



**Robert D. Fatovic**  
Executive Vice President,  
Chief Legal Officer and  
Corporate Secretary

August 17, 2009

Ms. Elizabeth M. Murphy, Secretary  
U.S. Securities and Exchange Commission  
100 F Street, NE  
Washington, DC 20549-1090  
Via E-mail: [rule-comments@sec.gov](mailto:rule-comments@sec.gov)

Re: Facilitating Shareholder Director Nominations  
Release Nos. 33-9046; 34-60089; IC-28765  
File No. S7-10-09 (June 10, 2009)

Dear Ms. Murphy:

We appreciate the opportunity to comment on the proposed rules regarding shareholder director nominations issued by the Securities and Exchange Commission (the "SEC") in the above-referenced release.

Ryder System, Inc. is a Florida corporation founded in 1933. Ryder is a Fortune 500 company and global leader in transportation and supply chain management solutions. Ryder had revenue of approximately \$6.2 billion in 2008 and employs approximately 25,000 people worldwide. Our stock, which is a component of the Dow Jones Transportation Average and the Standard & Poor's 500 Index, is traded on the New York Stock Exchange.

Ryder believes that a strong and active shareholder base has been, and will continue to be, an integral part of our success as a company. We are committed to maintaining strong corporate governance policies that ensure accountability and enable our shareholders to effectively communicate any issues and concerns to our board of directors and management. For example, Ryder:

- has a strong independent board of directors with a diverse composition, broad experience base and a commitment to earning the trust of Ryder's shareholders and fulfilling its fiduciary obligations. Since the 1980s, Ryder has had a bylaw requirement that two-thirds of its board of directors be independent. Currently, ten of the eleven members of our board are independent directors;
- maintains formal stock ownership requirements for all of our officers and board members to better align the interests of management and board members with the interests of our shareholders;
- has a lead director who acts as the Chair of our Corporate Governance and Nominating Committee and who is responsible for ensuring that we have effective processes for communicating with our shareholders and addressing shareholder concerns; and

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- eliminated its poison pill based on strong shareholder support.

Our commitment to strong corporate governance standards includes maintaining effective processes pursuant to which shareholders can exercise their right to nominate directors and participate in the election process. Since the company went public in 1955, we have maintained a majority vote standard and since 1984, our shareholders have had the ability to nominate directors pursuant to our bylaws. In turn, our shareholders have shown strong support for our board of directors. Our director nominees are routinely elected by an affirmative vote of at least 95%.

In our experience, state law and maintaining open and effective lines of communication with our shareholders has been, and will continue to be, the best method of implementing corporate governance reforms. We believe the simplicity and other perceived benefits of applying one federal proxy access standard to all companies regardless of their specific circumstances are far outweighed by the negative consequences of adopting such an approach, including a disregard for shareholder preference, significant disruption in board and management focus, increased costs and a further decrease in the willingness of qualified board candidates to sit on boards.

Nevertheless, to the extent the SEC deems it necessary to adopt a federally mandated right to proxy access for shareholders, we believe that it should be narrowly tailored and focused to minimize any conflict with state law or the ability of companies to adopt procedures that provide shareholders with a process to hold directors accountable without unduly burdening companies. Consequently, we:

- support the amendments to Rule 14a-8(i)(8) to permit proxy access shareholder proposals which would allow individual shareholders to propose a director election framework that is suitable for their respective company; and
- oppose proposed Rule 14a-11 because we believe that its "one size fits all" approach raises significant implementation issues and would expose companies to significant costs while falling short of providing the director accountability that it purports to address.

**Amendments to Rule 14a-8(i)(8) Would Remove any Federal Impediments to Proxy Access and Sufficiently Empower Shareholders to Adopt Appropriate Proxy Access Procedures.**

To the extent that the SEC believes that there is a need to provide shareholders with a federal right with respect to proxy access, we believe that the more prudent approach would be to adopt the proposed amendments to Rule 14a-8(i)(8) in lieu of adopting a prescribed unilateral federal proxy access right under Rule 14a-11. Amending Rule 14a-8(i)(8) to allow proxy access shareholder proposals would enable companies and their shareholders to adopt an access system tailored to the unique needs of each individual company, taking into consideration the company's specific capital structure, board size and composition, and corporate governance policies, as well as applicable state law and other relevant factors. For example, shareholders of public companies that are satisfied with the actions of their directors and with the type of candidates being nominated by the respective nominating committee, may choose only to provide direct shareholder proxy access in the case of specific triggering events thereby avoiding unnecessary costs and disruption. While other shareholders may wish to provide proxy access each year for one specific director slot or for any shareholder that has held shares for more than a specified period of time.

Each company's shareholder base is comprised of a unique set of shareholders who have varying viewpoints as to what constitutes good corporate governance. By adopting the proposed amendments to Rule 14a-8(i)(8), the SEC empowers each company's shareholder base to collectively design a proxy access mechanism that it believes is necessary to protect its interests, as stakeholders of the company.

We believe that the amendments to Rule 14a-8(i)(8) achieve the SEC's objectives of removing federal impediments to shareholders' ability to exercise their state law right to nominate and elect directors without the need to adopt federally mandated proxy access. In conjunction with recent state law changes discussed below, the amendments to Rule 14a-8(i)(8) will enable shareholders to "meaningfully exercise their rights to vote for and nominate directors of companies in which they invest" and to choose the manner and extent of such rights.

### **We Oppose the Federal Proxy Access Right in Proposed Rule 14a-11.**

For the reasons described below, we do not support the adoption of proposed Rule 14a-11.

#### ***"One Size Fits All" approach disempowers shareholders.***

As discussed above, proposed Rule 14a-11 would establish a "one size fits all" approach to proxy access that does not take into account a company's unique circumstances or investor preference. A proxy access system imposed by an SEC rule deprives shareholders and corporations of the state law flexibility to establish or reject an access system and to tailor such system to the needs of the corporation. For example, a corporation with a more concentrated institutional shareholder base may choose to impose higher thresholds or longer holding periods than those companies with a more diverse or retail shareholder base. We believe that companies and shareholders should be able to determine the shareholder proxy access procedures that work best for them.

#### ***Recent state law changes make proposed Rule 14a-11 unnecessary.***

Recent changes in corporate law have made the need to immediately adopt a federal proxy access right unnecessary. In response to shareholder initiatives, state legislatures have begun adopting statutes that give shareholders the right to adopt bylaw provisions that allow shareholders to use the company's proxy statement to nominate and solicit for directors, and to allow shareholders to be reimbursed for reasonable expenses incurred in connection with proxy contests for director elections. For example, earlier this year Delaware adopted new Sections 112 and 113 of the Delaware General Corporation Law and the ABA has proposed amendments to the Model Business Corporation Act that provide shareholders with substantially similar rights. Florida law has historically followed amendments to the Model Business Corporation Act, and we expect that to be the case with respect to proxy access. Furthermore, pursuant to Section 607.0206 of the Florida Business Corporation Act, the bylaws of a corporation may contain any provision for managing the business and regulating the affairs of the corporation that is not inconsistent with law or the articles of incorporation. Consequently, we believe that Ryder, like all other Florida incorporated public companies, could today adopt shareholder proposed bylaws that provide for proxy access. In conjunction with the adoption of proposed amendments to Rule 14a-8(i)(8), we believe that these recent state law changes will facilitate the adoption of proxy access bylaws in those instances where the company's shareholders deem it necessary or desirable, without the need for federal action.

***Private ordering has proven to be an effective method of implementing corporate governance reform.***

Corporate governance practices have changed over the past several years, largely due to “private ordering” which is based on the willingness of companies to engage in dialogue with their shareholders on issues to determine the appropriate course of action for the company. Private ordering has led to significant changes in corporate governance policies including with respect to majority voting in uncontested director elections, cumulative voting rights, the significant decline in anti-takeover measures and similar matters. Each of these initiatives has been, and continues to be, implemented without the need for federal prescriptive action. We believe that with the adoption of the proposed amendments to Rule 14a-8(i)(8), proxy access, like these other initiatives, would become widely available in public companies where shareholders wanted, or thought they needed, those rights. Thus, the prudent approach would be for the SEC to wait and give the private ordering process an opportunity to succeed before imposing a federal solution.

***As proposed, Rule 14a-11 could result in reduced board effectiveness.***

If proposed Rule 14a-11 were adopted, we are concerned that the overall effectiveness of boards of directors may suffer.

- *Boards Could Lose Valuable Skills or Perspectives.* Nominating committees carefully analyze the composition of board candidates to ensure that the resulting board has the skills, experience base and diverse perspectives necessary to guide their respective company. Unlike in a short-slate election contest, where a shareholder targets a specific director nominee for defeat, under proposed Rule 14a-11, a shareholder nominee would run against all board nominees and could defeat a board nominee with particular expertise or experience needed by the board and company, e.g., its financial expert, or someone with specific industry knowledge integral to the proper functioning of the board.
- *Cohesive Focus on Long-Term Corporate Health Could Suffer.* Boards of directors are charged with developing and implementing strategies that ensure the long-term health and growth of a corporation. However, individual shareholders often do not represent the broad interests of the company's total shareholder base. They may represent short-term financial interests or narrow agendas and constituencies that may conflict with the long-term best interests of the corporation. As proposed, Rule 14a-11 could have serious consequences, by permitting shareholders who have minimal holdings, hedge funds or other short-term investors who are interested only in maximizing short-term gain or activists who have purchased stock for the sole purpose of promoting a specific agenda, to use the company's proxy statement to nominate directors. Directors would then need to expend energy and focus negotiating with such shareholders and, if any of such shareholder's director nominees were elected, managing the conflict that could arise from having a special interest director on the board.

**If a Federal Proxy Access Right is Adopted, Significant Amendments to Rule 14a-11 are Necessary.**

If the SEC decides to adopt a federal proxy access right, we ask that significant amendments be made to proposed Rule 14a-11. These amendments would help ensure that the basic parameters for proxy access eligibility are established at levels that provide a proper balance between the benefit afforded certain shareholders by allowing them to include a director nominee in the company's proxy statement and the costs, both financial and managerial, imposed on a company in connection with a proxy contest.

***Increase ownership percentage and holding period***

If Rule 14a-11 is adopted, we would suggest that the rule be revised to require that shareholders wishing to nominate proxy access directors own a larger percentage of a company's shares and hold such shares for a longer period of time than proposed in Rule 14a-11. We do not believe that the proposed ownership thresholds are high enough to ensure that the nominating shareholder has a sufficient economic interest in the company to justify the increased costs of complying with the requirements of Rule 14a-11. In addition, we do not believe that shareholders that have held their shares for only one year have interests that are sufficiently aligned with other shareholders to ensure that they will not use the rule solely for short-term gain. The SEC's proposed requirement that a proposing shareholder own at least 1% of outstanding shares for one year would result in Ryder having approximately 11 separate shareholders that could nominate directors under the proposed rules. A disproportionate amount of Ryder's resources would be required to administer the competing nominations and interests of 11 separate shareholders if each eligible shareholder chose to submit a nomination. Our shareholders have a direct interest in how our resources are allocated. When determining the appropriate thresholds under Rule 14a-11, we believe the SEC should strongly consider the potential disproportionate use of company resources that may be used to support short-term or special interest groups.

***Determine multiple nominee access by stock ownership or holding period***

In the case of multiple proxy access nominees, preference should either be given to the shareholder who has the largest ownership percentage or to the shareholder who has held the shares for the longest period of time, rather than to the first shareholder to submit as proposed in Rule 14a-11. This approach would ensure that shareholders whose interests are more likely aligned with other shareholders because of their substantial economic interest or long-term holdings would have the right to include their nominee in the company's proxy statement before shareholders without such interests.

***Limit resubmissions***

Limiting, for some fixed period of time, a proposing shareholder's ability to resubmit a director nominee if such director nominee previously failed to obtain a minimum amount of votes would also mitigate the likelihood that public companies would be forced to absorb out-of-pocket costs and lost management time (in Ryder's case, estimated to be approximately \$330,000 in out-of-pocket costs and 275 hours in lost time) on an annual basis to defend against a director nominee who did not previously receive a minimum amount of shareholder support. In addition, limiting resubmissions would provide an opportunity for other shareholders to submit nominees for consideration who may be more satisfactory to the company's shareholders.

***Provide proxy access only where there is a lack of board accountability***

We believe that shareholders should only be able to nominate directors if certain events occur that demonstrate the need for greater director accountability. These events could include where a shareholder proposal receives majority approval, but the board does not act on the proposal, or an incumbent director fails to resign after receiving less than the required votes for re-election. For companies like Ryder, whose directors have consistently received at least 95% approval, and that has taken action based on a successful shareholder proposal, a federally mandated proxy access system could impose unnecessary costs on the company, and, therefore, the entire shareholder base.

**We must be Cautious and Deliberative in Determining Whether to Implement Such Fundamental Changes to Long-Standing Corporate Governance Standards.**

If, notwithstanding the significant issues that we believe will arise as a result of the adoption of Rule 14a-11, the SEC intends to adopt Rule 14a-11, we strongly request that the SEC extend the comment period on Rule 14a-11. We agree with the SEC that a shareholder's right to communicate its concerns to the companies in which it invests and to participate in a meaningful way in the director election process are fundamental. For this reason, we believe any changes should be considered in light of the concerns of all interested parties and external factors including the impact of recent governance reforms and legislation. We do not believe that the abbreviated 60-day period has provided sufficient opportunity for the many companies, organizations and other stakeholders that would be impacted by the proposed Rule 14a-11 to adequately assess and provide thoughtful commentary on the many significant, complex issues raised in the Release or on the impact, positive or negative, of corporate governance trends, reforms and legislation.

Furthermore, if proposed Rule 14a-11 is adopted, we request that the effectiveness of such rule be delayed until the 2011 proxy season so that companies have time to amend their bylaws, educate shareholders and take other necessary preparatory actions to ensure that they can effectively implement the proposed rule.

Director elections and the director election process are critical components of our corporate governance structure that, if not properly evaluated and managed, could lead to significant harm to the company and our shareholders. We appreciate the opportunity to provide comments on these important proposals.

Sincerely,

A handwritten signature in black ink, appearing to read "R. D. Fatovic". The signature is fluid and cursive, with a large initial "R" and "D".

Robert D. Fatovic  
Executive Vice President,  
Chief Legal Officer and Corporate Secretary