

RYDER SYSTEM INC
Form DEF 14A
March 21, 2003

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**SCHEDULE 14A
(RULE 14a-101)**

INFORMATION REQUIRED IN PROXY STATEMENT

SCHEDULE 14A INFORMATION

**Proxy Statement Pursuant to Section 14(a) of the Securities
Exchange Act of 1934 (Amendment No.)**

Filed by the Registrant ☒ x

Filed by a Party other than the Registrant ☐ o

Check the appropriate box:

- | | |
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| <input type="checkbox"/> o Preliminary Proxy Statement | <input type="checkbox"/> o Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2)) |
| <input checked="" type="checkbox"/> x Definitive Proxy Statement | |
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Ryder System, Inc.

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

- ☒ x No fee required.
- ☐ o Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

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Ryder System, Inc.

3600 N.W. 82nd Avenue
Miami, Florida 33166

NOTICE OF 2003 ANNUAL MEETING OF SHAREHOLDERS

Time: 11:00 a.m.

Date: Friday, May 2, 2003

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

Purpose:

1. To elect three directors to serve three-year terms expiring in 2006; to elect one director to serve a two-year term expiring in 2005; and to elect one director to serve a one-year term expiring in 2004.
2. To ratify an amendment to the Board of Directors Stock Award Plan.
3. To ratify the appointment of KPMG LLP as auditors.
4. To vote on a shareholder proposal.
5. To consider any other business that is properly presented at the meeting.

Who May Vote: You may vote if you were a record owner of Ryder common stock at the close of business on March 7, 2003.

By order of the Board of Directors

Vicki A. O Meara
Executive Vice President, General Counsel and Corporate Secretary

Miami, Florida

March 21, 2003

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QUESTIONS AND ANSWERS

Q: Why am I receiving this proxy statement?

A: You are receiving this proxy statement because you own shares of Ryder common stock that entitle you to vote at the 2003 Annual Meeting of Shareholders. The Board of Directors is soliciting proxies from shareholders who wish to vote at the meeting. By use of a proxy, you can vote even if you do not attend the meeting. The proxy statement describes the matters on which you may vote and provides information on those matters so that you can make an informed decision.

This notice of annual meeting, proxy statement and proxy are being mailed to shareholders on or about March 21, 2003.

Q: What am I voting on?

A: You are voting on four proposals:

1. Election of three directors for a term of three years: Edward T. Foote II, Daniel H. Mudd and Gregory T. Swienton.

Election of one director for a term of two years: Hansel E. Tookes II.

Election of one director for a term of one year: Eugene A. Renna.

2. Ratification of an amendment to the Board of Directors Stock Award Plan.

3. Ratification of the appointment of KPMG LLP as the Company's auditors.

4. A shareholder proposal relating to the Company's shareholder rights plan.

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

A: The Board recommends the following votes:

FOR each of the nominees for director.

FOR ratification of the amendment to the Board of Directors Stock Award Plan.

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

AGAINST the shareholder proposal relating to the Company's shareholder rights plan.

Q: Who can vote?

A: Those persons named on the Company's records as owners of Ryder common stock at the close of business on March 7, 2003 are considered shareholders of record and entitled to one vote per share.

Q: What shares are reflected on my proxy?

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A: Your proxy reflects all shares owned by you at the close of business on March 7, 2003. For participants in Ryder's 401(k) Plan, shares held in your account as of that date are included.

Q: How many shares are entitled to vote?

A: As of March 7, 2003, the record date for the annual meeting, there were 62,298,583 shares of common stock outstanding and entitled to vote. Each share is entitled to one vote.

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

A: The affirmative vote of the holders of a majority of the total number of shares outstanding and entitled to vote, or 31,149,293 shares, is required for the election of each director and for each proposal to be presented at the meeting to pass.

Q: What is a quorum?

A: A quorum is the minimum number of shares required to hold a meeting. Under Ryder's By-Laws, the holders of a majority of the total number of shares outstanding and entitled to vote at the meeting, or 31,149,293 shares, must be present in person or represented by proxy for a quorum.

Q: Who can attend the annual meeting?

A: Only shareholders and their guests are invited to attend the meeting. To gain admittance, you must bring a form of personal identification to the meeting, where your name will be verified against our shareholder list. If a broker or other nominee holds your shares and you plan to attend the meeting, you should bring a recent brokerage statement showing your ownership of the shares and a form of personal identification.

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

A: Yes. Casting your vote in advance does not affect your right to attend the meeting. Written ballots will be available at the annual meeting for shareholders of record. If you send in your proxy card and also attend the meeting, you do not need to vote again at the meeting unless you want to change your vote.

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

Q: Who pays the cost of this proxy solicitation?

A: The Company pays the cost of soliciting your proxy and reimburses brokerage firms and others for forwarding proxy material to you.

We have hired D.F. King & Co., Inc., a proxy solicitation firm, to assist with the distribution of proxy materials and the solicitation of votes at an estimated cost of \$18,000, plus out-of-pocket expenses. In addition to solicitation by mail, solicitations may also be made by personal interview, letter, fax and telephone.

Q: What is Householding?

A: The Securities and Exchange Commission has approved a Householding rule which affects the delivery of the Company's annual disclosure documents (such as annual reports, proxy statements and other information statements) to shareholders. Under this rule, the Company has arranged that a single set of the Company's annual report and proxy statement be delivered to multiple shareholders at a shared address, unless a shareholder at that shared address delivers contrary instructions to the Company through its transfer agent, Equiserve Trust Company, N.A. Each shareholder will continue to receive a separate proxy card or voting instruction card under the Householding program.

If you are a registered shareholder and you want to request a separate copy of this proxy statement or accompanying annual report, you may contact the Company's Investor Relations Department by calling (305) 500-4053, or in writing at Ryder System, Inc., Investor Relations Department, 3600 N.W. 82nd Avenue, Miami, Florida 33166, and a copy will be sent to you promptly. If you wish to receive

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separate documents in future mailings, please contact Equiserve by calling (800) 730-4001, in writing at Equiserve, P.O. Box 43010, Providence, Rhode Island 02940-3010, or by e-mail at *shareholder-equiserve@equiserve.com*. The

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Company's 2002 annual report and this proxy statement are also available through the Company's website, www.ryder.com.

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

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

Q: How do I vote?

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

If your shares are held in Ryder's 401(k) Plan, the enclosed proxy will serve as a voting instruction for the trustee of Ryder's 401(k) Plan who will vote your shares as you instruct.

If you are a beneficial shareholder (stock held by brokerage firm, bank, trustee or other agent), you must follow the voting procedures of your broker, bank or trustee included with your proxy materials.

Q: Who tabulates the votes?

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

Q: Is my vote confidential?

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

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

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

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

A: If you sign and return your proxy card without making any selections, the proxy committee named on the proxy card will vote your shares for proposals 1, 2 and 3 and against proposal 4. If other matters come before the meeting (such matters having been presented to the Company at least 45 days before the date of this proxy statement), the proxy committee will have the authority to vote on those matters for you at their discretion. At this time, we are not aware of any matters that will come before the meeting other than those disclosed in this proxy statement.

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

A: Under the rules of the New York Stock Exchange, a nominee may not vote on some proposals without receiving specific voting instructions from the beneficial owner. This is called a broker nonvote. At present, a nominee could not vote your shares on proposal 4 without your instructions.

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

Q: What does discretionary authority mean for beneficial shareholders?

A: If you sign and return your proxy card without making any selections, the shares may be voted by the nominee for you on proposals 1, 2 and 3 but not on proposal 4. If other matters come before the meeting, the nominee may vote on those matters for you, subject to the New York Stock Exchange's rules on the exercise of discretionary authority.

Q: How do I change my vote?

A: A shareholder of record may revoke a proxy by giving written notice to the Secretary before the meeting, by delivering a later-dated proxy (either in writing, by telephone or over the Internet), or by voting in person at the meeting.

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

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

A: To be considered for inclusion in next year's proxy statement, shareholder proposals must be delivered in writing to the Company at 3600 N.W. 82nd Avenue, Miami, Florida 33166, Attention: Secretary, no later than November 25, 2003.

There are additional requirements under the Company's By-Laws and the proxy rules to present a proposal, such as continuing to own a minimum number of Ryder shares until the annual meeting and appearing in person at the meeting to explain your proposal. A copy of Ryder's By-Laws can be obtained from the Company's Secretary.

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ELECTION OF DIRECTORS

(Proposal 1)

Under Ryder's By-Laws, directors are elected for three-year terms, typically with one-third of the directors standing for election in any given year. The three directors whose three-year terms expire at the 2003 Annual Meeting are Edward T. Foote II, John A. Georges and Gregory T. Swinton. John A. Georges is retiring from the Board of Directors effective May 2, 2003, in accordance with the Company's retirement policy for directors. Messrs. Foote and Swinton are nominated for election at the 2003 Annual Meeting.

In addition, Daniel H. Mudd, Eugene A. Renna and Hansel E. Tookes II were elected to the Board of Directors during the past year and, in accordance with the Company's By-Laws, are being nominated for election at the 2003 Annual Meeting.

Since the Company's By-Laws require that the number of directors whose terms expire in any given year remains as nearly equal in number as possible, Mr. Renna is being nominated to serve in the class of directors whose term expires at the 2004 Annual Meeting, Mr. Tookes is being nominated to serve in the class of directors whose term expires at the 2005 Annual Meeting and Mr. Mudd is being nominated to serve in the class of directors whose term expires at the 2006 Annual Meeting.

David I. Fuente, Corliss J. Nelson and Christine A. Varney are currently serving a term that expires at the 2004 Annual Meeting and John H. Dasburg, Joseph L. Dionne and Lynn M. Martin are currently serving a term that expires at the 2005 Annual Meeting.

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

The Board of Directors recommends a vote FOR the election of directors.

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NOMINEES FOR DIRECTOR

FOR A TERM OF OFFICE EXPIRING AT THE 2006 ANNUAL MEETING

<p>Director since 1987 Age 65</p>	<p>EDWARD T. FOOTE II President Emeritus and Chancellor of the University of Miami</p> <p>Member Compensation Committee Member Committee on Directors and Public Responsibility</p>	<p>Mr. Foote has been President Emeritus and Chancellor of the University of Miami since June 2001, prior to which he was its President, a position he had held since 1981. Prior to joining the University of Miami, Mr. Foote was Special Advisor to the Chancellor and Board of Trustees of Washington University from 1980 to 1981. From 1973 to 1980, Mr. Foote was Dean of the Washington University School of Law, and from 1970 to 1973, he was Vice Chancellor, General Counsel and Secretary to the Board of Trustees of Washington University. Prior to that he was an associate with the law firm of Bryan Cave.</p>
<p>Director since 2002 Age 44</p>	<p>DANIEL H. MUDD Vice Chairman and Chief Operating Officer of Fannie Mae</p> <p>Member Audit Committee Member Committee on Directors and Public Responsibility</p>	<p>Mr. Mudd is Vice Chairman and Chief Operating Officer of Fannie Mae, the nation's largest financier of home mortgages. He is responsible for originations, credit, operations, systems, local outreach and administration. Prior to joining Fannie Mae in February 2000, Mr. Mudd was President and Chief Executive Officer of GE Capital, Japan. During his career at GE Capital, Mr. Mudd served in Business Development, International Financing and European Fleet Services. He served as President of GE Capital Asia-Pacific from 1996 to 1999. Prior to his tenure at GE Capital, Mr. Mudd held positions in management consulting and financial services with Xerox Corporation, Ayers Whitmore and Company, and the World Bank. In addition to Fannie Mae, Mr. Mudd serves on the Boards of Oriental and General Fund, Ltd., the Fannie Mae Foundation, the National Building Museum, Hampton University and St. Patrick's School. He is also a member of the Council on Foreign Relations.</p>

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<p>Director since 1999 Age 53</p>	<p>GREGORY T. SWIENTON Chairman, President and Chief Executive Officer of Ryder System, Inc.</p>	<p>Mr. Swienton was appointed Chairman of Ryder System, Inc. on May 3, 2002, having been named Chief Executive Officer on November 1, 2000. Mr. Swienton joined Ryder as President and Chief Operating Officer in June 1999. Before joining Ryder, Mr. Swienton was Senior Vice President-Growth Initiatives of Burlington Northern Santa Fe Corporation. Prior to that he was its Senior Vice President-Coal and Agricultural Commodities Business Unit and previously had been Senior Vice President of its Industrial and Consumer Units. He joined the former Burlington Northern Railroad in June 1994 as Executive Vice President-Intermodal Business Unit. Prior to joining Burlington Northern, Mr. Swienton was Executive Director-Europe and Africa of DHL Worldwide Express in Brussels, Belgium from 1991 to 1994, and prior to that he was DHL's Managing Director-Western and Eastern Europe from 1988 to 1990, also located in Brussels. For the five years prior to these assignments, Mr. Swienton was Regional Vice President of DHL Airways, Inc. in the United States. From 1971 to 1982, Mr. Swienton held various national account, sales and marketing positions with AT&T and with Illinois Bell Telephone Company. Mr. Swienton serves on the Board of Directors of Harris Corporation, and is on the Board of Trustees of St. Thomas University in Miami.</p>
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NOMINEE FOR DIRECTOR

FOR A TERM OF OFFICE EXPIRING AT THE 2005 ANNUAL MEETING

Director since 2002 Age 55	HANSEL E. TOOKES II	Mr. Tookes retired from Raytheon Company in December 2002 where he had been President of Raytheon International since May 2001. He joined Raytheon in September 1999 as President and Chief Operating Officer of Raytheon Aircraft Company and was appointed Chief Executive Officer in January 2000 and Chairman in August 2000. Prior to joining Raytheon, Mr. Tookes had served as President of Pratt & Whitney's Large Military Engines Group since 1996. He joined Pratt & Whitney's parent company, United Technologies Corporation, in 1980 and held leadership positions in its Norden Systems and Hamilton Standard Division, including Executive Vice President of Aircraft Products and Vice President of Business Planning. Mr. Tookes was a Lieutenant Commander and military pilot in the U.S. Navy and later served as a commercial pilot with United Airlines. Mr. Tookes serves on the Board of Directors of Corning Incorporated.
	Retired President of Raytheon International; Former Chairman and Chief Executive Officer of Raytheon Aircraft	
	Member Compensation Committee Member Finance Committee	

NOMINEE FOR DIRECTOR

FOR A TERM OF OFFICE EXPIRING AT THE 2004 ANNUAL MEETING

Director since 2002 Age 58	EUGENE A. RENNA	Mr. Renna retired from Exxon Mobil Corporation in January 2002 where he was an Executive Vice President and a member of its Board of Directors. He was President and Chief Operating Officer of Mobil Corporation, and a member of its Board of Directors, until the time of its merger with Exxon Corporation in 1999. As President and Chief Operating Officer of Mobil, Mr. Renna was responsible for overseeing all of its global exploration and production, marketing and refining, and chemicals and technology business activities. Mr. Renna's career with Mobil began in 1968 and included a range of senior management roles such as: responsibility for all marketing and refining operations in the Pacific Rim, Africa and Latin America; Executive Vice President of International Marketing and Refining Division; Vice President of Planning and Economics; President of Mobil's worldwide Marketing and Refining Division; and Executive Vice President and Director of Mobil. Mr. Renna is a member of the Board of Directors of Fortune Brands, Inc., AK Steel Corporation and the American Petroleum Institute, and is a member of the Advisory Council of the Samuel Curtis Johnson Graduate School of Management at Cornell University.
	Retired Executive Vice President of Exxon Mobil Corporation; Former President and Chief Operating Officer of Mobil Corporation	
	Member Compensation Committee Member Finance Committee	

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DIRECTORS CONTINUING IN OFFICE

<p>Director since 2002 Age 60</p>	<p>JOHN H. DASBURG Chairman of Burger King Corporation</p> <p>Member Audit Committee Member Finance Committee</p>	<p>Mr. Dasburg has been Chairman of Burger King Corporation since April 2001 and was also its Chief Executive Officer and President until December 2002. Prior to joining Burger King Corporation, Mr. Dasburg served as President and Chief Executive Officer of Northwest Airlines Corporation for ten years. In 1980, he joined Marriott Corporation and served as its Executive Vice President and Chief Financial Officer and President of its Lodging Group. Mr. Dasburg held positions at KPMG LLP from 1973 to 1978 when he was granted partnership, and remained with KPMG LLP until 1980. He also served in the United States Navy from 1966 to 1969. Mr. Dasburg currently serves on the Board of Directors of Genuity, Inc., The Mayo Foundation, The St. Paul Companies and Winn-Dixie Stores, Inc. Mr. Dasburg was appointed by President George Bush to the White House Fellows Committee in 1991. In 2003, Florida Governor Jeb Bush appointed him to the Board of Governors of The Florida University System.</p>
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<p>Director since 1995 Age 69</p>	<p>JOSEPH L. DIONNE Retired Chairman and Chief Executive Officer of The McGraw-Hill Companies</p> <p>Chair Audit Committee Member Committee on Directors and Public Responsibility</p>	<p>Mr. Dionne was Chairman of the Board of The McGraw-Hill Companies from 1983 to 1999. He joined McGraw-Hill Book Company in 1967 as Vice President for Research and Development at Educational Developmental Laboratories. The following year, he was appointed General Manager of California Test Bureau and became a Vice President of McGraw-Hill Book Company in 1970. He held various positions with McGraw-Hill including Executive Vice President-Operations. In 1981, he became its President and Chief Operating Officer and held that position until 1983 when he became Chairman and Chief Executive Officer. He relinquished the title of Chief Executive Officer in April 1998. Prior to joining McGraw-Hill, Mr. Dionne's experience included teaching, educational administration and consulting work on a number of experimental education projects. He serves on the Board of Directors of AXA Financial, Inc., The Equitable Life Assurance Society of the United States and Harris Corporation.</p>
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<p>Director since 1988 Age 57</p>	<p>DAVID I. FUENTE Retired Chairman and Chief Executive Officer of Office Depot, Inc. Chair Compensation Committee Member Finance Committee</p>	<p>Mr. Fuente served as Chairman and Chief Executive Officer of Office Depot, Inc. from 1987, one year after the company was founded, until he retired as its Chief Executive Officer in June 2000 and as Chairman in December 2001. Before joining Office Depot, Mr. Fuente served for eight years at the Sherwin-Williams Company as President of its Paint Stores Group. Before joining Sherwin-Williams, he was Director of Marketing at Gould, Inc. Mr. Fuente currently serves on the Board of Directors of Office Depot, Inc. and Dick's Sporting Goods, Inc.</p>
<p>Director since 1993 Age 63</p>	<p>LYNN M. MARTIN Former U.S. Secretary of Labor; Chairperson, Deloitte & Touche LLP's Council for the Advancement of Women, Advisor to Deloitte & Touche LLP; and Professor, J. L. Kellogg Graduate School of Management at Northwestern University Chair Committee on Directors and Public Responsibility Member Compensation Committee</p>	<p>Since serving as Secretary of Labor under President George Bush from 1991 to 1993, Ms. Martin has served as Chairperson of Deloitte & Touche LLP's Council for the Advancement of Women and as an advisor to that firm. She is a regular commentator, panelist, columnist and speaker on radio and television programs, in national publications and before various business and academic groups, with respect to the changing global economic and political environment. Prior to serving as Secretary of Labor, Ms. Martin represented the 16th District of Illinois in the U.S. House of Representatives from 1981 to 1991. She also serves as a director of The Procter & Gamble Company, SBC Communications, Inc., The Dreyfus Funds and Chicago's Lincoln Park Zoo. She is a member of the Council on Foreign Relations.</p>

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<p>Director since 2000 Age 58</p>	<p>CORLISS J. NELSON Senior Executive Vice President and Chief Financial Officer of Ryder System, Inc.</p>	<p>Mr. Nelson joined Ryder System, Inc. as Senior Executive Vice President and Chief Financial Officer in May 1999. Before joining Ryder, Mr. Nelson was President of Koch Capital Services, Inc., a subsidiary of Koch Industries, Inc., and Vice President of Koch Industries, Inc. He joined Koch Industries in 1978 as Assistant Corporate Controller. Two years later, he was given responsibility for a real estate subsidiary, which he managed for three years until it was sold. He then became Treasurer of Koch Industries, a position he held for eight years, until moving to Koch Capital Services in 1992. Mr. Nelson also served as President of Koch International. Before joining Koch Industries, Inc., Mr. Nelson held various financial positions with Cessna Aircraft Company and Rockwell International Corporation. He currently serves on the Advisory Board for the School of Business at California Polytechnic State University and the Board of Directors of the New World Symphony of Miami.</p>
<p>Director since 1998 Age 47</p>	<p>CHRISTINE A. VARNEY Partner, Hogan & Hartson LLP</p> <p>Member Audit Committee Member Committee on Directors and Public Responsibility</p>	<p>Ms. Varney is a Partner in the law firm of Hogan & Hartson LLP, which she rejoined in 1997 after five years in government service. She leads the Internet Law practice group for the firm. Ms. Varney served as a Federal Trade Commissioner from 1994 to 1997 and as a Senior White House Advisor to the President from 1993 to 1994. She also served as Chief Counsel to the President's Campaign in 1992 and as General Counsel to the Democratic National Committee from 1989 to 1992. Prior to her government service, Ms. Varney practiced law with the firms of Pierson, Semmes & Finley (1986 to 1988) and Surrey & Morse (1984 to 1986).</p>

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The Board of Directors held six meetings in 2002. Each of the directors attended 75% or more of the aggregate number of meetings of the Board and Committees on which the director served in 2002. The Board has four standing committees – Audit, Compensation, Finance and a Committee on Directors and Public Responsibility. All of the Board Committees are comprised entirely of independent directors as defined by the New York Stock Exchange Listing Standards. The following table provides Committee membership and 2002 meeting information and briefly describes the functions performed by each Committee.

Members	Primary Functions	Meetings held in 2002
AUDIT	Recommend independent auditors.	
Joseph L. Dionne (Chair)	Review scope and budget of annual audit.	
John H. Dasburg	Review audit results.	
John A. Georges	Monitor independence of auditors.	
Daniel H. Mudd	Review scope and results of internal audit procedures.	Twelve
Christine A. Varney	Review compliance with policies relating to conflict of interest and business ethics.	
	Approve the engagement of independent auditors for non-audit services.	
COMPENSATION	Approve compensation of senior management (other than the Chief Executive Officer and Chief Financial Officer).	
David I. Fuente (Chair)	Recommend compensation for the Chief Executive Officer and Chief Financial Officer to the Board of Directors.	Five
Edward T. Foote II	Approve significant changes to benefit plans.	
Lynn M. Martin	Approve stock grants to executives.	
Eugene A. Renna	Review compensation of non-executive directors.	
Hansel E. Tookes II	Review financial requirements and arrangements.	
	Review and recommend capital expenditures.	
	Review and recommend dividend policy.	Six
FINANCE		
John A. Georges (Chair)		
John H. Dasburg		
David I. Fuente		
Eugene A. Renna		
Hansel E. Tookes II		
COMMITTEE ON DIRECTORS AND PUBLIC RESPONSIBILITY	Recommend criteria for Board membership.	
Lynn M. Martin (Chair)	Consider and recommend nominees for director (including nominees recommended by shareholders that are submitted in writing to the Company Secretary in accordance with the Company's By-Laws).	
Joseph L. Dionne	Review and recommend functions of Board Committees.	Five
Edward T. Foote II	Identify and analyze trends in public policy, public affairs and corporate responsibility.	
Daniel H. Mudd	Review corporate governance practices.	
Christine A. Varney	Conduct independent review of the shareholder rights plan.	

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DIRECTOR COMPENSATION

Annual Payments. Non-employee directors receive:

An annual retainer of either \$21,500 in cash or \$11,500 in cash and \$15,000 worth of Ryder common stock (which cannot be sold until six months after the date on which the person ceases to be a director of the Company).

Meeting fees of \$35,000 per year. If the Board or any Committee meets more than eight times in one year, a director receives \$1,000 for each additional Board meeting or Committee meeting attended.

The chair of each Committee receives an additional fee of \$5,000 per year.

5,000 stock options per year.

500 restricted stock units per year (with an initial grant of 1,000 restricted stock units when the person is first elected as a director by the shareholders).

Reimbursement of travel expenses for attending Board meetings.

As Company executives, Mr. Swienton and Mr. Nelson do not receive any additional compensation for serving as directors.

Directors Charitable Award Program Under this program, each director may designate up to two charitable organizations to which the Company will contribute \$500,000, in ten annual installments in the director's name following the director's death. The program may be funded with the proceeds of insurance policies and the directors obtain no financial benefits from the program. All of the current directors, other than Messrs. Mudd, Renna and Tookes, participate in the program.

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

Other Benefits. The Company provides all non-employee directors who joined the Board of Directors prior to May 3, 2002 with \$100,000 accidental death and dismemberment coverage under its travel accident policy, \$100,000 of group term life insurance and coverage under the Company's medical plan.

CERTAIN RELATIONSHIPS

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

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AMENDMENT TO THE RYDER SYSTEM, INC.

BOARD OF DIRECTORS STOCK AWARD PLAN

(Proposal 2)

The Ryder System, Inc. Board of Directors Stock Award Plan was adopted by the Board of Directors on February 21, 1997 and was ratified by the shareholders at the 1997 Annual Meeting. The purpose of the Stock Award Plan is to attract and retain persons of outstanding competence to serve as directors of the Company and to provide a mutuality of interest between the directors and shareholders by increasing the proportion of directors' compensation that is stock based.

Initially, 200,000 shares of Ryder System, Inc. common stock were authorized to be issued under the Stock Award Plan. As of December 31, 2002, 150,642 shares of common stock were outstanding under the Stock Award Plan and 15,296 shares of common stock remained available for future grants. On February 14, 2003, the Board of Directors approved, subject to shareholder ratification, an amendment to the Stock Award Plan to increase the number of shares of common stock available for grant under the Stock Award Plan by 300,000 shares. On March 7, 2003, the closing price of a share of common stock on the New York Stock Exchange was \$22.35.

The Company believes that the additional authorized shares will be sufficient for grants under the Stock Award Plan until the Plan's termination on May 1, 2007. No awards may be made under the Stock Award Plan after its termination, but awards made prior to such date may extend beyond that date. Only non-employee directors of the Company are eligible to participate in the Stock Award Plan. The Stock Award Plan is administered by the Compensation Committee of the Board of Directors which has full authority to interpret the Stock Award Plan and to establish rules for its administration. Two types of awards may be made under the Stock Award Plan: restricted stock units and stock options.

Each non-employee director of the Company receives an annual award of 5,000 stock options and 500 restricted stock units (provided that each non-employee director receives an initial grant of 1,000 restricted stock units). The restricted stock units and stock option awards are made in addition to all other fees paid to the directors.

The number of restricted stock units held by a director is increased during their term by the value of any dividends or distributions made by the Company on its common stock. When a director retires from service, the director's restricted stock units vest and the director receives an equivalent number of shares of common stock either in a lump sum or in installments, at the election of the director. The term of a stock option cannot exceed ten years from the date of grant and the option price must not be less than 100% of the fair market value of a share of common stock on the date of grant.

In the event of a change of control (as defined in the Stock Award Plan), all restricted stock units and each unexercised and unexpired stock option will become immediately vested.

The Compensation Committee may at any time (i) terminate the Stock Award Plan or (ii) modify or amend the Stock Award Plan in any respect, except that, to the extent required to maintain the qualification of the Stock Award Plan under Section 16 of the Securities Exchange Act of 1934 or as otherwise required to comply with applicable law or the regulations of any stock exchange on which the common stock is listed, the Compensation Committee may not, without the approval of the shareholders, (A) materially increase the benefits accruing to participants under the Stock Award Plan, (B) materially increase the number of securities which may be issued under the Stock Award Plan or (C) materially modify the requirements as to eligibility for participation in the Stock Award Plan. However, in the case of a merger, consolidation, reorganization, recapitalization, stock dividend, stock split or other change in the corporate structure of the Company, the Compensation Committee may make appropriate adjustments to the Stock Award Plan or any awards granted under the Stock Award Plan.

Under current Federal income tax laws, awards under the Stock Award Plan will generally have the following consequences: the director will realize no income for Federal income tax purposes at the time of award of the restricted stock units or on the date of vesting. Instead, the director will be taxed on the fair market value of the shares of Common Stock on the date, or dates, when the shares are distributed to the director. The Company will be entitled to a corresponding deduction when the director recognizes income. The grant of a stock option will not result in income for the director or in a deduction for the Company. The exercise of a stock option will result in ordinary income for the director and a deduction for the Company measured by the difference between the option

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price and the fair market value of the shares received at the time of exercise. In the case of both restricted stock units and stock options, the director's holding period for the shares will begin on the date the director recognizes income under the Stock Award Plan.

The following table sets forth certain information related to the Company's equity compensation plans as of December 31, 2002:

Plan	Number of securities to be issued upon exercise of outstanding options, warrants and rights (a)	Weighted-average exercise price of outstanding options, warrants and rights (b)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (c)
Equity Compensation plans approved by security holders:			
Broad based employee stock option plans	8,784,000	\$ 24.35	4,093,000
Employee Stock Purchase Plan			1,280,000
Non-Employee Directors' Stock Plans	151,000	\$ 20.89	67,000
Equity compensation plans not approved by security holders:			
Total	8,935,000	\$ 24.29	5,440,000

The Board of Directors recommends a vote FOR ratification of the Amendment to the Ryder System, Inc. Board of Directors Stock Award Plan.

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SELECTION OF AUDITORS

(Proposal 3)

Upon the recommendation of the Audit Committee, the Board of Directors has appointed KPMG LLP as the Company's independent auditors for 2003, subject to shareholder approval.

KPMG LLP has been the Company's auditors since 1955. Representatives of KPMG LLP will be present at the 2003 Annual Meeting to respond to questions and to make a statement if they desire to do so.

Audit Fees

KPMG LLP has performed audit services in connection with auditing the Company's consolidated financial statements for the fiscal year ended December 31, 2002. KPMG LLP has also performed limited review procedures in connection with quarterly, unaudited consolidated financial information of the Company. Aggregate KPMG LLP fees for these professional services were \$2.27 million.

Financial Information Systems Design and Implementation Fees

KPMG LLP did not provide any financial information systems design and implementation services during the fiscal year ended December 31, 2002.

All Other Fees

In addition to the above noted audit services, KPMG LLP performed other audit related services pertaining primarily to the audits of the Company's subsidiaries that are required for statutory purposes, audits of employee benefit plans, review of registration statements, issuance of comfort letters and consents, and information risk management assistance to the internal audit department. Fees for these audit related services during 2002 were \$1.01 million.

KPMG LLP also rendered certain other non-audit related services during 2002 consisting primarily of tax services, litigation support and other risk advisory services. Fees for these non-audit related services during 2002 were \$1.03 million.

The Board of Directors recommends a vote FOR ratification of the appointment of KPMG LLP as auditors.

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SHAREHOLDER PROPOSAL

(Proposal 4)

AFSCME Employees Pension Plan, 1625 L Street, N.W., Washington, D.C. 20036, beneficial owner of 560 shares of common stock of the Company, submitted the following proposal:

RESOLVED, that the shareholders of Ryder System, Inc. (Ryder or the Company) request the Board of Directors (the Board) to redeem the preferred share purchase rights distributed to shareholders on March 18, 1996, unless such distribution is approved by the affirmative vote of holders of a majority of shares present and voting, to be held as soon as may be practicable.

SUPPORTING STATEMENT

This is an appropriate time, we think, for our Board to begin to eliminate management-entrenching corporate governance structures, particularly the Company's poison pill. The Board created the current poison pill rights plan in March of 1996 with the distribution of preferred share purchase rights to shareholders. While management and the Board should have appropriate tools to ensure that all shareholders benefit from any proposal to buy the Company, we do not believe that the future possibility of an unsolicited bid justifies the unilateral implementation of a poison pill. A substantial number of Ryder System shareholders appear to agree: last year, over 72% of shares voting for and against supported this proposal.

The effect of poison pills on the value of companies' stock has been the subject of extensive research. A 1986 study by the Office of the Chief Economist of the U.S. Securities and Exchange Commission on the economics of rights plans states that "The stock-returns evidence suggests that the effect of poison pills to deter prospective hostile takeover bids outweighs the beneficial effects that might come from increased bargaining leverage of the target management." A 1992 study by Professor John Pound of Harvard University's Corporate Research Project and Lilli A. Gordon of the Gordon Group found a correlation between high corporate performance and the absence of poison pills.

A recent study found that firms with the strongest shareholder rights significantly outperform companies with weaker shareholder rights and outperform the broader market. A 2001 study of 1,500 firms by researchers at Harvard and the University of Pennsylvania's Wharton School found a significant positive relationship between greater shareholder rights, as measured by a governance index, and both firm valuation and performance from 1990 to 1999. The governance index took into account, among other things, whether a company had a poison pill.

Rights plans like ours have become increasingly unpopular in recent years. In 2002, a majority of stockholders at 31 companies, including Circuit City, Bausch & Lomb, and Sears, voted in favor of proposals asking management to redeem or obtain shareholder approval for poison pills.

We urge shareholders to vote for this resolution!

The Board of Directors unanimously recommends a vote AGAINST this Proposal for the following reasons:

The Company's shareholder rights plan was adopted in 1996 to protect shareholders from certain unsolicited tactics to acquire control of the Company that would be unfair and not be in the best interests of the Company's shareholders. The rights plan does not inhibit fair and value enhancing acquisitions from proceeding. Rather, the plan guards against the types of acquisition attempts that would not treat all shareholders equally or that would take unfair advantage of shareholders.

The Company's shareholder rights plan allows the Board sufficient time to properly evaluate an acquisition offer. In addition, the rights plan requires potential bidders to negotiate with the Board and strengthens the Company's bargaining position with such potential bidders. The rights plan enables the Board, as the elected representatives of the shareholders, to better protect and further the interests of the shareholders in the event of an acquisition offer. The rights plan gives the Board the opportunity to evaluate an offer to determine if it reflects fair value to all shareholders and, if it does not do so, to reject the offer or seek alternative offers that meet these criteria.

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The Board's fiduciary duty to the shareholders requires it to evaluate the merits of each acquisition offer from the perspective of whether it would deliver full value to the shareholders. Redemption of the preferred share purchase rights would remove an important tool that the Board has to protect the Company's shareholders. Therefore, the Board believes that any decision to redeem the rights should be made in the context of a specific acquisition proposal.

In response to the shareholder vote on this proposal at our 2002 annual meeting, the Board reviewed the Company's rights plan at several meetings during 2002 and early 2003. After careful consideration, the Board determined that it is desirable to periodically review the Company's rights plan and directed the Company's Committee on Directors and Public Responsibility, a Committee comprised entirely of independent directors, to undertake a review and evaluation of the appropriateness of maintaining the rights plan, the terms of the plan and any other matters related to the plan deemed appropriate by that Committee on a periodic basis, but not less frequently than every three years.

There is direct empirical evidence of the economic benefits that rights plans provide for shareholders. A 1997 study by Georgeson & Co., a leading proxy solicitation and investor communications firm, concluded that the premiums paid to acquire companies with rights plans were, on average, 8% higher than premiums paid to companies without rights plans. The study estimated that (i) rights plans contributed an additional \$13 billion in stockholder value during the previous five years, and (ii) shareholders of acquired companies that had not adopted rights plans gave up \$14.5 billion in potential premiums. The study also found that the presence of a shareholder rights plan did not reduce the likelihood of a company becoming a takeover target, nor did it increase the likelihood of the withdrawal of a friendly takeover bid or the defeat of a hostile bid.

The evidence suggests that rights plans serve their intended purposes of protecting shareholders against inadequate or unfair offers and increasing the bargaining power of boards, which result in higher values to shareholders. All of these reasons are why more than 2,000 companies, including more than half the companies in the S&P 500 index, have adopted some type of rights plan.

The rights plan is not intended to, and would not, preclude unsolicited, non-abusive offers to acquire the Company at a fair price. Rather, the rights plan strengthens the Board's ability, in the exercise of their fiduciary duties, to protect and maximize the shareholders' investment in the Company in the event of an attempt to acquire control of the Company. The rights plan would not affect any takeover proposal the Board believes to be in the best interests of the shareholders. The overriding objective of the Board in adopting the Company's rights plan was, and continues to be, the preservation and maximization of the Company's value for all shareholders.

It is also important to note that the Company's Board is an independent board, consisting of ten outside directors and two inside directors, providing further assurance that the rights plan will not be used for entrenchment purposes.

Accordingly, the Board of Directors unanimously recommends a vote AGAINST this Proposal.

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AUDIT COMMITTEE REPORT

The following report of the Audit Committee shall not be deemed to be soliciting material or to be filed with the SEC nor shall this information be incorporated by reference into any future filing under the Securities Act of 1933 or the Securities Exchange Act of 1934, each as amended, except to the extent that Ryder System, Inc. specifically incorporates it by reference into a filing.

The Audit Committee is comprised of five outside directors, all of whom are independent under the rules of the New York Stock Exchange. The members are not professional accountants or auditors and Committee functions are not intended to duplicate or to certify the activities of management and the independent auditor. The Audit Committee serves in a board-level oversight role in which it provides advice, counsel and direction to management and the auditors on the basis of the information it receives, discussions with management and the auditors and the experience of the Audit Committee's members in business, financial and accounting matters.

Management is responsible for the preparation, presentation and integrity of the Company's financial statements, accounting and financial reporting principles, internal controls and procedures designed to ensure compliance with accounting standards, applicable laws and regulations. The Company's independent auditors, KPMG LLP, are responsible for performing an independent audit of the consolidated financial statements and expressing an opinion on the conformity of those statements with accounting principles generally accepted in the United States of America.

The Audit Committee has reviewed and discussed the Company's audited financial statements for the fiscal year ended December 31, 2002 with management and with the Company's independent auditors. The committee has also discussed with KPMG LLP those matters required to be discussed by Statement on Auditing Standards No. 61. The Audit Committee has received the written disclosures from and discussed with the independent auditors those items required by Independence Standards Board Standard No. 1. The Audit Committee discussed with KPMG LLP their independence, including the non-audit services listed in their written disclosures and presented in Proposal 3 of this proxy.

The Audit Committee discusses with the internal auditors and the independent auditors the overall scope and plans for their respective audits. The Committee meets periodically with the internal auditors and independent auditors, with and without management present, to discuss the results of their examinations, their evaluations of internal controls and the overall quality of financial reporting. The Audit Committee held twelve meetings during the calendar year 2002.

Based on the reviews and discussions referred to above, the Audit Committee recommended to the Board of Directors that the audited financial statements be included in the Annual Report on Form 10-K for the fiscal year ended December 31, 2002 for filing with the SEC.

Submitted by the Audit Committee of the Board of Directors.

Joseph L. Dionne (Chair)

John H. Dasburg
John A. Georges
Daniel H. Mudd
Christine A. Varney

Table of Contents**SECURITIES OWNERSHIP OF OFFICERS AND DIRECTORS**

The following table shows the number of shares of common stock beneficially owned as of January 15, 2003, by each director and executive officer named in the Summary Compensation Table herein, individually, and all directors, nominees and executive officers as a group:

Name of Beneficial Owner	Amount and Nature of Beneficial Ownership¹	Percent of Class²
Gregory T. Swienton ^{3,4,5}	545,401	*
John H. Dasburg ⁶	2,174	*
Joseph L. Dionne ^{6,7}	28,627	*
Edward T. Foote II ^{6,7}	19,481	*
David I. Fuente ^{6,7,8}	12,013	*
John A. Georges ^{6,7,8}	38,017	*
Tracy A. Leinbach ^{4,5}	117,793	*
Challis M. Lowe ^{4,5}	49,437	*
Lynn M. Martin ^{6,7}	13,624	*
Daniel H. Mudd	500	*
Corliss J. Nelson ^{3,4,5}	215,037	*
Vicki A. O Meara ^{4,5}	154,927	*
Eugene A. Renna	1,500	*
Hansel E. Tookes II	1,000	*
Christine A. Varney ^{6,7,8}	11,399	*
Directors and Executive Officers as a Group (20 persons) ^{3,4,5,6,7,8}	1,494,534	2.391%

* Represents less than 1% of the Company's outstanding common stock.

1 Unless otherwise noted, all shares included in this table are owned directly, with sole voting and dispositive power. Listing shares in this table shall not be construed as an admission that such shares are beneficially owned for purposes of Section 16 of the Securities Exchange Act of 1934, as amended (the Exchange Act).

2 Percent of class has been computed in accordance with Rule 13d-3(d)(1) of the Exchange Act.

3 Includes shares held jointly with their spouses or other family members or held solely by their spouses as follows: Mr. Swienton, 14,500 shares; Mr. Nelson, 2,970 shares; all directors, nominees and executive officers as a group, 23,630 shares.

4 Includes shares held in the accounts of executive officers pursuant to the Company's 401(k) Plan and Deferred Compensation Plan as follows: Mr. Swienton, 900 shares; Ms. Leinbach, 4,232 shares; Ms. Lowe, 1,103 shares; Mr. Nelson, 2,175 shares; Ms. O Meara, 9,431 shares; all directors and executive officers as a group, 53,392 shares.

5 Includes vested options to purchase shares which are exercisable on January 15, 2003 or that will become exercisable by March 15, 2003 as follows: Mr. Swienton, 500,501 shares; Ms. Leinbach, 113,061 shares; Ms. Lowe, 48,334 shares; Mr. Nelson, 206,667 shares; Ms. O Meara, 141,740 shares; all directors and executive officers as a group, 1,300,277 shares.

6 Includes the following number of shares held in the account of each of the following directors pursuant to the Directors Stock Plan: Mr. Dasburg, 674 shares; Mr. Dionne, 10,553 shares; Mr. Foote, 11,980 shares; Mr. Fuente, 4,639 shares; Mr. Georges, 10,845 shares; Ms. Martin, 5,623 shares; and Ms. Varney, 4,759 shares.

7 Includes vested options to purchase shares which are exercisable on January 15, 2003 or that will become exercisable by March 15, 2003 as follows: Mr. Dionne, 7,001 shares; Mr. Foote, 7,001 shares; Mr. Fuente, 6,001 shares; Mr. Georges, 7,001 shares; Ms. Martin, 7,001 shares; and Ms. Varney, 6,198 shares.

8 Includes shares held in the accounts of directors pursuant to the Deferred Compensation Plan as follows: Mr. Fuente, 1,373 shares; Mr. Georges, 12,235 shares; and Ms. Varney, 342 shares.

Table of Contents**SECTION 16(a) REPORTING COMPLIANCE**

Section 16(a) of the Securities Exchange Act of 1934 requires the Company's directors and executive officers to file reports with the U.S. Securities and Exchange Commission and the New York Stock Exchange relating to their common stock ownership and changes in such ownership. To the Company's knowledge, based solely on its records and certain written representations, during the year ended December 31, 2002, all Section 16(a) filing requirements applicable to directors and executive officers were complied with, except for the inadvertent late filing of a Form 3 by Art A. Garcia.

SECURITIES OWNERSHIP OF CERTAIN BENEFICIAL OWNERS

The following table shows the number of shares of common stock held by all persons who are known by the Company to beneficially own or exercise voting or dispositive control of more than five percent of the Company's outstanding common stock.

Name and Address	Number of Shares Beneficially Owned	Percent of Class
T. Rowe Price Associates, Inc. 100 East Pratt Street Baltimore, MD 21202	5,118,400 ¹	8.20%
Greenhaven Associates, Inc. Three Manhattanville Road Purchase, NY 10577	4,457,900 ²	7.15%

¹ Based upon the most recent filing by T. Rowe Price Associates, Inc. with the Securities and Exchange Commission on Form 13G dated February 14, 2003. Of the total shares shown, the nature of beneficial ownership is as follows: sole voting power 1,793,542; shared voting power 0; sole dispositive power 5,118,400; and shared dispositive power 0. These securities are owned by various individual and institutional investors which T. Rowe Price Associates, Inc. (Price Associates) serves as investment adviser with power to direct investments and/or sole power to vote the securities. For purposes of the reporting requirements of the Securities Exchange Act of 1934, Price Associates is deemed to be a beneficial owner of such securities; however, Price Associates expressly disclaims that it is, in fact, the beneficial owner of such securities.

² Based upon the most recent filing by Greenhaven Associates, Inc. with the Securities and Exchange Commission on Form 13G dated January 21, 2003. Of the total shares shown, the nature of beneficial ownership is as follows: sole voting power 993,800; shared voting power 0; sole dispositive power 993,800; and shared dispositive power 3,464,100.

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COMPENSATION COMMITTEE REPORT ON EXECUTIVE COMPENSATION

The Compensation Committee of the Company's Board of Directors consists of five independent directors. None of the directors on the Compensation Committee is an officer or employee of the Company or any of its subsidiaries. No executive officer of the Company serves on the compensation committee or board of directors of another company that has an executive officer on the Company's Compensation Committee or Board of Directors. The Compensation Committee administers all of the Company's executive compensation policies and programs and regularly reports to the Board of Directors.

The Company's goal is to attract, retain, motivate and reward executive management through competitive compensation policies that align executive management interests with shareholder interests.

Evaluation of Executive Performance

The Committee believes that variable, at-risk and goal-oriented compensation, both annual and long-term, should comprise a significant portion of executive compensation. In 2002 a substantial portion of executive compensation, including that of Mr. Swienton, was at risk.

The Committee retains an independent compensation consultant to evaluate the effectiveness of the Company's executive compensation programs while ensuring that such programs are externally competitive. The Committee evaluates each element of the executive compensation program based upon the compensation practices and financial performance of a comparative group of similar companies. Management and the Committee's independent compensation consultant analyze compensation survey data on behalf of the Company to provide comparisons to the Committee. The Committee considers the compensation survey analysis when establishing total compensation for the Company's executive officers.

Stock Ownership Guidelines

To demonstrate the importance of linking executive management and shareholder interests, in 1993 the Company established formal stock ownership guidelines for all executive officers of the Company. Pursuant to Company guidelines, the Chief Executive Officer of the Company must own a minimum amount of two times his annual base salary in Company stock, and other executive officers of the Company must own a minimum amount equal to one times their annual base salary in Company stock. Each executive officer must meet the Company stock ownership requirement over a five-year period beginning on the officer's date of hire or promotion. Executive officers that do not meet the ownership guidelines may not exercise vested stock options for cash until such guidelines are satisfied. The Committee periodically reviews compliance with the stock ownership requirements by the executive officers, all of whom are currently in compliance.

Components of Executive Compensation

In 2002 the Company's executive compensation program consisted of three components: (1) base salary; (2) annual cash incentive awards; and (3) long-term incentive awards comprised of stock options and cash-based awards. Executive officers also receive employee benefits generally available to all employees of the Company and certain other executive perquisites that the Committee believes are consistent with competitive practice. The Committee considers each element of the total executive compensation and benefits package in evaluating the executive compensation program and making individual compensation decisions. Based upon its evaluation of the executive compensation program, the Committee believes that the program is both attractive for executive management and competitive with those of comparable companies.

Base Salary

The Committee sets executive officer base salaries considering the responsibilities and importance of those positions to the operations of the Company. When reviewing individual executive salary levels, the Committee considers four factors: (1) Company performance; (2) the executive officer's individual performance; (3) the executive officer's current salary; and (4) comparative data provided by the Company's outside compensation consultant. The Committee does not utilize a formula or favor any of the factors in making salary adjustments. In order to assist in the evaluation of these factors, the Company established a common annual merit increase date for

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executives, which has enabled the Committee to compare Company performance more accurately to individual executive performance.

In 2002, the Committee set base salaries for the executive officers in accordance with the responsibility and importance of the officer's position and Mr. Swinton's recommendations. Some executive officers received market-based pay adjustments in 2002; however, in light of the overall economic climate in 2002, no executive officers received merit-based salary increases, including Mr. Swinton. Additionally, Mr. Swinton did not receive a market-based pay adjustment in 2002.

Annual Incentive Awards

In 1997, the Company adopted an annual incentive plan based on the principles of Economic Value Added, also known as EVA. EVA is a formula that determines whether a business is earning more than its cost of capital. Under the EVA annual incentive plan, executive compensation reflects the Company's performance for both business strategy implementation and shareholder return.

Under the 2002 annual incentive plan, EVA was the measure used to evaluate the Chief Executive Officer and all other executive officers of the Company. Based upon Company performance in 2002, pursuant to the terms of the plan, Management recommended and the Committee approved executive compensation awards.

Long-Term Incentive Awards

The Company has established programs that it uses to provide long-term incentives to its executive officers, such as Company stock options and a cash-based long-term incentive plan.

Under the Company's 1995 Stock Incentive Plan, the Committee may award annual stock options to executive officers and discretionary awards to newly hired executives. Each individual stock option award reflects the executive officer's responsibilities and position within the Company, current individual performance, potential for promotion, and the officer's impact on Company performance, while considering awards for comparable positions at peer companies. The existing value or amount of an executive's previously awarded stock options does not influence the size of the stock option award given to that executive. In 2002, the Committee awarded stock options to certain executive officers of the Company.

In 2002, the Company introduced a long-term incentive plan, also known as LTIP, which provides the cash-based component of long-term compensation for executive officers. The LTIP rewards eligible executive officers with additional compensation contingent upon attaining critical business objectives during a three-year period. The Committee establishes a three-year cycle for eligible executives with performance measurements and goals for each year of the cycle. The Company funds this component annually by depositing earned amounts into a trust account for the benefit of each LTIP participant. The amounts earned under the LTIP vest upon the six and eighteen month anniversaries of the end of the plan's three-year cycle. During 2002, the Committee established target EVA goals for each year of the three-year plan cycle commencing in 2002.

Deductibility of Executive Compensation

The Committee has reviewed all components of the Company's executive compensation program based upon the requirements of Section 162(m) of the Internal Revenue Code relating to the deductibility by the Company of executive compensation in excess of \$1 million. The Committee believes that preserving its flexibility in awarding executive compensation is in the best interest of the Company and its shareholders, and it will continue to consider the deductibility of its executive compensation under the requirements of Section 162(m).

Submitted by the Compensation Committee of the Board of Directors.

David I. Fuente (Chair)

Edward T. Foote II
Lynn M. Martin
Eugene A. Renna
Hansel E. Tookes II

Table of Contents**EXECUTIVE COMPENSATION**

The following table sets forth for 2002, 2001 and 2000, the compensation for the Company's chief executive officer and for each of the four most highly compensated executive officers of the Company, other than the chief executive officer, serving as executive officers at the end of 2002 (collectively, the named executive officers).

Summary Compensation Table

Name and Principal Position		Year	Annual Compensation			Long Term Compensation			
			Salary (\$)	Bonus (\$)	Other Annual Compensation ¹ (\$)	Awards		Payouts	
						Restricted Stock Award(\$) ²	Securities Underlying Options/Limited SARs(#)	LTIP Payouts (\$) ³	All Other Compensation (\$) ⁴
Gregory T. Swienton	Chairman, President and Chief Executive Officer	2002	625,000	734,878	2,982	0	100,000	193,150	60,192
		2001	621,875	357,937	3,556	0	0	0	112,464
		2000	537,917	500,000	3,131	0	550,000	0	186,814
Tracy A. Leinbach	Executive Vice President Fleet Management Solutions	2002	340,000	353,054	1,988	0	25,000	49,790	25,058
		2001	281,667	157,598	2,037	0	10,000	0	29,248
		2000	246,587	175,000	2,087	133,750	53,590	0	88,336
Challis M. Lowe	Executive Vice President Human Resources, Public Affairs and Corporate Communications	2002	364,000	377,641	1,988	0	25,000	62,495	78,047
		2001	362,250	156,177	2,037	0	35,000	0	72,394
		2000	218,984	245,000	3,924	208,750	75,000	0	464,055
Corliss J. Nelson	Senior Executive Vice President and Chief Financial Officer	2002	490,000	508,363	1,988	0	50,000	111,048	14,075
		2001	487,500	209,244	2,037	0	0	0	135,421
		2000	438,984	400,000	2,087	637,500	440,000	0	145,957
Vicki A. O Meara	Executive Vice President General Counsel and Corporate Secretary	2002	400,000	414,990	1,988	0	25,000	68,675	5,904
		2001	398,125	164,216	2,037	0	35,000	0	32,150
		2000	351,758	127,000	2,087	212,500	70,710	0	26,844

¹ This column represents amounts reimbursed for the payment of income taxes on certain perquisites provided to the named executive officers. Other perquisites and personal benefits furnished to the named executive officers do not meet the disclosure thresholds established under Securities and Exchange Commission regulations and are not included in this column.

² The amounts in this column represent the dollar value of the Company's common stock on the date of grant of the restricted stock, with dividends paid on all restricted shares. As of December 31, 2002 (based on the market close of \$22.44 for the common stock on that date), the aggregate number and dollar value of shares of restricted stock held by the named executive officers was: Mr. Swienton, 22,500 shares (\$504,900); Ms. Leinbach, 8,000 shares (\$179,520); Ms. Lowe, 10,000 shares (\$224,400); Mr. Nelson, 30,000 shares (\$673,200) and Ms. O Meara, 10,000 shares (\$224,400).

On October 3, 2000, Ms. Leinbach received a grant of 8,000 shares of restricted stock which vest in 25%, 25% and 50% annual installments.

On May 4, 2000, Ms. Lowe received a grant of 10,000 shares of restricted stock which vest in 25%, 25% and 50% annual installments.

On July 27, 2000, Mr. Nelson received a grant of 30,000 shares of restricted stock which vest in 33 1/3% annual installments.

On July 27, 2000, Ms. O Meara received a grant of 10,000 shares of restricted stock which vest in 33 1/3% annual installments.

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3 Reflects amounts earned under the Company's LTIP for 2002 which amounts vest and become payable if the named executive officer is employed by the Company on June 30, 2005 (50%) and June 30, 2006 (50%).

4 All Other Compensation includes the following payments or accruals for each named executive officer:

		Contributions to the 401(k) Plan(\$)	Contributions to the Deferred Compensation Plan(\$)	Dollar Value of Premium for Compensatory Split Dollar Insurance Payments(\$)	Premiums Paid Under the Supplemental Long-Term Disability Insurance Plan(\$)	Relocation Expenses(\$)
Gregory T. Swienton	2002	2,852	0	0	6,806	50,534
	2001	3,400	0	103,000	6,064	0
	2000	0	0	103,000	0	83,814
Tracy A. Leinbach	2002	4,508	857	17,520	2,173	0
	2001	3,926	5,733	17,520	2,069	0
	2000	3,928	1,027	17,520	1,880	63,981
Challis M. Lowe	2002	1,523	0	64,847	5,670	6,007
	2001	1,877	0	64,847	5,670	0
	2000	1,877	0	64,847	0	397,331
Corliss J. Nelson	2002	4,508	0	0	9,567	0
	2001	3,926	0	44,866	8,690	77,939
	2000	0	0	44,866	0	101,091
Vicki A. O Meara	2002	0	0	0	5,904	0
	2001	0	0	26,844	5,306	0
	2000	0	0	26,844	0	0

Table of Contents**Severance Agreements**

The Company has entered into a severance agreement with each named executive officer which provides that if the Company terminates the employment of the executive for reasons other than death, disability or cause, the Company will provide the executive with a severance payment, based on a multiple of the executive's current base salary and tenure-related bonus, and certain other benefits and perquisites. The severance payment to which each named executive officer is entitled under such officer's severance agreement is as follows: Mr. Swienton—three times salary and three times bonus; Ms. Leinbach—two times salary and two times bonus; Ms. Lowe—two times salary and two times bonus; Mr. Nelson—three times salary and two times bonus; and Ms. O'Meara—two times salary and two times bonus.

The Company has also entered into a change of control severance agreement with each named executive officer which provides that if the Company terminates the employment of the executive for reasons other than death, disability or cause or if the executive terminates his or her employment for good reason (as defined in the agreement), in each case within three years of a change of control of the Company (as defined in the agreement), the Company will provide the executive with severance benefits including those under the above-described severance agreements and some additional severance benefits.

OPTION GRANTS IN 2002

The following table provides information regarding the grant of stock options to the named executive officers in 2002 and the potential value of such stock options assuming annual compound appreciation of the underlying share price at rates of 0%, 5% and 10% from the date the stock options were granted over the full option term of seven years. The 5% and 10% appreciation rates are required to be disclosed by the Securities and Exchange Commission rules and are not intended to forecast possible future appreciation, if any, in the Company's stock price.

Individual Grants					Potential Realizable Value ⁴ at Assumed Annual Rates of Stock Price Appreciation for Option/Limited SAR Term		
Name	Number ¹ of Securities Underlying Options/Limited SARs Granted(#)	% of Total Options/Limited SARs Granted to Employees in Fiscal Year 2002	Exercise Price Per Share ²	Expiration Date ³	0%	5%	10%
Gregory T. Swienton	100,000	8.0%	\$26.830	February 14, 2009	0	1,092,250	2,545,408
Tracy A. Leinbach	25,000	2.0%	\$26.830	February 14, 2009	0	273,063	636,352
Challis M. Lowe	25,000	2.0%	\$26.830	February 14, 2009	0	273,063	636,352
Corliss J. Nelson	50,000	4.0%	\$26.830	February 14, 2009	0	546,125	1,272,704
Vicki A. O'Meara	25,000	2.0%	\$26.830	February 14, 2009	0	273,063	636,352

¹ Stock options and Limited SAR grants generally vest in annual installments over three to five years commencing with the first anniversary of the date of the grant. Each named executive officer who received a grant of stock options received Limited SARs equal to the number of shares subject to such stock option. The numbers given reflect an option with a tandem Limited SAR as a single unit. Grants to each of the named executives were made under the 1995 Stock Incentive Plan.

² Represents fair market value as of the date of the grant.

³ Seven years from the grant date of February 15, 2002.

⁴ If the 5% or 10% annual compound appreciation shown in the table were to occur:

	5%	10%
The price of the Company's common stock on February 14, 2009 would be	\$ 37.75	\$ 52.28

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*The full appreciation in the market value of the
Company's common stock from the date of the
February 15, 2002 grant would be*

\$681,288,914

\$1,587,692,882

The appreciation during this period realized by the five named executive officers from these stock options would be 0.36% of the gain to all shareholders.

The use of the 5% and 10% rates as required by the Securities and Exchange Commission is not intended by the Company to forecast possible future appreciation of the Company's common stock.

Table of Contents**AGGREGATED OPTION EXERCISES IN 2002 AND YEAR-END OPTION VALUES**

The following table provides information, with respect to the named executive officers, regarding the exercise of options during 2002:

Name	Shares Acquired on Exercise(#)	Value Realized (\$)	Number of Securities Underlying Unexercised Options at Fiscal Year-End 2002(#)		Value of Unexercised In-the-Money Options at Fiscal Year-End 2002(\$) ¹	
			Exercisable	Unexercisable	Exercisable	Unexercisable
Gregory T. Swienton	0	0	450,000	450,000	1,026,418	745,707
Tracy A. Leinbach	0	0	98,561	49,529	185,915	101,204
Challis M. Lowe	0	0	28,334	106,666	54,535	122,940
Corliss J. Nelson	50,000	447,250	176,667	363,333	355,718	549,982
Vicki A. O Meara	13,807	129,130	114,837	105,236	32,784	131,860

¹ Amounts reflecting gains on outstanding stock options based on a fair market value of \$22.18 for the common stock, as determined by using the average of the high and low price on December 31, 2002. As no change in control of the Company has occurred the tandem Limited SARs had no calculable value on such date.

LONG TERM INCENTIVE PLAN AWARDS IN 2002

Name	Number of Shares Units or Other Rights (#)	Performance Period Until Maturation ¹	Estimated Future Payouts Under Non-Stock Price-Based Plans ²		
			Threshold (\$)	Target (\$)	Maximum (\$)
Gregory T. Swienton	N/A	1/1/02 12/31/04	351,563	703,125	1,406,250
Tracy A. Leinbach	N/A	1/1/02 12/31/04			