company, and John J. Diez, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ ROBERT E. SANCHEZ

Robert E. Sanchez
President and Chief Executive Officer
February 20, 2024

/s/ JOHN J. DIEZ

John J. Diez
Executive Vice President and Chief Financial Officer
February 20, 2024

**Ryder System, Inc.**
**Policy for the Recoupment of Erroneously Awarded**
**Compensation from Executive Officers**
Effective October 2, 2023

## Purpose

The Board of Directors (the "Board") of Ryder System, Inc. (the "Company") has adopted this Policy for the Recoupment of Erroneously Awarded Compensation from Executive Officers (the "Policy") to authorize the Company to recoup Erroneously Awarded Compensation awarded to an Executive Officer in the event of an Accounting Restatement.

This Policy shall be interpreted to comply with the listing standards of the New York Stock Exchange ("NYSE") and the rules found in Rule 10D-1 under the Securities Exchange Act of 1934. To the extent this Policy is deemed inconsistent with such standards or rules, this Policy shall be treated as retroactively amended to be compliant with such standards or rules.

## Application

This Policy applies to Executive Officers. For purposes of this Policy, the term "Executive Officer" shall mean any current or former "officer" of the Company within the meaning of Rule 16a-1(f) under the Exchange Act, as determined by the Board. Identification of an Executive Officer for purposes of this Policy will include at a minimum executive officers identified pursuant to 17 CFR 229.401(b).

This Policy shall apply only in the event the Company is required to make an Accounting Restatement of the Company's financial results. For purposes of this Policy, an Accounting Restatement is any required accounting restatement to correct an error that is (i) material to the Company's previously issued financial statements, or (ii) would result in a material misstatement if the error were corrected in the current period or left uncorrected in the current period (each, an "Accounting Restatement"). If a Recoupment Exception applies, the Company may forgo such recoupment under this Policy.

## Policy

In the event of an Accounting Restatement, reasonably promptly thereafter the Company will recoup from each Executive Officer the Erroneously Awarded Compensation Received by such Executive Officer. Such determination of "reasonably promptly" shall be consistent with any applicable legal guidance, by the SEC, judicial opinion or otherwise. The determination of "reasonably promptly" may vary from case to case, and the Compensation Committee of the Board (the "Compensation Committee") is authorized to determine a repayment schedule that satisfies this requirement.

**Erroneously Awarded Compensation**

The Compensation Committee will determine the amount of Erroneously Awarded Compensation paid, if any, to any Executive Officer in accordance with the listing standards of NYSE and the rules found in Rule 10D-1 under the Securities Exchange Act of 1934.

For purposes of this Policy, "Erroneously Awarded Compensation" is the amount of Incentive-Based Compensation Received that exceeds the amount of Incentive-Based Compensation that otherwise would have been Received had it been determined based on the relevant Accounting Restatement amount and computed without regard to any taxes paid.

For Incentive-Based Compensation based on stock price or total shareholder return, where the amount of Erroneously Awarded Compensation is not subject to mathematical recalculation directly from the information in an Accounting Restatement: (1) the amount of such Erroneously Awarded Compensation shall be based on a reasonable estimate of the effect of the Accounting Restatement on the stock price or total shareholder return upon which the Incentive-Based Compensation was received, and (2) the Company will maintain and provide to the NYSE documentation of the determination of such reasonable estimate.

**Recovery Period**

In the event the Company is required to recoup Erroneously Awarded Compensation in accordance with this Policy, the Company shall recoup all Erroneously Awarded Compensation Received by an Executive Officer: (1) after beginning service as an Executive Officer; (2) who served as an Executive Officer at any time during the performance period for that Incentive-Based Compensation; (3) while the Company has a class of securities listed on a national securities exchange; and (4) during the three completed fiscal years immediately preceding the Triggering Date (the "Recovery Period").

In addition to the Recovery Period, this Policy applies to any transition period (that results from a change in the Company's fiscal year) within or immediately following the Recovery Period (a "Transition Period"), provided that a Transition Period between the last day of the Company's previous fiscal year end and the first day of the Company's new fiscal year that comprises a period of nine to 12 months will be deemed a completed fiscal year.

Notwithstanding the relevant three-year look-back period, the Company is only required to apply this Policy to Incentive-Based Compensation Received on or after December 1, 2023.

**Recoupment Exceptions**

The Company shall recoup any Erroneously Awarded Compensation Received by an Executive Officer in compliance with this Policy, except (i) to the extent one of the conditions in prongs (A)-(C) below are met, and (ii) the Compensation Committee has determined that recoupment would be impracticable (collectively, the "Recoupment Exceptions"):

(A) The direct expense due to a third party to assist in enforcing this Policy would exceed the amount to be recovered, provided that the Company has already reasonably attempted to recoup such Erroneously Awarded Compensation, as documented in the Company's corporate records and provided to NYSE; or

(B) Recoupment would likely cause an otherwise tax-qualified retirement plan, under which benefits are broadly available to employees of the Company, to fail to meet the statutory requirements applicable to such plan.

**Administration and Interpretation**

To the extent permitted by applicable law and in the best interests of the Company, decisions of the Board with respect to this Policy shall be final, conclusive and binding on all Executive Officers, unless determined to be an abuse of discretion.

**Indemnification**

Notwithstanding anything to the contrary in any other policy of the Company or any agreement between the Company and an Executive Officer, no Executive Officer shall be indemnified by the Company against the loss of any Erroneously Awarded Compensation.

**Amendment**

The Company may amend this Policy in its discretion at any time, including, without limitation, to the extent required by applicable law or regulation.

**Who to Contact**

Any person who has a question about this Policy may obtain additional guidance from the Company's Chief Legal Officer or their designee.

**Definitions**

| Term | Definition |
|---|---|
| Financial Reporting Measure | A measure that is determined and presented in accordance with accounting principles used in preparing the Company's financial statements, and any measure that is derived wholly or in part from such measure. A Financial Reporting Measure need not be presented within the financial statements or included in a filing with the Securities and Exchange Commission. For the avoidance of doubt, the Company's stock price and total shareholder return are also each a Financial Reporting Measure. |
| Incentive-Based Compensation | Compensation that is granted, earned or vested, based wholly or in part upon the attainment of a Financial Reporting Measure. |
| Received | Incentive-Based Compensation is deemed Received in the Company's fiscal period during which the Financial Reporting Measure specified in the Incentive-Based Compensation award is attained, even if the payment or grant of the Incentive-Based Compensation occurs after the end of that period. |
| Triggering Date | The earlier of (i) the date that the Board or the Company concludes, or reasonably should have concluded, that the Company is required to prepare an Accounting Restatement, or (ii) the date a court, regulator, or other legally authorized entity directs the Company to prepare an Accounting Restatement. |

Ryder Headquarters
2333 Ponce de Leon Blvd. Suite 700
Coral Gables, FL 33134
www.ryder.com