

REFINITIV

DELTA REPORT

10-Q

R - RYDER SYSTEM INC

10-Q - MARCH 31, 2024 COMPARED TO 10-Q - SEPTEMBER 30, 2023

The following comparison report has been automatically generated

TOTAL DELTAS	987
CHANGES	132
DELETIONS	484
ADDITIONS	371

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

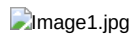
FORM 10-Q

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

FOR THE QUARTERLY PERIOD ENDED SEPTEMBER 30, 2023 MARCH 31, 2024

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

OR
FOR THE TRANSITION PERIOD FROM _____ TO _____
Commission File Number: 1-4364



RYDER SYSTEM, INC.

(Exact name of registrant as specified in its charter)

Florida

(State or other jurisdiction of incorporation or organization)

59-0739250

(I.R.S. Employer Identification No.)

11690 N.W. 105th Street 2333 Ponce de Leon Blvd., Suite 700

(Address of principal executive offices, including zip code)

Miami, Coral 33178

Gables,

Florida

33134

(Registrant's telephone number, including area code)

(305)

500-

3726

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

<u>Title of each class</u>	<u>Trading Symbol(s)</u>	<u>Name of each exchange on which registered</u>
Ryder System, Inc. Common Stock (\$0.50 par value)	R	New York Stock Exchange

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

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

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

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

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

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

The number of shares of Ryder System, Inc. Common Stock outstanding at September 30, 2023 March 31, 2024, was 44,322,243 43,828,793.

RYDER SYSTEM, INC.
FORM 10-Q QUARTERLY REPORT

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PART I. FINANCIAL INFORMATION
ITEM 1. FINANCIAL STATEMENTS
RYDER SYSTEM, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF EARNINGS
(unaudited)

	Three months ended September 30,	Nine months ended September 30,	
--	--	---------------------------------------	--

Three months ended March 31,

(In millions, except per share amounts)	(In millions, except per share amounts)								
		2023	2022	2023	2022	(In millions, except per share amounts)		2024	2023
Services revenue									
Lease & related maintenance and rental revenue	Lease & related maintenance and rental revenue	\$ 986	\$1,044	\$2,941	\$3,119				
Services revenue		1,799	1,811	5,399	5,258				
Fuel services revenue	Fuel services revenue	139	180	420	546				
Total revenue	Total revenue	2,924	3,035	8,760	8,923				
Cost of services									
Cost of services									
Cost of services									
Cost of lease & related maintenance and rental	Cost of lease & related maintenance and rental	666	691	2,001	2,078				
Cost of services		1,524	1,550	4,638	4,523				
Cost of fuel services	Cost of fuel services	137	176	412	530				
Selling, general and administrative expenses	Selling, general and administrative expenses	347	350	1,053	1,053				
Non-operating pension costs, net	Non-operating pension costs, net	10	3	30	8				
Used vehicle sales, net	Used vehicle sales, net	(47)	(113)	(174)	(356)				
Interest expense	Interest expense	75	57	212	165				
Miscellaneous income, net	Miscellaneous income, net	(5)	(9)	(36)	(23)				
Currency translation adjustment loss		—	—	188	—				
Restructuring and other items, net	Restructuring and other items, net	4	(4)	(22)	21				
		2,984							
		2,711	2,701	8,302	7,999				
Earnings from continuing operations before income taxes									
Earnings from continuing operations before income taxes									
Earnings from continuing operations before income taxes	Earnings from continuing operations before income taxes	213	334	458	924				

		Three months ended September 30,		Nine months ended September 30,			Three months ended March 31,		
		2023	2022	2023	2022		2024		
(In millions)	(In millions)					(In millions)			
Net earnings	Net earnings	\$161	\$246	\$282	\$661				
Other comprehensive (loss) income:									
Other comprehensive income (loss):									
Changes in cumulative translation adjustment and unrealized gains from cash flow hedges									
Changes in cumulative translation adjustment and unrealized gains from cash flow hedges, net of taxes									
		(14)	(54)	202	(96)				
Changes in cumulative translation adjustment and unrealized gains from cash flow hedges									
Changes in cumulative translation adjustment and unrealized gains from cash flow hedges									
Amortization of pension and postretirement items	Amortization of pension and postretirement items	7	5	20	16				
Amortization of pension and postretirement items									
Amortization of pension and postretirement items									
Income tax expense related to amortization of pension and postretirement items									
Income tax expense related to amortization of pension and postretirement items									
Income tax expense related to amortization of pension and postretirement items	Income tax expense related to amortization of pension and postretirement items	(2)	(1)	(5)	(4)				
Amortization of pension and postretirement items, net of taxes	Amortization of pension and postretirement items, net of taxes	5	4	15	12				
Change in net actuarial loss and prior service cost									
Income tax expense related to change in net actuarial loss and prior service cost									
		—	—	—	(1)				
Change in net actuarial loss and prior service cost, net of taxes									
		—	—	—	1				

Other comprehensive income (loss), net of taxes		(9)	(50)	217	(83)
Other comprehensive income, net of taxes					
Other comprehensive income, net of taxes					
Other comprehensive income, net of taxes					
Comprehensive income	Comprehensive income	\$152	\$196	\$499	\$578
Comprehensive income					
Comprehensive income					

See accompanying Notes to Condensed Consolidated Financial Statements.

RYDER SYSTEM, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
(unaudited)

(In millions, except share amounts)		September 30, 2023	December 31, 2022	(In millions, except share amounts)		March 31, 2024	December 31, 2023
Assets:	Assets:						
Assets:							
Assets:							
Current assets:							
Current assets:							
Current assets:	Current assets:						
Cash and cash equivalents	Cash and cash equivalents	\$ 159	\$ 267				
Cash and cash equivalents							
Cash and cash equivalents							
Receivables, net	Receivables, net	1,647	1,610				
Inventories		75	78				
Prepaid expenses and other current assets							
Prepaid expenses and other current assets							
Prepaid expenses and other current assets	Prepaid expenses and other current assets	231	245				
Total current assets	Total current assets	2,112	2,200				
Revenue earning equipment, net	Revenue earning equipment, net	8,875	8,190				
Operating property and equipment, net of accumulated depreciation of \$1,468 and \$1,377		1,164	1,148				

Operating property and equipment, net of accumulated depreciation of \$1,554 and \$1,511			
Goodwill	Goodwill	860	861
Intangible assets, net	Intangible assets, net	274	295
Operating lease right-of-use assets	Operating lease right-of-use assets	974	715
Sales-type leases and other assets	Sales-type leases and other assets	1,071	986
Total assets	Total assets	\$ 15,330	\$ 14,395
Liabilities and shareholders' equity:			
Liabilities and shareholders' equity:			
Liabilities and shareholders' equity:			
Current liabilities:	Current liabilities:		
Current liabilities:			
Current liabilities:			
Short-term debt and current portion of long-term debt			
Short-term debt and current portion of long-term debt			
Short-term debt and current portion of long-term debt	Short-term debt and current portion of long-term debt	\$ 1,888	\$ 1,349
Accounts payable	Accounts payable	911	767
Accrued expenses and other current liabilities	Accrued expenses and other current liabilities	1,188	1,200
Total current liabilities	Total current liabilities	3,987	3,316
Long-term debt	Long-term debt	4,733	5,003
Other non-current liabilities	Other non-current liabilities	1,813	1,568
Deferred income taxes	Deferred income taxes	1,700	1,571
Total liabilities	Total liabilities	12,233	11,458
Commitments and contingencies (Note 14)			
Commitments and contingencies (Note 15)			
Commitments and contingencies (Note 15)			
Commitments and contingencies (Note 15)			
Shareholders' equity:	Shareholders' equity:		
Preferred stock, no par value per share — authorized, 3,800,917; none outstanding, September 30, 2023 and December 31, 2022			

Common stock, \$0.50 par value per share — authorized, 400,000,000; outstanding, September 30, 2023 — 44,322,243 and December 31, 2022 — 46,286,664			
		22	23
Preferred stock, no par value per share — authorized, 3,800,917; none outstanding, March 31, 2024 and December 31, 2023			
Preferred stock, no par value per share — authorized, 3,800,917; none outstanding, March 31, 2024 and December 31, 2023			
Preferred stock, no par value per share — authorized, 3,800,917; none outstanding, March 31, 2024 and December 31, 2023			
Common stock, \$0.50 par value per share — authorized, 400,000,000; outstanding, March 31, 2024 — 43,828,793 and December 31, 2023 — 43,902,065			
Additional paid-in capital	Additional paid-in capital	1,149	1,192
Retained earnings	Retained earnings	2,505	2,518
Accumulated other comprehensive loss	Accumulated other comprehensive loss	(579)	(796)
Total shareholders' equity	Total shareholders' equity	3,097	2,937
Total liabilities and shareholders' equity	Total liabilities and shareholders' equity	\$ 15,330	\$ 14,395

See accompanying Notes to Condensed Consolidated Financial Statements.

RYDER SYSTEM, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(unaudited)

		Nine months ended September 30,	
		Three months ended March 31,	
		Three months ended March 31,	
		Three months ended March 31,	
(In millions)			
(In millions)			
(In millions)	(In millions)	2023	2022
Cash flows from operating activities from continuing operations:	Cash flows from operating activities from continuing operations:		
Cash flows from operating activities from continuing operations:			

Cash flows from operating activities from continuing operations:			
Net earnings			
Net earnings			
Net earnings	Net earnings	\$ 282	\$ 661
Less: Loss from discontinued operations, net of tax	Less: Loss from discontinued operations, net of tax	—	(2)
Less: Loss from discontinued operations, net of tax			
Less: Loss from discontinued operations, net of tax			
Earnings from continuing operations	Earnings from continuing operations	282	663
Earnings from continuing operations			
Earnings from continuing operations			
Depreciation expense			
Depreciation expense			
Depreciation expense	Depreciation expense	1,274	1,275
Used vehicle sales, net	Used vehicle sales, net	(174)	(356)
Currency translation adjustment loss		188	—
Used vehicle sales, net			
Used vehicle sales, net			
Amortization expense and other non-cash charges, net			
Amortization expense and other non-cash charges, net			
Amortization expense and other non-cash charges, net	Amortization expense and other non-cash charges, net	67	78
Non-cash lease expense	Non-cash lease expense	190	143
Non-cash lease expense			
Non-cash lease expense			
Non-operating pension costs, net and share-based compensation expense			
Non-operating pension costs, net and share-based compensation expense			
Non-operating pension costs, net and share-based compensation expense	Non-operating pension costs, net and share-based compensation expense	63	42
Deferred income tax expense	Deferred income tax expense	129	186
Deferred income tax expense			
Deferred income tax expense			
Collections on sales-type leases			
Collections on sales-type leases			
Collections on sales-type leases	Collections on sales-type leases	91	99
Changes in operating assets and liabilities:	Changes in operating assets and liabilities:		
Changes in operating assets and liabilities:			
Changes in operating assets and liabilities:			
Receivables	Receivables	18	(142)
Inventories		3	(10)
Receivables			
Receivables			
Prepaid expenses and other assets			
Prepaid expenses and other assets			

Prepaid expenses and other assets	Prepaid expenses and other assets	(7)	(34)
Accounts payable	Accounts payable	13	(8)
Accounts payable			
Accounts payable			
Accrued expenses and other liabilities	Accrued expenses and other liabilities	(295)	(150)
Accrued expenses and other liabilities			
Accrued expenses and other liabilities			
Net cash provided by operating activities from continuing operations			
Net cash provided by operating activities from continuing operations			
Net cash provided by operating activities from continuing operations	Net cash provided by operating activities from continuing operations	1,842	1,786
Cash flows from investing activities from continuing operations:	Cash flows from investing activities from continuing operations:		
Cash flows from investing activities from continuing operations:			
Cash flows from investing activities from continuing operations:			
Purchases of property and revenue earning equipment	Purchases of property and revenue earning equipment	(2,457)	(1,917)
Purchases of property and revenue earning equipment			
Sales of revenue earning equipment	Sales of revenue earning equipment	587	922
Sales of revenue earning equipment			
Sales of revenue earning equipment			
Sales of operating property and equipment	Sales of operating property and equipment	60	54
Sales of operating property and equipment			
Sales of operating property and equipment			
Acquisitions, net of cash acquired			
Acquisitions, net of cash acquired			
Acquisitions, net of cash acquired	Acquisitions, net of cash acquired	—	(448)
Other investing activities		(4)	38
Net cash used in investing activities from continuing operations			
Net cash used in investing activities from continuing operations			
Net cash used in investing activities from continuing operations	Net cash used in investing activities from continuing operations	(1,814)	(1,351)
Cash flows from financing activities from continuing operations:	Cash flows from financing activities from continuing operations:		
Net borrowings of commercial paper and other		85	311
Cash flows from financing activities from continuing operations:			

Cash flows from financing activities from continuing operations:			
Net borrowings (repayments) of commercial paper and other			
Net borrowings (repayments) of commercial paper and other			
Net borrowings (repayments) of commercial paper and other			
Debt proceeds			
Debt proceeds			
Debt proceeds	Debt proceeds	1,314	1,006
Debt repayments	Debt repayments	(1,144)	(1,511)
Debt repayments			
Debt repayments			
Dividends on common stock			
Dividends on common stock			
Dividends on common stock	Dividends on common stock	(96)	(94)
Common stock issued	Common stock issued	1	(6)
Common stock issued			
Common stock issued			
Common stock repurchased			
Common stock repurchased			
Common stock repurchased	Common stock repurchased	(282)	(300)
Other financing activities	Other financing activities	(4)	(6)
Net cash used in financing activities from continuing operations		(126)	(600)
Effect of exchange rate changes on cash, cash equivalents, and restricted cash		(10)	(51)
Decrease in cash, cash equivalents, and restricted cash		(108)	(216)
Cash, cash equivalents, and restricted cash at beginning of period		267	672
Cash, cash equivalents, and restricted cash at end of period	\$	159	\$ 456
Other financing activities			
Other financing activities			
Net cash provided by (used in) financing activities from continuing operations			
Net cash provided by (used in) financing activities from continuing operations			
Net cash provided by (used in) financing activities from continuing operations			
Effect of exchange rate changes on Cash and cash equivalents			
Effect of exchange rate changes on Cash and cash equivalents			
Effect of exchange rate changes on Cash and cash equivalents			
Increase (decrease) in Cash and cash equivalents			
Increase (decrease) in Cash and cash equivalents			
Increase (decrease) in Cash and cash equivalents			
Cash and cash equivalents at beginning of period			
Cash and cash equivalents at beginning of period			
Cash and cash equivalents at beginning of period			
Cash and cash equivalents at end of period			

Cash and cash equivalents at end of period

Cash and cash equivalents at end of period

See accompanying Notes to Condensed Consolidated Financial Statements.

RYDER SYSTEM, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY
(unaudited)

Three months ended March 31, 2024							
(In millions, except share amounts in thousands)	Preferred Stock	Common Stock		Additional	Retained	Accumulated Other	Total
	Amount	Shares	Par	Paid-In Capital	Earnings	Comprehensive Loss	
Balance as of January 1, 2024	\$ —	43,902	\$ 22	\$ 1,148	\$ 2,554	\$ (655)	\$ 3,069
Comprehensive income	—	—	—	—	85	1	86
Common stock dividends declared — \$0.71 per share	—	—	—	—	(32)	—	(32)
Common stock issued under employee stock award and stock purchase plans and other ⁽¹⁾	—	378	—	(17)	—	—	(17)
Common stock repurchases	—	(451)	—	(12)	(39)	—	(51)
Share-based compensation	—	—	—	10	—	—	10
Balance as of March 31, 2024	\$ —	43,829	\$ 22	\$ 1,129	\$ 2,568	\$ (654)	\$ 3,065

Three months ended March 31, 2023							
(In millions, except share amounts in thousands)	Preferred Stock	Common Stock		Additional	Retained	Accumulated Other	Total
	Amount	Shares	Par	Paid-In Capital	Earnings	Comprehensive Loss	
Balance as of January 1, 2023	\$ —	46,287	\$ 23	\$ 1,192	\$ 2,518	\$ (796)	\$ 2,937
Comprehensive income	—	—	—	—	139	14	153
Common stock dividends declared — \$0.62 per share	—	—	—	—	(30)	—	(30)
Common stock issued under employee stock award and stock purchase plans and other ⁽¹⁾	—	670	—	(23)	2	—	(21)
Common stock repurchases	—	(465)	—	(12)	(33)	—	(45)
Share-based compensation	—	—	—	11	—	—	11
Balance as of March 31, 2023	\$ —	46,492	\$ 23	\$ 1,168	\$ 2,596	\$ (782)	\$ 3,005

Three months ended September 30, 2023							
(In millions, except share amounts in thousands)	Preferred Stock	Common Stock		Additional	Retained	Accumulated Other	Total
	Amount	Shares	Par	Paid-In Capital	Earnings	Comprehensive Loss	
Balance as of July 1, 2023	\$ —	45,527	\$ 23	\$ 1,154	\$ 2,489	\$ (570)	\$ 3,096
Comprehensive income	—	—	—	—	161	(9)	152
Common stock dividends declared — \$0.71 per share	—	—	—	—	(34)	—	(34)
Common stock issued under employee stock award and stock purchase plans and other ⁽¹⁾	—	281	—	21	—	—	21
Common stock repurchases	—	(1,486)	(1)	(37)	(111)	—	(149)
Share-based compensation	—	—	—	11	—	—	11
Balance as of September 30, 2023	\$ —	44,322	\$ 22	\$ 1,149	\$ 2,505	\$ (579)	\$ 3,097

	Three months ended September 30, 2022						
	Preferred Stock	Common Stock		Additional	Retained	Accumulated Other	Total
	Amount	Shares	Par	Paid-In Capital	Earnings	Comprehensive Loss	
(In millions, except share amounts in thousands)							
Balance as of July 1, 2022	\$ —	51,195	\$ 26	\$ 1,149	\$ 2,380	\$ (722)	\$ 2,833
Comprehensive income	—	—	—	—	246	(50)	196
Common stock dividends declared —\$0.62 per share	—	—	—	—	(32)	—	(32)
Common stock issued under employee stock award and stock purchase plans and other ⁽¹⁾	—	32	(1)	4	—	—	3
Common stock repurchases	—	(976)	—	63	(63)	—	—
Share-based compensation	—	—	—	11	—	—	11
Balance as of September 30, 2022	\$ —	50,251	\$ 25	\$ 1,227	\$ 2,531	\$ (772)	\$ 3,011

(1) Net of common shares delivered as payment for the exercise price or to satisfy the holders' withholding tax liability upon exercise of options.

See accompanying Notes to Condensed Consolidated Financial Statements.

RYDER SYSTEM, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY
(unaudited)

	Nine months ended September 30, 2023						
	Preferred Stock	Common Stock		Additional	Retained	Accumulated Other	Total
	Amount	Shares	Par	Paid-In Capital	Earnings	Comprehensive Loss	
(In millions, except share amounts in thousands)							
Balance as of January 1, 2023	\$ —	46,287	\$ 23	\$ 1,192	\$ 2,518	\$ (796)	\$ 2,937
Comprehensive income	—	—	—	—	282	217	499
Common stock dividends declared —\$1.95 per share	—	—	—	—	(93)	—	(93)
Common stock issued under employee stock award and stock purchase plans and other ⁽¹⁾	—	1,066	1	—	2	—	3
Common stock repurchases	—	(3,031)	(2)	(76)	(204)	—	(282)
Share-based compensation	—	—	—	33	—	—	33
Balance as of September 30, 2023	\$ —	44,322	\$ 22	\$ 1,149	\$ 2,505	\$ (579)	\$ 3,097

	Nine months ended September 30, 2022						
	Preferred Stock	Common Stock		Additional	Retained	Accumulated Other	Total
	Amount	Shares	Par	Paid-In Capital	Earnings	Comprehensive Loss	
(In millions, except share amounts in thousands)							
Balance as of January 1, 2022	\$ —	53,789	\$ 27	\$ 1,194	\$ 2,266	\$ (689)	\$ 2,798
Comprehensive income	—	—	—	—	661	(83)	578
Common stock dividends declared —\$1.78 per share	—	—	—	—	(93)	—	(93)
Common stock purchased under employee stock option and stock purchase plans and other ⁽¹⁾	—	490	—	(6)	—	—	(6)
Common stock repurchases	—	(4,028)	(2)	5	(303)	—	(300)
Share-based compensation	—	—	—	34	—	—	34
Balance as of September 30, 2022	\$ —	50,251	\$ 25	\$ 1,227	\$ 2,531	\$ (772)	\$ 3,011

(1) Net of common shares delivered as payment for the exercise price or to satisfy the holders' withholding tax liability upon exercise of options.

RYDER SYSTEM, INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(unaudited)

1. GENERAL

Interim Financial Statements

The accompanying unaudited condensed consolidated financial statements include the accounts of Ryder System, Inc. (Ryder) and all entities in which Ryder has a controlling voting interest (subsidiaries) and variable interest entities (VIE) where Ryder is determined to be the primary beneficiary in accordance with generally accepted accounting principles in the United States (GAAP). Ryder is deemed to be the primary beneficiary if we have the power to direct the activities that most significantly impact the entity's economic performance and we share in the significant risks and rewards of the entity. The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with the accounting policies described in our 2022 2023 Annual Report on Form 10-K and should be read in conjunction with the consolidated financial statements and notes thereto. The year-end Condensed Consolidated Balance Sheet data was derived from our audited financial statements, but does not include all disclosures required by GAAP. In the opinion of management, all adjustments, including normal recurring accruals, considered necessary for a fair statement have been included and the disclosures herein are adequate. The operating results for interim periods are not necessarily indicative of the results that can be expected for a full year. Certain prior period amounts disclosed within the Notes to the condensed consolidated financial statements have been reclassified to conform with the current period presentation. In the three and nine months ended September 30, 2022, we previously reported certain costs in "Cost of fuel services" that should have been included in the "Cost of services" within the unaudited Condensed Consolidated Statement of Earnings. These costs were not material to any financial statement line item, and we elected to revise the presentation of these prior period costs to conform to the current year presentation in our financial statements. We added the "Operating lease right-of-use assets" financial statement line to the unaudited Condensed Consolidated Balance Sheets. These assets were previously included in "Sales-type leases and other assets" in the year-end Condensed Consolidated Balance Sheets.

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

In the beginning of 2022, we announced our intention to exit our lower return FMS Europe (primarily United Kingdom (U.K.)) business. We completed the shutdown of operations as well as the sale of the remaining vehicles and properties as of June 30, 2023, generating cash proceeds of \$394 million and recording gains of \$95 million from the beginning of 2022 through June 30, 2023. As a result of the shutdown, we reclassified \$188 million (\$183 million, net of tax) of cumulative currency translation adjustment charges from "Accumulated other comprehensive loss" in our Condensed Consolidated Balance Sheet into a one-time, non-cash charge in the second quarter of 2023 in our Condensed Consolidated Statements of Earnings. The currency translation adjustment loss had no material impact on our consolidated financial position or cash flows. Refer to Note 10, "Accumulated Other Comprehensive Loss" for a discussion on the currency translation adjustment loss.

2. SEGMENT REPORTING

Our primary measurement of segment financial performance, defined as segment "Earnings from continuing operations before income taxes" (EBT), includes an allocation of costs from Central Support Services (CSS) and excludes Non-operating pension costs, net, intangible amortization expense, and certain other items as discussed in Note 13, 14, "Other Items Impacting Comparability." The objective of the EBT measurement is to provide clarity on the profitability of each business segment and, ultimately, to hold leadership of each business segment accountable for their allocated share of CSS costs. Certain costs are not attributable to any segment and remain unallocated in CSS, including costs for investor relations, public affairs and certain executive compensation. In the first quarter of 2023, we revised our primary measure of segment financial performance to exclude intangible amortization expense. We revised the presentation of the prior period to conform to the current period presentation. This change did not have a material impact to segment results. Segment results are not necessarily indicative of the results of operations that would have occurred had each segment been an independent, stand-alone entity during the periods presented.

RYDER SYSTEM, INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(unaudited)

The following table sets forth financial information for each of our segments and provides a reconciliation between segment EBT and Earnings from continuing operations before income taxes:

	Three months ended September 30,	Nine months ended September 30,

Three months ended March 31,						Three months ended March 31,		
(In millions)	(In millions)	2023	2022	2023	2022	(In millions)	2024	2023
Revenue:	Revenue:							
Fleet Management Solutions:	Fleet Management Solutions:							
Fleet Management Solutions:	Fleet Management Solutions:							
ChoiceLease	ChoiceLease							
ChoiceLease	ChoiceLease							
ChoiceLease	ChoiceLease	\$ 799	\$ 772	\$ 2,356	\$ 2,299			
Commercial rental	Commercial rental	293	349	898	991			
Commercial rental	Commercial rental							
Commercial rental	Commercial rental							
SelectCare and other	SelectCare and other	174	159	528	460			
FMS Europe ⁽¹⁾		—	23	—	142			
Fuel services revenue	Fuel services revenue	221	279	667	840			
Fuel services revenue	Fuel services revenue							
Fuel services revenue	Fuel services revenue							
Fleet Management Solutions	Fleet Management Solutions							
Fleet Management Solutions	Fleet Management Solutions							
Fleet Management Solutions	Fleet Management Solutions	1,487	1,582	4,449	4,732			
Supply Chain Solutions	Supply Chain Solutions	1,194	1,206	3,574	3,469			
Dedicated Transportation Solutions	Dedicated Transportation Solutions	448	455	1,342	1,330			
Eliminations ⁽²⁾		(205)	(208)	(605)	(608)			
Eliminations ⁽¹⁾								
Total revenue	Total revenue	\$ 2,924	\$ 3,035	\$ 8,760	\$ 8,923			
Earnings from continuing operations before income taxes:	Earnings from continuing operations before income taxes:							
Earnings from continuing operations before income taxes:	Earnings from continuing operations before income taxes:							
Earnings from continuing operations before income taxes:	Earnings from continuing operations before income taxes:							
Fleet Management Solutions	Fleet Management Solutions							
Fleet Management Solutions	Fleet Management Solutions							
Fleet Management Solutions	Fleet Management Solutions	\$ 169	\$ 266	\$ 531	\$ 801			
Supply Chain Solutions	Supply Chain Solutions	81	71	174	176			

Dedicated Transportation Solutions	Dedicated Transportation Solutions	28	28	90	72
Eliminations	Eliminations	(23)	(27)	(73)	(84)
		255	338	722	965
		154			
Unallocated Central Support Services	Unallocated Central Support Services	(20)	(21)	(54)	(61)
Intangible amortization expense ⁽³⁾		(8)	(8)	(25)	(27)
Non-operating pension costs, net ⁽⁴⁾		(10)	(3)	(30)	(8)
Other items impacting comparability, net ⁽⁵⁾		(4)	28	(155)	55
Intangible amortization expense ⁽²⁾					
Non-operating pension costs, net ⁽³⁾					
Other items impacting comparability, net ⁽⁴⁾					
Earnings from continuing operations before income taxes	Earnings from continuing operations before income taxes	\$ 213	\$ 334	\$ 458	\$ 924

(1) Refer to Note 13, "Other Items Impacting Comparability" for further information on the FMS U.K. business exit.

(2) Represents the elimination of intercompany revenue revenues in our FMS business segment.

(3) (2) Included within "Selling, general and administrative expenses" in our Condensed Consolidated Statements of Earnings.

(4) (3) Refer to Note 12, 13, "Employee Benefit Plans," for a discussion on this item.

(5) (4) Refer to Note 13, 14, "Other Items Impacting Comparability," for a discussion of items excluded from our primary measure of segment performance.

Long-Lived Asset Impairment

During the first quarter of 2023, we identified impairment indicators primarily associated with specialized sortation and conveyor equipment used in the warehouse operations of a specific SCS customer. The impairment indicators were triggered by the credit deterioration and eventual bankruptcy of this customer in April 2023. These events resulted in a significant decline in the forecasted operating cash flows associated with the equipment. We performed an asset impairment test under the income-based approach using a discounted cash flow method of valuation and determined we had a \$30 million impairment. Events or changes in circumstances may occur in the near term resulting in a change in management's estimates of undiscounted cash flows. Any such events or changes could ultimately impact the amount of the impairment loss. In the fourth quarter of 2022, we were notified by this customer of their intent to early terminate operations at one of their distribution centers and we recorded an impairment charge of \$20 million in the fourth quarter of 2022.

RYDER SYSTEM, INC. AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(unaudited)

The following table sets forth the capital expenditures paid for each of our segments:

		Three months ended September 30,		Nine months ended September 30,					
		Three months ended March 31,						Three months ended March 31,	
(In millions)	(In millions)	2023	2022	2023	2022	(In millions)	2024	2023	
Fleet Management Solutions	Fleet Management Solutions	\$ 754	\$ 656	\$ 2,346	\$ 1,768				
Supply Chain Solutions	Supply Chain Solutions	44	58	88	124				
Dedicated Transportation Solutions	Dedicated Transportation Solutions	—	1	1	2				
Central Support Services	Central Support Services	7	7	22	23				
Purchases of property and revenue earning equipment	Purchases of property and revenue earning equipment	\$ 805	\$ 722	\$ 2,457	\$ 1,917				

RYDER SYSTEM, INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(unaudited)

3. REVENUE

Disaggregation of Revenue

The following tables present disaggregate our revenue recognized by primary geographical market in by our reportable business segments and by industry vertical for SCS. Refer to Note 2, "Segment Reporting," for the disaggregation of our revenue by major products/service lines.

Primary Geographical Markets

		Three months ended September 30, 2023							Three months ended March 31, 2024				
		Three months ended March 31, 2024							Three months ended March 31, 2024				
(In millions)	(In millions)	FMS	SCS	DTS	Eliminations	Total	(In millions)	FMS	SCS	DTS	Eliminations	Total	
United States	United States	\$ 1,407	\$ 1,042	\$ 448	\$ (193)	\$ 2,704							
Canada	Canada	80	69	—	(12)	137							
Mexico	Mexico	—	83	—	—	83							
Mexico													
Mexico													
Total revenue													
Total revenue													
Total revenue	Total revenue	\$ 1,487	\$ 1,194	\$ 448	\$ (205)	\$ 2,924							

		Three months ended March 31, 2023				
(In millions)		FMS	SCS	DTS	Eliminations	Total
United States		\$ 1,426	\$ 1,069	\$ 454	\$ (196)	\$ 2,753

Canada	77	62	—	(10)	129
Mexico	—	70	—	—	70
Total revenue	\$ 1,503	\$ 1,201	\$ 454	\$ (206)	\$ 2,952

(In millions)	Three months ended September 30, 2022				
	FMS	SCS	DTS	Eliminations	Total
United States	\$ 1,479	\$ 1,077	\$ 455	\$ (198)	\$ 2,813
Canada	80	61	—	(10)	131
Europe ⁽¹⁾	23	—	—	—	23
Mexico	—	68	—	—	68
Total revenue	\$ 1,582	\$ 1,206	\$ 455	\$ (208)	\$ 3,035

(1) Refer to Note 13, "Other Items Impacting Comparability" for further information on the exit of the FMS U.K. business.

RYDER SYSTEM, INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(unaudited)

(In millions)	Nine months ended September 30, 2023				
	FMS	SCS	DTS	Eliminations	Total
United States	\$ 4,214	\$ 3,145	\$ 1,342	\$ (573)	\$ 8,128
Canada	235	197	—	(32)	400
Mexico	—	232	—	—	232
Total revenue	\$ 4,449	\$ 3,574	\$ 1,342	\$ (605)	\$ 8,760

(In millions)	Nine months ended September 30, 2022				
	FMS	SCS	DTS	Eliminations	Total
United States	\$ 4,351	\$ 3,089	\$ 1,330	\$ (578)	\$ 8,192
Canada	239	190	—	(30)	399
Europe ⁽¹⁾	142	—	—	—	142
Mexico	—	190	—	—	190
Total revenue	\$ 4,732	\$ 3,469	\$ 1,330	\$ (608)	\$ 8,923

(1) Refer to Note 13, "Other Items Impacting Comparability" for further information on the exit of the FMS U.K. business.

Industry

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

(In millions)	Three months ended September 30,		Nine months ended September 30,	
	2023	2022	2023	2022
Omnichannel retail	\$ 421	\$ 474	\$ 1,279	\$ 1,343
Automotive	388	392	1,192	1,135
Consumer packaged goods	237	218	695	622
Industrial and other	148	122	408	369
Total SCS revenue	\$ 1,194	\$ 1,206	\$ 3,574	\$ 3,469

(In millions)	Three months ended March 31,	
	2024	2023
Omnichannel retail	\$ 417	\$ 453

Automotive	406	393
Consumer packaged goods	290	227
Industrial and other	189	128
Total SCS revenue	<u>\$ 1,302</u>	<u>\$ 1,201</u>

Lease & Related Maintenance and Rental Revenue

The non-lease revenue from maintenance services related to our ChoiceLease product is recognized in "Lease & related maintenance and rental revenue" in the Condensed Consolidated Statements of Earnings. For We recognized \$243 million for the three months ended September 30, 2023 March 31, 2024 and 2022, we recognized \$239 million and \$250 million, respectively. For the nine months ended September 30, 2023 and 2022, we recognized \$722 million and \$769 million, respectively. 2023.

RYDER SYSTEM, INC. AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

(unaudited)

Deferred Revenue

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

(In millions)	Nine months ended September 30,	
	2023	2022
Balance as of beginning of period	\$ 544	\$ 593
Recognized as revenue during period from beginning balance	(131)	(143)
Consideration deferred during period, net	137	111
Foreign currency translation adjustment and other	—	(10)
Balance as of end of period	<u>\$ 550</u>	<u>\$ 551</u>

(In millions)	Three months ended March 31,	
	2024	2023
Balance as of beginning of period	\$ 545	\$ 544
Recognized as revenue during period from beginning balance	(61)	(56)
Consideration deferred during period, net	69	43
Foreign currency translation adjustment and other	—	2
Balance as of end of period	<u>\$ 553</u>	<u>\$ 533</u>

Contracted Not Recognized Revenue

Revenue allocated to remaining performance obligations represents contracted revenue that has not yet been recognized (contracted not recognized revenue). Contracted not recognized revenue was \$2.7 billion \$2.9 billion as of September 30, 2023 March 31, 2024, and primarily includes deferred revenue and amounts for ChoiceLease maintenance revenue that will be recognized as revenue in future periods as we provide maintenance services to our customers.

4. RECEIVABLES, NET

(In millions)	(In millions)	September 30, 2023	December 31, 2022	(In millions)	March 31, 2024	December 31, 2023
Trade	Trade	\$ 1,434	\$ 1,476			
Trade						
Trade						
Sales-type lease	Sales-type lease	136	120			
Other, primarily warranty and insurance	Other, primarily warranty and insurance	111	55			
		<u>1,681</u>	<u>1,651</u>			
		<u>1,852</u>				

Allowance for credit losses and other	Allowance for credit losses and other	(34)	(41)
Receivables, net	Receivables, net	\$ 1,647	\$ 1,610

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

Three months ended March 31,		Three months ended March 31,	
(In millions)	(In millions)	2024	2023
	Nine months ended September 30,		
(In millions)	2023	2022	
Balance as of beginning of period			
Balance as of beginning of period			
Balance as of beginning of period	Balance as of beginning of period	\$ 41	\$ 31
Changes to provisions for credit losses	Changes to provisions for credit losses	13	22
Write-offs and other	Write-offs and other	(20)	(15)
Balance as of end of period	Balance as of end of period	\$ 34	\$ 38

RYDER SYSTEM, INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(unaudited)

5. REVENUE EARNING EQUIPMENT, NET

(Dollars in millions)	Estimated Useful Lives (In Years)	September 30, 2023			December 31, 2022		
		Cost	Accumulated Depreciation	Net	Cost	Accumulated Depreciation	Net
Held for use:							
Trucks	3 — 7	\$ 5,563	\$ (2,168)	\$ 3,395	\$ 5,282	\$ (2,114)	\$ 3,168
Tractors	4 — 7.5	7,133	(2,819)	4,314	7,153	(3,153)	4,000
Trailers and other	9.5 — 12	1,689	(685)	1,004	1,610	(690)	920
Held for sale ⁽¹⁾		723	(561)	162	388	(286)	102
Total		\$ 15,108	\$ (6,233)	\$ 8,875	\$ 14,433	\$ (6,243)	\$ 8,190

(1) Revenue earning equipment held for sale, where net book values exceed fair values, are adjusted to fair value on a nonrecurring basis and these adjustments are considered Level 3 fair value measurements. The fair value of revenue earning equipment held for sale adjusted with Level 3 fair value measurements was \$13 million and \$3 million as of September 30, 2023 and December 31, 2022, respectively. The net book value of all other assets held for sale were below fair value.

(Dollars in millions)	Estimated Useful Lives (In Years)	March 31, 2024			December 31, 2023		
		Cost	Accumulated Depreciation	Net	Cost	Accumulated Depreciation	Net
Held for use:							

Trucks	3 — 7	\$ 5,705	\$ (2,183)	\$ 3,522	\$ 5,630	\$ (2,192)	\$ 3,438
Tractors	4 — 7.5	6,862	(2,638)	4,224	6,995	(2,712)	4,283
Trailers and other	9.5 — 12	1,725	(675)	1,050	1,686	(683)	1,003
Held for sale		805	(624)	181	732	(564)	168
Total		\$ 15,097	\$ (6,120)	\$ 8,977	\$ 15,043	\$ (6,151)	\$ 8,892

Residual Value Estimate Changes

We periodically review and adjust, as appropriate, the estimated residual values and useful lives of existing revenue earning equipment for the purposes of recording depreciation expense. Reductions in estimated residual values or useful lives will increase depreciation expense over the remaining useful life of the vehicle. Conversely, an increase in estimated residual values or useful lives will decrease depreciation expense over the remaining useful life of the vehicle. **At the end of the vehicle's useful life or termination of the lease, the vehicle is either sold to a third party or purchased by the lessee, in which case we may record a gain or loss for the difference between the estimated residual value and the sale price.**

Our review of the estimated residual values and useful lives of revenue earning equipment is based on vehicle class (i.e., generally subcategories of trucks, tractors and trailers by weight and usage), historical and current market prices, third-party expected future market prices, expected lives of vehicles, and expected sales in the wholesale or retail markets, among other factors. A variety of factors, many of which are outside of our control, could cause residual value estimates to differ from actual used vehicle sales pricing, such as changes in supply and demand of used vehicles; volatility in market conditions; changes in vehicle technology; competitor pricing; regulatory requirements; **driver shortages; wholesale market prices;** customer requirements and preferences; and changes in underlying assumption factors. We have disciplines related to the management and maintenance of our vehicles designed to manage the risk associated with the residual values of our revenue earning equipment. For the **nine three** months ended **September 30, 2023** **March 31, 2024** and **2022, 2023**, we did not adjust the estimated residual values and useful lives of existing revenue earning equipment.

Used Vehicle Sales and Valuation Adjustments

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

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

(In millions)	Three months ended September 30,		Nine months ended September 30,	
	2023	2022	2023	2022
Gains on used vehicle sales, net ⁽¹⁾	\$ (52)	\$ (116)	\$ (183)	\$ (362)
Losses from valuation adjustments	5	3	9	6
Used vehicle sales, net	\$ (47)	\$ (113)	\$ (174)	\$ (356)

(1) Includes gains on used **when valuing the** vehicles **sold as part of the exit of the FMS U.K business of \$2 million, held for the nine months ended September 30, 2023, and \$15 million and \$43 million, for the three and nine months ended September 30, 2022, respectively.** **Sale.**

RYDER SYSTEM, INC. AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

(unaudited)

The following table presents our assets held for sale that are measured at fair value on a nonrecurring basis and considered a Level 3 fair value measurement:

(In millions)	Valuation Adjustments			
			Three months ended March 31,	
	March 31, 2024	December 31, 2023	2024	2023
Revenue earning equipment held for sale:				
Trucks	\$ 7	\$ 5	\$ 3	\$ 1
Tractors	36	38	6	1
Trailers and other	4	4	1	1
Total assets at fair value	\$ 47	\$ 47	\$ 10	\$ 3

The table above reflects only the portion where net book values of revenue earnings equipment held for sale exceeded fair values and valuation adjustments were recorded. The net book value of assets held for sale that were less than fair value was \$134 million and \$121 million as of March 31, 2024 and December 31, 2023, respectively.

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

(In millions)	Three months ended March 31,	
	2024	2023
Gains on used vehicle sales, net	\$ (30)	\$ (75)
Losses from valuation adjustments	10	3
Used vehicle sales, net	<u>\$ (20)</u>	<u>\$ (72)</u>

6. ACCRUED EXPENSES AND OTHER LIABILITIES

(In millions)		September 30, 2023			December 31, 2022			(In millions)	March 31, 2024			December 31, 2023		
		Accrued Expenses	Non-Current Liabilities	Total	Accrued Expenses	Non-Current Liabilities	Total		Accrued expenses and other current liabilities	Other non-current liabilities	Total	Accrued expenses and other current liabilities	Other non-current liabilities	Total
Salaries and wages	Salaries and wages	\$ 179	\$ —	\$ 179	\$ 259	\$ —	\$ 259							
Deferred compensation	Deferred compensation	5	92	97	5	80	85							
Income taxes	Income taxes													
Pension and other employee benefits	Pension and other employee benefits	24	184	208	29	179	208							
Insurance obligations, primarily self-insured	Insurance obligations, primarily self-insured	176	306	482	179	309	488							
Self-insurance	Self-insurance													
Self-insurance	Self-insurance													
Self-insurance	Self-insurance													
Operating taxes	Operating taxes	143	—	143	132	—	132							
Operating taxes	Operating taxes													
Operating taxes	Operating taxes													
Interest	Interest													
Interest	Interest	47	—	47	41	—	41							
Deposits, mainly from customers	Deposits, mainly from customers	71	—	71	84	—	84							
Operating lease liabilities	Operating lease liabilities	215	783	998	191	541	732							
Deferred revenue	Deferred revenue	193	357	550	178	366	544							
Other	Other	135	91	226	102	93	195							
Other	Other													
Other	Other													
Total	Total	<u>\$ 1,188</u>	<u>\$ 1,813</u>	<u>\$3,001</u>	<u>\$ 1,200</u>	<u>\$ 1,568</u>	<u>\$2,768</u>							

RYDER SYSTEM, INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(unaudited)

7. LEASES

Leases as Lessor

	Three months ended September 30,	Nine months ended September 30,
--	----------------------------------	---------------------------------

Period	2019	2020	2021	2022
Three months ended March 31,	100.0	100.0	100.0	100.0
Three months ended March 31,	100.0	100.0	100.0	100.0
Three months ended March 31,	100.0	100.0	100.0	100.0

(In millions)	(In millions)	2023	2022	2023	2022	(In millions)
Operating leases	Operating leases					
Lease income related to ChoiceLease	Lease income related to ChoiceLease					
Lease income related to ChoiceLease	Lease income related to ChoiceLease					
Lease income related to ChoiceLease	Lease income related to ChoiceLease	\$375	\$367	\$1,103	\$1,127	
Lease income related to commercial rental (1)	Lease income related to commercial rental (1)	\$281	\$333	\$856	\$956	
Sales-type leases	Sales-type leases					
Sales-type leases	Sales-type leases					
Interest income related to net investment in leases	Interest income related to net investment in leases					
Interest income related to net investment in leases	Interest income related to net investment in leases					
Interest income related to net investment in leases	Interest income related to net investment in leases	\$14	\$12	\$40	\$33	
Variable lease income excluding commercial rental (1)	Variable lease income excluding commercial rental (1)	\$74	\$81	\$216	\$226	
Variable lease income excluding commercial rental (1)	Variable lease income excluding commercial rental (1)					
Variable lease income excluding commercial rental (1)	Variable lease income excluding commercial rental (1)					

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

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

(In millions)	(In millions)	September 30, 2023	December 31, 2022
(In millions)			
(In millions)			
Net investment in the lease — lease payment receivable			
Net investment in the lease — lease payment receivable			
Net investment in the lease — lease payment receivable	Net investment in the lease — lease payment receivable	\$ 680	\$ 598
Net investment in the lease — unguaranteed residual value in assets	Net investment in the lease — unguaranteed residual value in assets	42	43
Net investment in the lease — unguaranteed residual value in assets			
Net investment in the lease — unguaranteed residual value in assets			
		795	
		722	641
		795	
		795	
Estimated loss allowance			
Estimated loss allowance			
Estimated loss allowance	Estimated loss allowance	(3)	(6)
Total	Total	\$ 719	\$ 635
Total			
Total			

RYDER SYSTEM, INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(unaudited)

8. DEBT

		Weighted Average Interest Rate			
(Dollars in millions)					
(Dollars in millions)					
		September 30, 2023	Maturities	September 30, 2023	December 31, 2022
Debt:	Debt:				
Debt:					
Debt:					
U.S. commercial paper					
U.S. commercial paper					
U.S. commercial paper	U.S. commercial paper	5.62%	2026	\$ 758	\$ 672
Trade receivables financing program	Trade receivables financing program	5.83%	2024	50	50
Global revolving credit facility		—	2026	—	—
Trade receivables financing program					

Trade receivables financing program					
Unsecured U.S. obligations	Unsecured U.S. obligations	4.13%	2024-2027	375	375
Unsecured medium-term note issued February 2018					
		—	2023	—	450
Unsecured medium-term note issued June 2018					
		—	2023	—	450
Unsecured medium-term note issued October 2018					
		3.88%	2023	300	300
Unsecured U.S. obligations					
Unsecured U.S. obligations					
Unsecured medium-term note issued February 2019					
Unsecured medium-term note issued February 2019					
Unsecured medium-term note issued February 2019	Unsecured medium-term note issued February 2019	3.65%	2024	600	600
Unsecured medium-term note issued August 2019	Unsecured medium-term note issued August 2019	2.50%	2024	550	550
Unsecured medium-term note issued August 2019					
Unsecured medium-term note issued August 2019					
Unsecured medium-term note issued April 2020					
Unsecured medium-term note issued April 2020					
Unsecured medium-term note issued April 2020	Unsecured medium-term note issued April 2020	4.63%	2025	400	400
Unsecured medium-term note issued May 2020	Unsecured medium-term note issued May 2020	3.35%	2025	400	400
Unsecured medium-term note issued May 2020					
Unsecured medium-term note issued May 2020					
Unsecured medium-term note issued December 1995	Unsecured medium-term note issued December 1995	6.95%	2025	150	150
Unsecured medium-term note issued November 2021 ⁽¹⁾					
		6.19%	2026	270	270
Unsecured medium-term note issued December 1995					
Unsecured medium-term note issued December 1995					
Unsecured medium-term note issued November 2021					
Unsecured medium-term note issued November 2021					
Unsecured medium-term note issued November 2021					

Unsecured medium-term note issued November 2019	Unsecured medium-term note issued November 2019	2.90%	2026	400	400
Unsecured medium-term note issued February 2022 ⁽¹⁾					
		4.47%	2027	432	434
Unsecured medium-term note issued November 2019					
Unsecured medium-term note issued November 2019					
Unsecured medium-term note issued February 2022					
Unsecured medium-term note issued February 2022					
Unsecured medium-term note issued February 2022					
Unsecured medium-term note issued May 2022					
Unsecured medium-term note issued May 2022					
Unsecured medium-term note issued May 2022	Unsecured medium-term note issued May 2022	4.30%	2027	300	300
Unsecured medium-term note issued February 2023	Unsecured medium-term note issued February 2023	5.65%	2028	500	—
Unsecured medium-term note issued February 2023					
Unsecured medium-term note issued February 2023					
Unsecured medium-term note issued May 2023	Unsecured medium-term note issued May 2023	5.25%	2028	650	—
Unsecured medium-term note issued May 2023					
Unsecured medium-term note issued May 2023					
Unsecured medium-term note issued November 2023					
Unsecured medium-term note issued November 2023					
Unsecured medium-term note issued November 2023					
Unsecured medium-term note issued November 2023					
Unsecured medium-term note issued November 2023					
Unsecured medium-term note issued November 2023					
Unsecured medium-term note issued November 2023					
Unsecured medium-term note issued November 2023					
Unsecured medium-term note issued February 2024					
Unsecured medium-term note issued February 2024					
Unsecured medium-term note issued February 2024					
Unsecured medium-term note issued February 2024					

Unsecured medium-term note issued February 2024					
Unsecured medium-term note issued February 2024					
Unsecured foreign obligations	Unsecured foreign obligations	2.88%	2024	50	50
Asset-backed U.S. obligations ⁽²⁾		3.39%	2023-2030	415	477
Unsecured foreign obligations					
Unsecured foreign obligations					
Asset-backed U.S. obligations ⁽¹⁾					
Asset-backed U.S. obligations ⁽¹⁾					
Asset-backed U.S. obligations ⁽¹⁾					
Finance lease obligations and other	Finance lease obligations and other		2023-2031	44	42
				6,644	6,370
Finance lease obligations and other					
Finance lease obligations and other					
				7,616	
				7,616	
				7,616	
Fair market value adjustments on medium-term notes ⁽²⁾					
Fair market value adjustments on medium-term notes ⁽²⁾					
Fair market value adjustments on medium-term notes ⁽²⁾					
Debt issuance costs and original issue discounts					
Debt issuance costs and original issue discounts					
Debt issuance costs and original issue discounts	Debt issuance costs and original issue discounts			(23)	(18)
Total debt ⁽³⁾	Total debt ⁽³⁾			6,621	6,352
Total debt ⁽³⁾					
Total debt ⁽³⁾					
Short-term debt and current portion of long-term debt	Short-term debt and current portion of long-term debt			(1,888)	(1,349)
Short-term debt and current portion of long-term debt					
Short-term debt and current portion of long-term debt					
Long-term debt					
Long-term debt					
Long-term debt	Long-term debt			\$ 4,733	\$ 5,003

(1) Includes impact from the fair market values Asset-backed U.S. obligations are related to financing transactions backed by a portion of hedging instruments on our notes, which was \$48 million as of September 30, 2023 and \$47 million as of December 31, 2022, and was revenue earning equipment.

(2) Interest rate swaps included in "Other non-current liabilities" within the Condensed Consolidated Balance Sheets. The notional amount of interest rate swaps designated as fair value hedges was \$500 million as of both September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023.

(2) Asset-backed U.S. obligations are related to financing transactions backed by a portion of our revenue earning equipment.

(3) The unsecured medium-term notes bear semi-annual interest.

The fair value of total debt (excluding finance lease and asset-backed U.S. obligations) was approximately \$6.1 billion \$7.2 billion and \$5.7 billion \$6.8 billion as of September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, respectively. For publicly traded debt, estimates of fair value were based on market prices. For other debt, fair value was estimated based on a model-driven approach using rates currently available to us for debt with similar terms and remaining maturities. The fair value measurements of our publicly traded debt and our other debt were classified within Level 2 of the fair value hierarchy.

As of September 30, 2023, there was \$642 million available under the global revolving credit facility. In order to maintain availability of funding, we must maintain a ratio of debt to consolidated net worth of less than or equal to 300%, as defined in the credit facility agreement. As of September 30, 2023, the ratio was 166%.

RYDER SYSTEM, INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
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On April 25, 2023, certain terms of our global revolving credit facility were amended. Pursuant to the amendment, among other items, (i) the definition of consolidated net worth was revised to exclude impacts from the exit of the FMS U.K. business, (ii) LIBOR was replaced as an available benchmark interest rate with term secured overnight financing rate (SOFR), and (iii) the maximum absolute dollar amounts for our trade receivables financing program and asset-backed financings were removed and the percentage-based maximum amounts were substantially increased.

We had letters of credit and surety bonds outstanding of \$464 million and \$513 million as of September 30, 2023 and December 31, 2022, respectively, which primarily guarantee the payment of insurance claims.

As of September 30, 2023, the available proceeds under the trade receivables financing program were \$167 million. As of September 30, 2023, utilization of this program included borrowing of \$50 million and letters of credit outstanding of \$83 million.

The following table summarizes our debt proceeds and repayments in 2023: 2024:

Nine months ended September 30, 2023					
Three months ended March 31, 2024		Three months ended March 31, 2024			
(In millions)	(In millions)	Debt Proceeds	Debt Repayments	(In millions)	
Medium-term notes (1)	Medium-term notes (1)	\$ 1,142	Medium-term notes \$ 900		
U.S. and foreign term loans, finance lease obligations and other	U.S. and foreign term loans, finance lease obligations and other	172	U.S. and foreign term loans, finance lease obligations and other 244		
U.S. and foreign term loans, finance lease obligations and other					
U.S. and foreign term loans, finance lease obligations and other					
Total debt proceeds					
Total debt proceeds					
Total debt proceeds	Total debt proceeds	\$ 1,314	Total debt repaid	\$ 1,144	

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

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

As of March 31, 2024, there was \$540 million available under the global revolving credit facility. In order to maintain availability of funding, we must maintain a ratio of debt to consolidated net worth of less than or equal to 300%, as defined in the credit facility agreement. As of March 31, 2024, the ratio was 190%.

We had letters of credit and surety bonds outstanding of \$477 million and \$466 million as of March 31, 2024 and December 31, 2023, respectively, which primarily guarantee the payment of insurance claims.

As of March 31, 2024, the available proceeds under the trade receivables financing program were \$197 million. As of March 31, 2024, utilization of this program included borrowing of \$20 million and letters of credit outstanding of \$83 million.

9. SHARE REPURCHASE PROGRAMS

We maintained currently maintain two share repurchase programs during the nine months ended September 30, 2023: the 2021 Anti-Dilutive Program and the February 2023 Discretionary Program, as defined below. The first program authorized management to repurchase up to 2.5 million shares of common stock, issued to employees under our employee stock plans since September 1, 2021 (the "2021 Anti-Dilutive Program"). The 2021 Anti-Dilutive Program was designed to mitigate the dilutive impact of shares issued under our employee stock plans. The 2021 Anti-Dilutive Program commenced October 14, 2021, and expired October 14, 2023. In February 2023, approved by our board of directors authorized a discretionary share repurchase program to grant management discretion to repurchase up to 2 million shares of common stock over a period of two years (the "February 2023 Discretionary Program"). Share repurchases under both programs can be made from time to time using our working capital and a variety of methods, including open-market transactions and trading plans established pursuant to Rule 10b5-1 of the Securities Exchange Act of 1934. The timing and actual number of shares repurchased are subject to market conditions, legal requirements and other factors, including balance sheet leverage, availability of acquisitions and stock price.

During the three and nine months ended September 30, 2023, we repurchased and retired 0.3 million shares for \$26 million and 1 million shares for \$96 million, respectively, under the 2021 Anti-Dilutive Program. During the three and nine months ended September 30, 2022, we did not repurchase any shares under this program. The 2021 Anti-Dilutive Program expired in October 2023.

During the three and nine months ended September 30, 2023, we repurchased and retired 1.2 million shares for \$123 million and 2 million shares for \$186 million, respectively, under the February 2023 Discretionary Program. The February 2023 Discretionary Program was completed in September 2023.

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

In September 2022, we completed Share repurchases under both programs can be made from time to time using our \$300 million accelerated share repurchase program. This program was authorized by our board working capital and other borrowing sources. Shares are repurchased under open-market transactions and trading plans established pursuant to Rule 10b5-1 of directors in February 2022, the Securities Exchange Act of 1934. The timing and at that time, we repurchased and retired an initial share amount of approximately 3 million shares. The final settlement occurred in September 2022, resulting in the delivery and retirement of approximately 1 million additional shares. The actual number of shares ultimately repurchased are subject to market conditions, legal requirements and other factors, including balance sheet leverage, availability of acquisitions and stock price.

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

RYDER SYSTEM, INC. AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

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

(In millions)	Three months ended March 31,			
	2024		2023	
	Shares	Amount	Shares	Amount
2023 Anti-Dilutive Program	0.3	\$ 37	—	\$ —
2021 Anti-Dilutive Program	—	—	0.5	45
Anti-Dilutive Programs	0.3	37	0.5	45
October 2023 Discretionary Program	0.1	14	—	—
Discretionary Programs	0.1	14	—	—
Total	0.5	\$ 51	0.5	\$ 45

Amounts in the average of Ryder's daily volume-weighted average price per share of common stock during a repurchase period, less a discount. The average price paid for all of the shares delivered and retired under the accelerated share purchase agreement was \$74.47 per share. table may not be additive due to rounding.

10. ACCUMULATED OTHER COMPREHENSIVE LOSS

Comprehensive income presents a measure of all changes in shareholders' equity except for changes resulting from transactions with shareholders in their capacity as shareholders. The following summary sets forth the change in each component of Accumulated other comprehensive loss, net of tax (AOCI):

(In millions)	(In millions)	Currency Translation Adjustments	Net Actuarial (Loss) Gain and Prior Service Costs	Unrealized Gain (Loss) from Cash Flow Hedges	Accumulated Other Comprehensive (Loss) Gain
January 1, 2023		\$ (238)	\$ (566)	\$ 8	\$ (796)
Other comprehensive gain, net of tax, before reclassifications		20	—	4	24
(In millions)					
January 1, 2024					
Other comprehensive (loss) gain, net of tax, before reclassifications					
Amounts reclassified from AOCI, net of tax	Amounts reclassified from AOCI, net of tax	183	15	(5)	193
Net current-period other comprehensive gain (loss), net of tax	Net current-period other comprehensive gain (loss), net of tax	203	15	(1)	217
September 30, 2023		\$ (35)	\$ (551)	\$ 7	\$ (579)
Net current-period other comprehensive gain (loss), net of tax					
Net current-period other comprehensive gain (loss), net of tax					
March 31, 2024					

Currency Translation Adjustments	Net Actuarial (Loss) Gain and Prior Service Costs	Unrealized Gain (Loss) from Cash Flow Hedges	Accumulated Other Comprehensive (Loss) Gain
--	--	--	--

(In millions)	Currency Translation Adjustments	Net Actuarial (Loss) Gain and Prior Service Costs	Unrealized (Loss) Gain from Cash Flow Hedges	Accumulated Other Comprehensive (Loss) Gain
January 1, 2022	\$ (153)	\$ (529)	\$ (7)	\$ (689)
Other comprehensive gain (loss), net of tax, before reclassifications	(111)	—	12	(99)
Amounts reclassified from AOCI, net of tax	—	13	3	16
Net current-period other comprehensive gain (loss), net of tax	(111)	13	15	(83)
September 30, 2022	\$ (264)	\$ (516)	\$ 8	\$ (772)

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

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11. EARNINGS PER SHARE

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

(Dollars in millions and shares in thousands)	Three months ended September 30,		Nine months ended September 30,	
	2023	2022	2023	2022
Earnings per share — Basic:				
Earnings from continuing operations	\$ 160	\$ 247	\$ 282	\$ 663
Less: Distributed and undistributed earnings allocated to unvested stock	(1)	(1)	(2)	(3)
Earnings from continuing operations available to common shareholders	\$ 159	\$ 246	\$ 280	\$ 660
Weighted average common shares outstanding	45,087	49,806	45,813	50,252
Earnings from continuing operations per common share — Basic	\$ 3.51	\$ 4.92	\$ 6.11	\$ 13.12
Earnings per share — Diluted:				
Earnings from continuing operations	\$ 160	\$ 247	\$ 282	\$ 663
Less: Distributed and undistributed earnings allocated to unvested stock	—	—	—	(3)
Earnings from continuing operations available to common shareholders — Diluted	\$ 160	\$ 247	\$ 282	\$ 660
Weighted average common shares outstanding — Basic	45,087	49,806	45,813	50,252
Effect of dilutive equity awards	1,183	1,267	1,047	1,026
Weighted average common shares outstanding — Diluted	46,270	51,073	46,860	51,278
Earnings from continuing operations per common share — Diluted	\$ 3.44	\$ 4.82	\$ 6.01	\$ 12.86
Anti-dilutive equity awards not included in diluted EPS	73	726	1,077	752

Note: Amounts may not be additive due to rounding.

(In millions)	Currency Translation Adjustments	Net Actuarial (Loss) Gain and Prior Service Costs	Unrealized (Loss) Gain from Cash Flow Hedges	Accumulated Other Comprehensive (Loss) Gain
January 1, 2023	\$ (238)	\$ (566)	\$ 8	\$ (796)
Other comprehensive gain (loss), net of tax, before reclassifications	14	—	(4)	10
Amounts reclassified from AOCI, net of tax	—	5	(1)	4
Net current-period other comprehensive gain (loss), net of tax	14	5	(5)	14
March 31, 2023	\$ (224)	\$ (561)	\$ 3	\$ (782)

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NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
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11. EARNINGS PER SHARE

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

(Dollars in millions, except per share amounts; share amounts in thousands)	Three months ended March 31,	
	2024	2023
Earnings per share — Basic (1):		
Earnings from continuing operations	\$ 85	\$ 140

Less: Distributed and undistributed earnings allocated to unvested stock	—	(1)
Earnings from continuing operations available to common shareholders	\$ 85	\$ 139
Weighted average common shares outstanding	43,858	46,377
Earnings from continuing operations per common share — Basic	\$ 1.93	\$ 3.00
Earnings per share — Diluted: ⁽¹⁾		
Earnings from continuing operations	\$ 85	\$ 140
Less: Distributed and undistributed earnings allocated to unvested stock	—	—
Earnings from continuing operations available to common shareholders — Diluted	\$ 85	\$ 140
Weighted average common shares outstanding — Basic	43,858	46,377
Effect of dilutive equity awards	1,142	1,097
Weighted average common shares outstanding — Diluted	45,000	47,474
Earnings from continuing operations per common share — Diluted	\$ 1.89	\$ 2.95
Anti-dilutive equity awards not included in diluted EPS	81	627

(1) Amounts in the table may not recalculate exactly due to rounding of earnings and shares.

12SHARE-BASED COMPENSATION PLANS

We generally grant share-based awards in the first quarter of each year during our annual equity award process. The vesting conditions for the awards granted were consistent with prior year. The following table is a summary of the awards granted in the first quarter of 2024 and 2023:

	Three months ended March 31,			
	2024		2023	
	Shares Granted	Weighted-Average Fair Market Value Per Share	Shares Granted	Weighted-Average Fair Market Value Per Share
(Shares in millions)				
Time-vested restricted stock rights	0.1	\$ 117.11	0.2	\$ 96.38
Performance-based restricted stock rights	0.1	121.10	0.1	101.25
Total	0.2	\$ 118.59	0.3	\$ 98.16

RYDER SYSTEM, INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
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1213. EMPLOYEE BENEFIT PLANS

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

		Three months ended September 30,		Nine months ended September 30,	
		Three months ended March 31,		Three months ended March 31,	
(In millions)	(In millions)	2023	2022	2023	2022
Company-administered plans:					
Company-administered plans:					
Company-administered plans:					

Company-administered plans:				
Service cost		\$ 1	\$ —	\$ 1
Interest cost				
Interest cost				
Interest cost	Interest cost	22	16	67
Expected return on plan assets	Expected return on plan assets	(20)	(18)	(58)
Expected return on plan assets				
Expected return on plan assets				
Amortization of net actuarial loss and prior service cost				
Amortization of net actuarial loss and prior service cost				
Amortization of net actuarial loss and prior service cost				
Amortization of net actuarial loss and prior service cost		7	5	20
Net pension expense				
Net pension expense				
Net pension expense	Net pension expense	\$ 10	\$ 3	\$ 30
Company-administered plans:	Company-administered plans:			
Company-administered plans:				
Company-administered plans:				
U.S.	U.S.			
U.S.	U.S.	\$ 8	\$ 3	\$ 23
Non-U.S.	Non-U.S.	2	—	7
Net pension expense				
Net pension expense				
Net pension expense	Net pension expense	\$ 10	\$ 3	\$ 30

Non-operating pension costs, net include the amortization of net actuarial loss and prior service cost, interest cost and expected return on plan assets components of pension and postretirement benefit costs, as well as any significant charges for settlements or curtailments if recognized. During the nine months ended September 30, 2023, we contributed \$5 million to our pension plans. We do not have any required contributions expect to contribute to our pension plans for the year 2023, in 2024. We also maintain other postretirement benefit plans that are not reflected in the table above as the amount of postretirement benefit expense for such plans was not material for any period presented.

In September 2023, we executed a bulk annuity contract with a U.K. insurance company to fully settle our \$250 million U.K. pension benefit obligation. This transaction secured all future pension benefits to the pension plan members, and in conjunction with this arrangement, we contributed \$4 million into the pension plan. We are targeting a pension plan termination in 18-24 months. At that time, the pension plan will distribute individual annuities to each pension plan member and the U.K. insurance company will assume all administrative and financial responsibilities of the pension plan. This bulk annuity transaction will have no impact to our financial position or statement of earnings until we terminate the pension plan.

RYDER SYSTEM, INC. AND SUBSIDIARIES
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13, 14. OTHER ITEMS IMPACTING COMPARABILITY

Our primary measure of segment performance as shown in Note 2, "Segment Reporting," excludes **unallocated corporate costs, intangible amortization expense, and** certain items we do not believe are representative of the ongoing operations of our business segments. Excluding these items from our segment measure of performance allows for better year over year comparison:

(In millions)	Three months ended September 30,		Nine months ended September 30,	
	2023	2022	2023	2022
FMS Europe results ⁽¹⁾	\$ 4	\$ —	\$ 7	\$ —
Gains on sale of U.K. revenue earning equipment ⁽²⁾	—	(15)	(2)	(43)
Gains on sale of U.K. properties ⁽³⁾	—	(10)	(9)	(34)
Commercial claims proceeds, net of fees ⁽¹⁾	—	(5)	(31)	7
Severance and other, net ⁽¹⁾	—	3	3	12
FMS U.K. exit	4	(27)	(32)	(58)
Currency translation adjustment loss	—	—	188	—
Other, net ⁽¹⁾	—	(1)	(1)	3
Other items impacting comparability	\$ 4	\$ (28)	\$ 155	\$ (55)

(In millions)	Three months ended March 31,	
	2024	2023
Acquisition costs ⁽¹⁾	\$ 5	\$ —
FMS U.K. exit, primarily net commercial claim proceeds ⁽²⁾	—	(31)
Other, net ⁽¹⁾	(1)	(1)
Other items impacting comparability, net	\$ 4	\$ (32)

(1) Included within "Restructuring and other items, net" in our Condensed Consolidated Statements of Earnings.

(2) Included Primarily included within "Used vehicle sales, net" in our Condensed Consolidated Statements of Earnings.

(3) Included within "Miscellaneous income, "Restructuring and other items, net" in our Condensed Consolidated Statements of Earnings.

14, 15. CONTINGENCIES AND OTHER MATTERS

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

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

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Securities Litigation Relating to Residual Value Estimates

On May 20, 2020, a putative class action on behalf of purchasers of our securities who purchased or otherwise acquired their securities between July 23, 2015 and February 13, 2020, inclusive (Class Period), was commenced against Ryder and certain of our current and former officers in the U.S. District Court for the Southern District of Florida (the "Securities Class Action"). The complaint alleges, among other things, that the defendants misrepresented Ryder's depreciation policy and residual value estimates for its vehicles during the Class Period, in violation of **Section Sections** 10(b) and 20(a) of the Securities Exchange Act of 1934 and Rule 10b-5 promulgated thereunder, and seeks to recover,

among other things, unspecified compensatory damages and attorneys' fees and costs. On August 3, 2020, the State of Alaska, Alaska Permanent Fund, the City of Fort Lauderdale General Employees' Retirement System, and the City of Plantation Police Officers Pension Fund were appointed lead plaintiffs. On October 5, 2020, the lead plaintiffs filed an amended complaint. On December 4, 2020, Ryder and the other named defendants in the case filed a Motion to Dismiss the amended complaint. On May 12, 2022, the court denied the defendants' motion to dismiss. The court entered a case management schedule on June 27, 2022, which, among other things, provides that discovery shall be completed by October 2023 and trial shall commence in June 2024. On April 18, 2023, the parties reached an agreement in principle to resolve the Securities Class Action. On May 19, 2023, plaintiffs filed an unopposed Motion for Preliminary Approval of the settlement, with corresponding settlement documentation. On August 11, 2023February 20, 2024, the court entered an order directing preliminarily approving the plaintiffs to file a renewed Motion for Preliminary Approval settlement and authorizing dissemination of the settlement with specified changes to the settlement documentation, which was filed on August 17, 2023. The renewed Motion for Preliminary Approval notice of the settlement remains

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(unaudited)

pending court approval. settlement. We expect that the settlement amount will be covered by insurance, and accordingly is not material to our financial position or results of operations.

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

15. 16. SUPPLEMENTAL CASH FLOW INFORMATION

		Nine months ended September 30,	
		Three months ended March 31,	
		Three months ended March 31,	
		Three months ended March 31,	
(In millions)			
(In millions)			
(In millions)	(In millions)	2023	2022
Interest paid	Interest paid	\$ 199	\$ 157
Interest paid			
Interest paid			
Income taxes paid			
Income taxes paid			
Income taxes paid	Income taxes paid	\$ 78	\$ 96
Cash paid for operating lease liabilities	Cash paid for operating lease liabilities	\$ 175	\$ 133
Cash paid for operating lease liabilities			
Cash paid for operating lease liabilities			
Right-of-use assets obtained in exchange for lease obligations:			
Right-of-use assets obtained in exchange for lease obligations:			
Right-of-use assets obtained in exchange for lease obligations:	Right-of-use assets obtained in exchange for lease obligations:		
Finance leases	Finance leases	\$ 18	\$ 5
Finance leases			
Finance leases			

Operating leases				
Operating leases				
Operating leases	Operating leases	\$	422	\$ 229
Capital expenditures	Capital expenditures			
acquired but not yet paid	acquired but not yet paid	\$	324	\$ 292
Capital expenditures acquired but not yet paid				
Capital expenditures acquired but not yet paid				

17. ACQUISITIONS

On February 1, 2024, we acquired all the outstanding equity of CLH Parent Corporation (Cardinal Logistics) for a purchase price of \$297 million. Cardinal Logistics is a leading customized dedicated contract carrier in North America, providing dedicated

RYDER SYSTEM, INC. AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

(unaudited)

fleets and professional drivers, as well as complementary freight brokerage services, last-mile delivery and contract logistics services. We expect that the acquisition will increase our scale and network density and further advances our strategy to accelerate growth in DTS.

We believe that we have sufficient information to provide a reasonable basis for estimating the fair values of assets acquired and liabilities assumed. The purchase price allocation excludes certain items to be resolved post-closing with the seller, which may result in additional adjustments to the final purchase price. Therefore, the provisional measurements of estimated fair values reflected are subject to change. We have preliminarily estimated goodwill of \$74 million and intangible assets, net of \$165 million for the Cardinal Logistics acquisition. None of the goodwill is expected to be deductible for income tax purposes. We expect to finalize the valuation and complete the purchase consideration allocation no later than one year from the acquisition date.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following Management's Discussion and Analysis of Financial Condition and Results of Operations (MD&A) should be read in conjunction with the unaudited Condensed Consolidated Financial Statements and notes thereto included under Item 1, as well as our audited Consolidated Financial Statements consolidated financial statements and notes thereto and related MD&A included in the 2022 2023 Annual Report on Form 10-K. Certain prior period amounts All percentages have been reclassified to conform with the current period presentation. During the three and nine months ended September 30, 2022, we previously reported certain costs in "Cost of fuel services" that should have been included in the "Cost of services" within the unaudited Condensed Consolidated Statement of Earnings. These costs were not material to any financial statement line item and we elected to revise the presentation of these prior period costs to conform to the current year presentation in our financial statements. calculated using unrounded amounts.

OVERVIEW

General

We operate in highly competitive markets. Our customers select us based on numerous factors, including service quality, price, technology and service offerings. As an alternative to using our services, customers may choose to provide these services for themselves, or may choose to obtain similar or alternative services from other third-party vendors. Our customer base includes enterprises operating in a variety of industries including food and beverage service, transportation and logistics, retail and consumer goods, automotive, industrial, housing, technology, and business and personal services.

SELECTED OPERATING PERFORMANCE ITEMS

- Diluted EPS from continuing operations of \$1.89 in the first quarter of 2024 compared to \$2.95 in prior year
- Comparable EPS (a non-GAAP measure) from continuing operations of \$2.14 in the first quarter of 2024, as compared to \$2.81 in prior year, reflecting weaker market conditions in used vehicle sales and rental, partially offset by higher Supply Chain Solutions (SCS) and ChoiceLease results
- Total revenue of \$3.1 billion in the first quarter of 2024, compared to \$3.0 billion in prior year
- Operating revenue (a non-GAAP measure) of \$2.5 billion in the first quarter of 2024, up 6%, reflecting recent acquisitions and contractual revenue growth, partially offset by lower commercial rental revenue in Fleet Management Solutions (FMS)
- Adjusted Return on Equity (ROE) (a non-GAAP measure) of 17% for the trailing twelve months ended March 31, 2024
- Net cash provided by operating activities from continuing operations of \$526 million and free cash flow (a non-GAAP measure) of \$13 million in the three months ended March 31, 2024

Business Trends

During the three and nine months ended September 30, 2023 March 31, 2024, market conditions for our used vehicle sales and commercial rental continued to weaken. We are still benefiting continue to benefit, though, from favorable secular trends in logistics and transportation solutions, including supply chain disruptions and a limited supply of vehicles available in the market due to vehicle delivery delays from original equipment manufacturers (OEMs), disruptions. These secular trends along with successful management of initiatives to increase provide long-term returns, are driving revenue growth and benefiting earnings in opportunities for our Supply Chain Solutions (SCS) SCS and Dedicated Transportation Solutions (DTS) business segments. In addition, the integration of our recent acquisitions (IFS Holdings, LLC, a holding company for Impact Fulfillment Services, LLC (IFS), in the fourth quarter of 2023, and CLH Parent Corporation (Cardinal Logistics) during the first quarter of 2024) are in line with our expectations.

In our Fleet Management Solutions (FMS) North America FMS business, used vehicle pricing declined from the historical highs prior year. Our commercial rental operations are seasonal and the lowest revenue of the year is typically generated in the prior first quarter due to lower market demand. We generally decrease the size of the rental fleet during the first quarter of each year to mitigate the seasonal effect of lower demand and utilization; however, we experienced lower than expected rental demand and rental utilization was 75% 66% for the three and nine months ended September 30, 2023 March 31, 2024, as compared to a record 83% 75% in the prior year comparative periods. period. We anticipate that market conditions, including a slower freight recessionary environment, will remain weak through most of 2024 for used vehicle sales and rental will remain weak in with gradual improvements expected towards the fourth quarter of 2023. ChoiceLease vehicle fleet grew during the first nine months second half of the year, year. Our maintenance cost savings initiatives continue to benefit earnings and included the redeployment of units from our rental fleet into new ChoiceLease contracts in order to maintain optimal rental utilization and provide immediate availability to our lease customers. Our lease pricing initiatives are delivering improved portfolio returns and we returns. We expect to continue to realize incremental earnings benefits as our remaining portfolio is renewed at higher returns. In addition, our maintenance cost savings initiatives continue to benefit earnings.

In our SCS business, strong outsourcing trends in warehousing and distribution continue. Higher pricing The acquisition of IFS as well as brokerage and logistics business from the acquisition of Cardinal Logistics drove strong total revenue and operating revenue (a non-GAAP measure) growth in SCS in the third quarter first three months of 2023. SCS 2024. The dedicated business from the Cardinal Logistics acquisition drove operating revenue growth also benefited from new contract wins. Pricing adjustments in DTS and cost recovery initiatives benefited earnings in both SCS and DTS. Profitability in SCS is in line with our long-term target range we expect this acquisition to significantly benefit DTS revenue for the second consecutive quarter, despite weaker volume trends remainder of 2024. SCS and increased lost business in the omnichannel retail vertical. In the first nine months of 2023, DTS contract sales activity slowed during the first quarter of 2024, consistent with a softer freight environment. However, DTS profitability was within our target range. We expect SCS and DTS revenue to grow at a slower pace in the last quarter of the year reflecting lower consumer demand in the omnichannel retail market and a slower weaker freight environment.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS — (Continued)

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

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS — (Continued)

SELECTED OPERATING PERFORMANCE ITEMS

- Diluted EPS from continuing operations of \$3.44 in the third quarter of 2023 compared to \$4.82 in prior year
- Comparable EPS (a non-GAAP measure) from continuing operations of \$3.58 in the third quarter of 2023, as compared to \$4.45 in prior year, reflecting weaker market conditions in used vehicle sales significant judgments and rental partially offset by strong SCS results
- Total revenue of \$2.9 billion in the third quarter of 2023, compared to \$3.0 billion in prior year
- Operating revenue (a non-GAAP measure) of \$2.4 billion in the third quarter of 2023, up 1%, reflecting contractual revenue growth across all segments partially offset by lower commercial rental revenue in FMS
- Adjusted Return on Equity (ROE) (a non-GAAP measure) of 21% for the trailing twelve months ended September 30, 2023
- Net cash provided by operating activities from continuing operations of \$1.8 billion and free cash flow (a non-GAAP measure) of \$32 million in the nine months ended September 30, 2023

estimates.

Total revenue was \$2.9 billion in the third quarter of 2023, as compared to \$3.0 billion in prior year and \$8.8 billion in the nine months ended September 30, 2023, as compared to \$8.9 billion in prior year, reflecting lower fuel revenue and subcontracted transportation, largely offset by higher operating revenue. Operating revenue (a non-GAAP measure excluding fuel and subcontracted transportation) increased 1% in the third quarter and 3% in the nine months ended September 30, 2023, primarily reflecting SCS and DTS revenue growth partially offset by lower commercial rental revenue in FMS and the exit of the FMS U.K. business.

EBT and Comparable EBT (a non-GAAP measure) decreased in the third quarter of 2023, primarily due to lower gains on used vehicles sold and decreased commercial rental results in FMS partially offset by higher earnings in SCS. EBT and Comparable EBT decreased in the nine months ended September 30, 2023, primarily due to lower gains on used vehicles sold, decreased commercial rental results in FMS, a first quarter \$30 million asset impairment related to a SCS customer bankruptcy and the exit of the FMS U.K. business partially offset by higher earnings in DTS. EBT in the nine months ended September 30, 2023, also reflects a one-time, non-cash \$188 million currency translation adjustment loss related to the FMS U.K. exit.

The following discussion provides a summary of financial highlights that are discussed in more detail throughout our MD&A and within the Notes to Condensed Consolidated Financial Statements:

(Dollars in millions, except per share)	Three months ended September 30,		Nine months ended September 30,		Change 2023/2022	
	2023	2022	2023	2022	Three Months	Nine Months
Total revenue	\$ 2,924	\$ 3,035	\$ 8,760	\$ 8,923	(4)%	(2)%
Operating revenue ⁽¹⁾	2,379	2,347	7,051	6,870	1%	3%
Earnings from continuing operations before income taxes (EBT)	\$ 213	\$ 334	\$ 458	\$ 924	(36)%	(50)%
Comparable EBT ⁽¹⁾	227	309	643	877	(27)%	(27)%
Earnings from continuing operations	160	247	282	663	(35)%	(57)%
Comparable earnings from continuing operations ⁽¹⁾	165	227	468	641	(27)%	(27)%
Net earnings	161	246	282	661	(35)%	(57)%
Comparable EBITDA ⁽¹⁾	680	696	1,982	2,031	(2)%	(2)%
Earnings per common share (EPS) — Diluted						
Continuing operations	\$ 3.44	\$ 4.82	\$ 6.01	\$ 12.86	(29)%	(53)%
Comparable ⁽¹⁾	3.58	4.45	10.00	12.44	(20)%	(20)%
Net earnings	3.47	4.82	6.02	12.82	(28)%	(53)%

(Dollars in millions, except per share)	Three months ended March 31,		Change 2024/2023
	2024	2023	Three Months
Total revenue	\$ 3,098	\$ 2,952	5%
Operating revenue ⁽¹⁾	2,495	2,346	6%
Earnings from continuing operations before income taxes (EBT)	\$ 114	\$ 201	(43)%
Comparable EBT ⁽¹⁾	129	179	(28)%
Earnings from continuing operations	85	140	(39)%
Comparable earnings from continuing operations ⁽¹⁾	96	133	(28)%
Comparable EBITDA ⁽¹⁾	636	628	1%
Earnings per common share (EPS) — Diluted			
Continuing operations	\$ 1.89	\$ 2.95	(36)%
Comparable ⁽¹⁾	2.14	2.81	(24)%
Debt to equity	246 %	211 %	
Adjusted return on equity ⁽¹⁾	17 %	27 %	
Net cash provided by operating activities from continuing operations	\$ 526	\$ 478	
Total capital expenditures ⁽²⁾	716	802	
Free cash flow ⁽¹⁾	13	101	

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

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

Total revenue increased 5% in the first quarter of 2024 due to higher operating revenue, partially offset by lower fuel revenue. Operating revenue (a non-GAAP measure excluding fuel and subcontracted transportation) increased 6% in the first quarter of 2024, reflecting recent acquisitions and contractual revenue growth partially offset by lower commercial rental revenue in FMS.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION EBT and comparable EBT (a non-GAAP measure) decreased in the first quarter of 2024, primarily due to lower gains on used vehicles sold and lower commercial rental results in FMS. These decreases were partially offset by favorable comparisons to 2023, due to a prior year \$30 million asset impairment charge in SCS.

AND RESULTS OF OPERATIONS — (Continued)

CONSOLIDATED RESULTS

Services

(Dollars in millions)	Three months ended March 31,		Change 2024/2023
	2024	2023	Three Months
Services revenue	\$ 2,038	\$ 1,821	12%

lease & related maintenance and rental decreased 4% in both the third quarter and the nine months ended September 30, 2023. The decrease 1% in the third first quarter of 2023 2024, primarily reflects reflecting lower operating maintenance costs due to a younger vehicle fleet and maintenance cost savings initiatives partially offset by increased costs on a 7% smaller average commercial rental fleet and the exit from the FMS U.K. business. The decrease in the nine months ended September 30, 2023 is primarily from the exit of the FMS U.K. business, larger fleet.

Lease & related maintenance and rental gross margin decreased in the first quarter of 2024, primarily due to lower commercial rental demand. Lease & related maintenance and rental gross margin percentage decreased to 29% in the third first quarter and the nine months ended September 30, 2023, of 2024, primarily due to lower commercial rental demand and utilization.

Services

(Dollars in millions)	Three months ended September 30,		Nine months ended September 30,		Change 2023/2022	
	2023	2022	2023	2022	Three Months	Nine Months
Services revenue	\$ 1,799	\$ 1,811	\$ 5,399	\$ 5,258	(1)%	3%
Cost of services	1,524	1,550	4,638	4,523	(2)%	3%
Gross margin	\$ 275	\$ 261	\$ 761	\$ 735	5%	4%
Gross margin %	15%	14%	14%	14%		

Services revenue represents all the revenue associated with our SCS and DTS business segments, including subcontracted transportation and fuel, as well as SelectCare and fleet support services associated with our FMS business segment. Services revenue decreased 1% in the third quarter of 2023 due to lower subcontracted transportation and fuel revenue passed through to customers largely offset with increased pricing, new business and higher volumes in SCS and DTS. Services revenue increased 3% for the nine months ended September 30, 2023, due to increases in revenue in SCS and DTS primarily driven by new business, increased pricing and higher volumes, as well as higher pricing in SelectCare, partially offset by lower subcontracted transportation and fuel revenue passed through to customers.

Cost of services represents the direct costs related to services revenue and is primarily comprised of salaries and employee-related costs, subcontracted transportation (purchased transportation from third parties), fuel, vehicle liability costs and maintenance costs. Cost of services decreased 2% in the third quarter reflecting lower subcontracted transportation and fuel costs. Cost of services increased 3% for the nine months ended September 30, 2023, reflecting higher revenue and a first quarter of 2023 \$30 million SCS asset impairment charge from a customer bankruptcy.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS — (Continued)

Services gross margin increased 5% in the third quarter of 2023 and increased 4% for the nine months ended September 30, 2023. Services gross margin as a percentage of revenue increased 1% in the third quarter of 2023. These increases reflect higher pricing in SCS and DTS.

Fuel

		Three months ended September 30,		Nine months ended September 30,		Change 2023/2022	
		Three months ended March 31,		Three months ended March 31,		Three months ended March 31,	
(Dollars in millions)	(Dollars in millions)	2023	2022	2023	2022	Three Months	Nine Months
Fuel services revenue	Fuel services revenue	\$ 139	\$ 180	\$ 420	\$ 546	(23)%	(23)%
Cost of fuel services	Cost of fuel services	137	176	412	530	(22)%	(22)%
Cost of fuel services	Cost of fuel services						
Gross margin	Gross margin						
Gross margin	Gross margin						
Gross margin %	Gross margin %	2%	2%	2%	3%	(50)%	(50)%

Gross margin %
Gross margin %

Fuel services revenue represents fuel services provided to our FMS customers. Fuel services revenue decreased 23% 18% in both the third first quarter and the nine months ended September 30, 2023, of 2024, primarily reflecting lower fuel prices passed through to customers and fewer a lower volume of gallons sold.

Cost of fuel services includes the direct costs associated with providing our customers with fuel. These costs include fuel, salaries and employee-related costs of fuel island attendants and depreciation of our fueling facilities and equipment. Cost of fuel services decreased 22% 19% in both the third first quarter and the nine months ended September 30, 2023, of 2024, as a result of lower fuel prices and fewer a lower volume of gallons sold.

Fuel services gross margin decreased in the third quarter and the nine months ended September 30, 2023, compared to prior year. Fuel services gross margin as a percentage of revenue was in line with the prior year for the third quarter and decreased consistent in the nine months ended September 30, 2023, first quarter of 2024, compared to prior year. Fuel is largely a pass-through to customers for which we realize minimal changes in margin during periods of steady market fuel prices. However, fuel services margin is impacted by sudden increases or decreases in market fuel prices during a short period of time, as customer pricing for fuel is established based on current market fuel costs. Fuel services gross margin for

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS — (Continued)

the third first quarter and nine months ended September 30, 2023, of 2024, was not significantly impacted by these price change dynamics as fuel prices fluctuated during the periods. period.

Selling, General and Administrative Expenses

		Three months ended September 30,		Nine months ended September 30,		Change 2023/2022	
		Three months ended March 31,		Three months ended March 31,			
		Three months ended March 31,		Three months ended March 31,			
		Three months ended March 31,		Three months ended March 31,			
(Dollars in millions)	(Dollars in millions)	2023	2022	2023	2022	Three Months	Nine Months
(Dollars in millions)							
(Dollars in millions)							
Selling, general and administrative expenses (SG&A)							
Selling, general and administrative expenses (SG&A)							
Selling, general and administrative expenses (SG&A)							
Selling, general and administrative expenses (SG&A)	Selling, general and administrative expenses (SG&A)	\$ 347	\$ 350	\$ 1,053	\$ 1,053	(1)%	—%
Percentage of total revenue	Percentage of total revenue	12%	12%	12%	12%		
Percentage of total revenue							
Percentage of total revenue							

SG&A expenses decreased 1% increased 4% in the third first quarter and were consistent with of 2024. The increase in SG&A expenses in the first quarter of 2024 primarily reflects increased expenses from recent acquisitions partially offset by lower marketing expenses reflecting prior year period in the nine months ended September 30, 2023. The decrease in third quarter of 2023 primarily reflects lower incentive-based compensation expenses. strategic investments. SG&A expenses as a percentage of total revenue remained at 12% for the third first quarter of 2023 and for the nine months ended September 30, 2023.2024.

Non-Operating Pension Costs, net

	Three months ended September 30,		Nine months ended September 30,		Change 2023/2022	
(Dollars in millions)	2023	2022	2023	2022	Three Months	Nine Months
Non-operating pension costs, net	\$ 10	\$ 3	\$ 30	\$ 8	NM	NM

NM - Denotes Not Meaningful throughout the MD&A

	Three months ended March 31,		Change 2024/2023
(Dollars in millions)	2024	2023	Three Months
Non-operating pension costs, net	\$ 11	\$ 10	10%

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

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS — (Continued)

curtailments if recognized. The non-operating pension costs, net increased due to higher interest expense from a higher discount rate partially offset by an increase in expected return on plan assets, costs.

Used Vehicle Sales, net

	Three months ended September 30,		Nine months ended September 30,		Change 2023/2022	
(Dollars in millions)	2023	2022	2023	2022	Three Months	Nine Months
Used vehicle sales, net	\$ (47)	\$ (113)	\$ (174)	\$ (356)	(58)%	(51)%

	Three months ended March 31,		Change 2024/2023
(In millions)	2024	2023	Three Months
Gains on used vehicle sales, net	\$ (20)	\$ (72)	(72)%

Used vehicle sales, net includes gains or losses from sales of used vehicles, selling costs associated with used vehicles and write-downs of vehicles held for sale to fair market values (referred to as "valuation adjustments"). Used vehicle sales, net decreased in the third first quarter of 2023 and nine months ended September 30, 2023, 2024, due to lower proceeds per unit on sales pricing of used vehicles partially offset by higher volumes. Used vehicle sales, net for the three and nine months ended September 30, 2022, includes gains associated with the exit of the FMS U.K. business of \$15 million and \$43 million, respectively. Refer to Note 13, "Other Items Impacting Comparability" for further details.

Average proceeds per unit decreased in the third first quarter of 2023 and for the nine months ended September 30, 2023, 2024. The following table presents the average used vehicle pricing proceeds per unit changes, for North America using constant currency, compared to the prior year:

	Proceeds per unit change 2023/2022 ⁽¹⁾	
	Three Months	Nine Months
Tractors	(31)%	(35)%
Trucks	(30)%	(27)%

	2024/2023
	Three Months
Tractors	(34)%
Trucks	(30)%

(1) Represents percentage change compared to prior year period in average sales proceeds on used vehicle sales using constant currency.

Interest Expense

	Three months ended September 30,		Nine months ended September 30,		Change 2023/2022	
(Dollars in millions)	2023	2022	2023	2022	Three Months	Nine Months
(In millions)						
(In millions)						
(In millions)						
Interest expense						
Interest expense						
Interest expense	\$ 75	\$ 57	\$ 212	\$ 165	32%	28%
Effective interest rate	4.6%	3.6%	4.4%	3.4%		
Effective interest rate						
Effective interest rate						

Interest expense increased 42% in the third first quarter of 2023 2024, reflecting increased 32% from the prior year debt borrowings to fund recent acquisitions, as well as, higher market interest rates on new debt issuances and increased 28% for the nine months ended September 30, 2023, primarily reflecting higher interest rates. refinancing.

**ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION
AND RESULTS OF OPERATIONS — (Continued)**

Miscellaneous Income, net

		Three months ended September 30,		Nine months ended September 30,		Change 2023/2022	
		2023	2022	2023	2022	Three Months	Nine Months
(Dollars in millions)							
(In millions)							
(In millions)							
(In millions)							
Miscellaneous income, net	Miscellaneous income, net	\$ (5)	\$ (9)	\$ (36)	\$ (23)	(44)%	57%
Miscellaneous income, net							
Miscellaneous income, net							

Miscellaneous income, net consists of investment income on securities used to fund certain benefit plans, interest income, gains on sales of operating property, foreign currency transaction remeasurement and other non-operating items. Miscellaneous income, net was \$5 million decreased to \$15 million in the third first quarter of 2023 compared 2024, primarily due to \$9 million in the prior year period, primarily reflecting higher lower gains on sales of properties in the prior year related to the exit of the FMS U.K. business. Miscellaneous income, net was \$36 million for the nine months ended September 30, 2023, compared to \$23 million in the prior year period, primarily due to higher investment income on securities used to fund certain benefit plans partially offset by higher gains on sales of properties related to the exit of the FMS U.K. business in the prior year.

**ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION
AND RESULTS OF OPERATIONS — (Continued)**

Currency Translation Adjustment Loss

		Three months ended September 30,		Nine months ended September 30,		Change 2023/2022	
		2023	2022	2023	2022	Three Months	Nine Months
(Dollars in millions)							
Currency translation adjustment loss		\$ —	\$ —	\$ 188	\$ —	NM	NM

Refer to Note 10, "Accumulated Other Comprehensive Loss" for a discussion on the currency translation adjustment loss. properties.

Restructuring and Other Items, net

		Three months ended September 30,		Nine months ended September 30,		Change 2023/2022	
		2023	2022	2023	2022	Three Months	Nine Months
(Dollars in millions)							
(In millions)							
(In millions)							
(In millions)							
Restructuring and other items, net	Restructuring and other items, net	\$ 4	\$ (4)	\$ (22)	\$ 21	NM	NM
Restructuring and other items, net							
Restructuring and other items, net							

NM - Denotes Not Meaningful throughout the MD&A

Refer to Note 13, 14, "Other Items Impacting Comparability Comparability," in the Notes to Condensed Consolidated Financial Statements for a discussion of restructuring charges and other items.

Provision for Income Taxes

	Three months ended September 30,		Nine months ended September 30,		Change 2023/2022	
(Dollars in millions)	2023	2022	2023	2022	Three Months	Nine Months
Provision for income taxes	\$ 53	\$ 87	\$ 176	\$ 261	(39)%	(33)%
Effective tax rate on continuing operations	25.2%	26.3%	38.5%	28.3%		
Comparable tax rate on continuing operations ⁽¹⁾	27.0%	26.3%	27.2%	26.9%		

	Three months ended March 31,		Change 2024/2023	
(In millions)	2024	2023	Three Months	
Provision for income taxes	\$ 29	\$ 61	(52)%	
Effective tax rate from continuing operations	25.4 %	30.5 %		
Comparable effective tax rate on continuing operations ⁽¹⁾	25.2 %	25.5 %		

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

Our effective tax rate on continuing operations was 25.2%25.4% in the third first quarter of 2023, 2024 compared to 26.3%30.5% in the prior year. Our The prior year effective income tax rate was impacted by tax charges related to the exit of our U.K. FMS operations. The comparable effective tax rate on continuing operations was 38.5% for the nine months ended September 30, 2023, compared to 28.3% in the consistent with prior year, primarily due to a one-time, nondeductible cumulative currency translation adjustment loss related to the completion of the FMS U.K. business exit in the second quarter of 2023.

year.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS — (Continued)

OPERATING RESULTS BY BUSINESS SEGMENT

	Three months ended September 30,		Nine months ended September 30,		Change 2023/2022	
(Dollars in millions)	2023	2022	2023	2022	Three Months	Nine Months
(In millions)						
(In millions)						
(In millions)						
Revenue:						
Revenue:						
Revenue:						
Fleet Management Solutions	\$ 1,487	\$ 1,582	\$ 4,449	\$ 4,732	(6)%	(6)%
Fleet Management Solutions						
Supply Chain Solutions						
Supply Chain Solutions						
Supply Chain Solutions	1,194	1,206	3,574	3,469	(1)%	3%
Dedicated Transportation Solutions	448	455	1,342	1,330	(1)%	1%
Dedicated Transportation Solutions						
Dedicated Transportation Solutions						

Eliminations							
Eliminations							
Eliminations	Eliminations	(205)	(208)	(605)	(608)	1%	—%
Total	Total	\$ 2,924	\$ 3,035	\$ 8,760	\$ 8,923	(4)%	(2)%
Total							
Total							
Operating Revenue: ⁽¹⁾							
Operating Revenue: ⁽¹⁾							
Operating Revenue: ⁽¹⁾	Operating Revenue: ⁽¹⁾						
Fleet Management Solutions	Fleet Management Solutions	\$ 1,266	\$ 1,303	\$ 3,782	\$ 3,892	(3)%	(3)%
Fleet Management Solutions							
Fleet Management Solutions							
Supply Chain Solutions							
Supply Chain Solutions							
Supply Chain Solutions	Supply Chain Solutions	909	835	2,653	2,371	9%	12%
Dedicated Transportation Solutions	Dedicated Transportation Solutions	325	317	974	919	3%	6%
Dedicated Transportation Solutions							
Dedicated Transportation Solutions							
Eliminations	Eliminations	(121)	(108)	(358)	(312)	(12)%	(15)%
Eliminations							
Eliminations							
Total							
Total							
Total	Total	\$ 2,379	\$ 2,347	\$ 7,051	\$ 6,870	1%	3%
Earnings from continuing operations before income taxes:							
Earnings from continuing operations before income taxes:							
Earnings from continuing operations before income taxes:							
Earnings from continuing operations before income taxes:							
Fleet Management Solutions							
Fleet Management Solutions							
Fleet Management Solutions	Fleet Management Solutions	\$ 169	\$ 266	\$ 531	\$ 801	(36)%	(34)%
Supply Chain Solutions	Supply Chain Solutions	81	71	174	176	14%	(1)%
Supply Chain Solutions							
Supply Chain Solutions							
Dedicated Transportation Solutions							
Dedicated Transportation Solutions							
Dedicated Transportation Solutions	Dedicated Transportation Solutions	28	28	90	72	(2)%	26%
Eliminations	Eliminations	(23)	(27)	(73)	(84)	17%	13%
		255	338	722	965	(25)%	(25)%
Eliminations							

Eliminations							
		154					
		154					
		154					
Unallocated Central Support Services							
Unallocated Central Support Services	Unallocated Central Support Services	(20)	(21)	(54)	(61)	(5)%	(11)%
Intangible amortization expense	Intangible amortization expense	(8)	(8)	(25)	(27)	(1)%	(8)%
Non-operating pension costs, net ⁽²⁾		(10)	(3)	(30)	(8)	NM	NM
Intangible amortization expense							
Intangible amortization expense							
Non-operating pension costs ⁽²⁾							
Non-operating pension costs ⁽²⁾							
Non-operating pension costs ⁽²⁾							
Other items impacting comparability, net ⁽³⁾							
Other items impacting comparability, net ⁽³⁾							
Other items impacting comparability, net ⁽³⁾	Other items impacting comparability, net ⁽³⁾	(4)	28	(155)	55	NM	NM
Earnings from continuing operations before income taxes	Earnings from continuing operations before income taxes	\$ 213	\$ 334	\$ 458	\$ 924	(36)%	(50)%
Earnings from continuing operations before income taxes							
Earnings from continuing operations before income taxes							

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

(2) Refer to Note 12, 13, "Employee Benefit Plans," for a discussion on this item.

(3) Refer to Note 13, 14, "Other Items Impacting Comparability," and below for a discussion of items excluded from our primary measure of segment performance.

As part of management's evaluation of segment operating performance, we define the primary measurement of our segment financial performance as segment "Earnings from continuing operations before income taxes" (EBT), which includes an allocation of Central Support Services (CSS) and excludes Non-operating pension costs, net, intangible amortization expense, and certain other items as discussed in Note 13, 14, "Other Items Impacting Comparability," in the Notes to Condensed Consolidated Financial Statements. CSS represents those costs incurred to support all business segments, including finance and procurement, corporate services, human resources, information technology, public affairs, legal, marketing, and corporate communications.

The objective of the EBT measurement is to provide clarity on the profitability of each business segment and, ultimately, to hold leadership of each business segment accountable for their allocated share of CSS costs. In the first quarter of 2023, we revised our primary measurement of segment financial performance to exclude intangible amortization expense. This change did not have a material impact to segment results. Segment results are not necessarily indicative of the results of operations that would have occurred had each segment been an independent, stand-alone entity during the periods presented. Certain corporate costs are not attributable to any segment and remain unallocated in CSS, including costs for investor relations, public affairs and certain executive compensation.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS — (Continued)

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

**ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION
AND RESULTS OF OPERATIONS — (Continued)**

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

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

		Three months ended September 30,		Nine months ended September 30,		Change 2023/2022	
(Dollars in millions)		2023	2022	2023	2022	Three Months	Nine Months
Three months ended March 31,							
Three months ended March 31,							
Three months ended March 31,							
(In millions)							
(In millions)							
(In millions)							
Equipment Contribution:							
Equipment Contribution:							
Equipment Contribution:	Equipment Contribution:						
Supply Chain Solutions	Supply Chain Solutions	\$ 10	\$ 12	\$ 32	\$ 33	(17)%	(3)%
Supply Chain Solutions							
Supply Chain Solutions							
Dedicated Transportation Solutions							
Dedicated Transportation Solutions							
Dedicated Transportation Solutions	Dedicated Transportation Solutions	13	15	41	51	(13)%	(20)%
Total	Total	\$ 23	\$ 27	\$ 73	\$ 84	(15)%	(13)%
Total							
Total							

The decrease Vehicles acquired from Cardinal Logistics are included in FMS revenue earning equipment. Our FMS segment leases these vehicles and also provides maintenance services to our DTS segment. EBT related to inter-segment equipment and SCS services on these acquired vehicles billed to DTS drove the increase in DTS equipment contribution in the third first quarter of 2023 and in the nine months ended September 30, 2023, 2024. This increase was related to partially offset by lower gains on sales of used vehicles and lower fuel prices passed through to customers.

Items excluded from our segment EBT measure and their classification within our Condensed Consolidated Statements of Earnings are as follows (in millions):

		Three months ended September 30,		Nine months ended September 30,	
Description		2023	2022	2023	2022
FMS Europe results ⁽¹⁾	Restructuring and other items, net	\$ (4)	\$ —	\$ (7)	\$ —
Gains on sale of U.K. revenue earning equipment ⁽¹⁾	Used vehicles sales, net	—	15	2	43
Gains on sale of U.K. properties ⁽¹⁾	Miscellaneous income, net	—	10	9	34
Commercial claims proceeds, net of fees ⁽¹⁾	Restructuring and other items, net	—	5	31	(7)
Severance and other, net ⁽¹⁾	Restructuring and other items, net	—	(3)	(3)	(12)
FMS U.K. exit ⁽¹⁾		(4)	27	32	58
Currency translation adjustment loss ⁽¹⁾	Currency translation adjustment loss	—	—	(188)	—
Other, net ⁽¹⁾	Restructuring and other items, net	—	1	1	(3)
Other items impacting comparability, net		(4)	28	(155)	55
Non-operating pension costs ⁽²⁾	Non-operating pension costs	(10)	(3)	(30)	(8)
		\$ (14)	\$ 25	\$ (185)	\$ 47

(1) Refer to Note 13, "Other Items Impacting Comparability," in the Notes to Condensed Consolidated Financial Statements for additional information.

(2) Includes the amortization of net actuarial loss and prior service cost, interest cost and expected return on plan assets components of pension and postretirement benefit costs, as well as any significant charges for settlements or curtailments if recognized. **vehicles.**

**ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION
AND RESULTS OF OPERATIONS — (Continued)**

Fleet Management Solutions

		Three months ended September 30,		Nine months ended September 30,		Change 2023/2022			Three months ended March 31,		Change 2024/2023	
		2023	2022	2023	2022	Three Months	Nine Months		2024	2023	Three Months	Three Months
(Dollars in millions)	(Dollars in millions)							(Dollars in millions)				
ChoiceLease	ChoiceLease	\$ 799	\$ 772	\$ 2,356	\$ 2,299	3%	2%	ChoiceLease	\$ 842	\$ 776	9%	9%
Commercial rental (1)	Commercial rental (1)	293	349	898	991	(16)%	(9)%					
Commercial rental (1)	Commercial rental (1)								231	304	(24)%	
SelectCare and other	SelectCare and other	174	159	528	460	9%	15%	SelectCare and other	178	182	(2)%	(2)%
FMS Europe	FMS Europe	—	23	—	142	(100)%	(100)%					
Fuel services revenue	Fuel services revenue	221	279	667	840	(21)%	(21)%					
Fuel services revenue	Fuel services revenue								204	241	(15)%	
FMS total revenue	FMS total revenue											
FMS total revenue	FMS total revenue	\$ 1,487	\$ 1,582	\$ 4,449	\$ 4,732	(6)%	(6)%	\$ 1,455	\$ 1,503	(3)%	(3)%	
FMS operating revenue (2)	FMS operating revenue (2)	\$ 1,266	\$ 1,303	\$ 3,782	\$ 3,892	(3)%	(3)%					
FMS operating revenue (2)	FMS operating revenue (2)								\$ 1,251	\$ 1,262	(1)%	
FMS EBT	FMS EBT											
FMS EBT	FMS EBT	\$ 169	\$ 266	\$ 531	\$ 801	(36)%	(34)%	\$ 100	\$ 182	(45)%	(45)%	
FMS EBT as a % of FMS total revenue	FMS EBT as a % of FMS total revenue	11.4%	16.8%	11.9%	16.9%	(540) bps	(500) bps		6.9%	12.1%	(520) bps	
FMS EBT as a % of FMS operating revenue (2)	FMS EBT as a % of FMS operating revenue (2)	13.4%	20.4%	14.0%	20.6%	(700) bps	(660) bps		8.0%	14.4%	(640) bps	
				Twelve months ended September 30,	Change 2023/2022							
				2023	2022							

		September 30, 2023	December 31, 2022	September 30, 2022	Sept 2023/ Dec 2022	Sept 2023/ Sept 2022		March 31, 2024	
End of period vehicle count	End of period vehicle count								
By type:	By type:								
By type:									
By type:									
Trucks (1)									
Trucks (1)									
Trucks (1)	Trucks (1)	75,100	72,100	72,400	4%	4%	76,000	75,600	
Tractors (2)	Tractors (2)	70,500	69,300	69,100	2%	2%	Tractors (2)	70,300	69,000
Trailers and other (3)	Trailers and other (3)	41,400	41,200	40,100	—%	3%	Trailers and other (3)	47,200	40,800
Total	Total	187,000	182,600	181,600	2%	3%	Total	193,500	185,400
By product line:	By product line:								
By product line:									
By product line:									
ChoiceLease									
ChoiceLease									
ChoiceLease	ChoiceLease	139,300	134,600	134,100	3%	4%	147,100	138,900	
Commercial rental	Commercial rental	37,900	41,800	41,800	(9)%	(9)%	Commercial rental	35,400	36,400
Service vehicles and other	Service vehicles and other	2,000	2,100	2,000	(5)%	—%	Service vehicles and other	2,100	2,100
		179,200	178,500	177,900	—%	1%			
	184,600								184,600
Held for sale	Held for sale	7,800	4,100	3,600	90%	117%	Held for sale	8,900	8,000
Total	Total	187,000	182,600	181,500	2%	3%	Total	193,500	185,400
Memo: U.K. Vehicle Count (excluded from above)		—	1,000	3,300	(100)%	(100)%			
Customer vehicles under SelectCare contracts (4)	Customer vehicles under SelectCare contracts (4)	52,300	54,600	55,100	(4)%	(5)%			
Customer vehicles under SelectCare contracts (4)									
Customer vehicles under SelectCare contracts (4)								51,100	
Quarterly average vehicle count									
Quarterly average vehicle count									
Quarterly average vehicle count	Quarterly average vehicle count								
By product line:	By product line:								
By product line:									
By product line:									
ChoiceLease									
ChoiceLease									

ChoiceLease	ChoiceLease	139,200	134,500	133,900	3%	4%	143,200	139,000
Commercial rental	Commercial rental	38,700	41,800	41,500	(7)%	(7)%	35,700	37,200
Service vehicles and other	Service vehicles and other	2,000	2,000	2,000	—%	—%	2,100	2,000
		179,900	178,300	177,400	1%	1%		
		181,000						181,000
Held for sale	Held for sale	7,400	3,700	3,700	100%	100%	8,800	8,000
Total	Total	187,300	182,000	181,100	3%	3%	189,800	186,200
Customer vehicles under SelectCare contracts (4)								
Customer vehicles under SelectCare contracts (4)								
Customer vehicles under SelectCare contracts (4)	Customer vehicles under SelectCare contracts (4)	52,100	55,300	55,000	(6)%	(5)%	51,300	51,800
Customer vehicles under SelectCare on-demand (5)	Customer vehicles under SelectCare on-demand (5)	3,000	5,800	6,300	(48)%	(52)%	2,800	3,000
Total vehicles serviced	Total vehicles serviced	242,400	243,100	242,400	—%	—%	243,900	241,000

(1) Generally comprised of Class 1 through Class 7 type vehicles with a Gross Vehicle Weight (GVW) up to 33,000 pounds.

(2) Generally comprised of over the road on highway tractors and are primarily comprised of Class 8 type vehicles with a GVW of over 33,000 pounds.

(3) Generally comprised of dry, flatbed and refrigerated type trailers.

(4) Excludes customer vehicles under SelectCare on-demand contracts.

(5) Comprised of the number of unique vehicles serviced under on-demand maintenance agreements for the quarterly periods. This does not represent averages for the periods. Vehicles included in the count may have been serviced more than one time during the respective period.

Note: Quarterly amounts were computed using a 6-point average based on monthly information.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS — (Continued)

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

		Change			
		September 30, 2023	December 31, 2022	September 30, 2022	Change Sept 2023/ Sept 2022
Change					
		March 31, 2024	March 31, 2024	December 31, 2023	March 31, 2023
Active ChoiceLease fleet	Active ChoiceLease fleet				
End of period vehicle count					
(1)					

End of period vehicle count											
(1)											
End of period vehicle count (1)	End of period vehicle count (1)	130,500	128,400	129,100	2%	1%		138,500	129,800	129,100	
Quarterly average vehicle count (1)	Quarterly average vehicle count (1)	130,500	128,800	128,800	1%	1%	Quarterly average vehicle count (1)	134,400	130,300	128,700	
Commercial rental statistics	Commercial rental statistics										
Commercial rental statistics											
Commercial rental statistics											
Quarterly commercial rental utilization - power fleet (2)	Quarterly commercial rental utilization - power fleet (2)	75%	82%	83%	(700) bps	(800) bps					
Year-to-date commercial rental utilization - power fleet (2)		75%	83%	83%	(800) bps	(800) bps					
Quarterly commercial rental utilization - power fleet (2)											
Quarterly commercial rental utilization - power fleet (2)											
								66	%	75	%

**ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION
AND RESULTS OF OPERATIONS — (Continued)**

	Three months ended March 31,		Change 2024/2023
(Dollars in millions)	2024	2023	Three Months
Omnichannel retail	\$ 291	\$ 311	(6)%
Automotive	269	254	6%
Consumer packaged goods	281	218	29%
Industrial and other	131	96	36%
Subcontracted transportation and fuel	330	322	3%
SCS total revenue	\$ 1,302	\$ 1,201	8%
SCS operating revenue ⁽¹⁾	\$ 972	\$ 879	11%
SCS EBT	\$ 64	\$ 17	267%
SCS EBT as a % of SCS total revenue	4.9%	1.4%	350 bps

SCS EBT as a % of SCS operating revenue ⁽¹⁾	6.6%	1.9%	470 bps
<i>End of period vehicle count:</i>			
Power vehicles	4,200	4,300	(2)%
Trailers	10,200	9,200	11%
Total	14,400	13,500	7%
	Twelve months ended March 31,		Change 2024/2023
	2024	2023	
SCS EBT as a % of SCS total revenue	5.6%	4.0%	161 bps
SCS EBT as a % of SCS operating revenue ⁽¹⁾	7.5%	5.7%	182 bps

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

SCS total revenue increased 8% in the first quarter of 2023, we introduced 2024, reflecting increased operating revenue (a non-GAAP measure excluding subcontracted transportation and fuel) and higher subcontracted transportation costs passed through to customers. SCS operating revenue increased 11% in the omnichannel retail industry vertical first quarter of 2024, driven primarily by recent acquisitions.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS — (Continued)

SCS EBT grew to provide better visibility \$64 million in the first quarter of 2024, due to the revenue mix following a prior year \$30 million asset impairment charge. The increase was also due to stronger automotive performance and recent acquisitions and organic growth. This new vertical includes retail, e-commerce, last mile services, and technology acquisitions.

Dedicated Transportation Solutions

(Dollars in millions)	Three months ended September 30,		Nine months ended September 30,		Change 2023/2022	
	2023	2022	2023	2022	Three Months	Nine Months
Omnichannel retail	\$ 291	\$ 309	\$ 877	\$ 871	(6)%	1%
Automotive	274	226	790	638	21%	24%
Consumer packaged goods	228	208	669	593	10%	13%
Industrial and other	116	92	317	269	25%	18%
Subcontracted transportation and fuel	285	371	921	1,098	(23)%	(16)%
SCS total revenue	\$ 1,194	\$ 1,206	\$ 3,574	\$ 3,469	(1)%	3%
SCS operating revenue ⁽¹⁾	\$ 909	\$ 835	\$ 2,653	\$ 2,371	9%	12%
SCS EBT	\$ 81	\$ 71	\$ 174	\$ 176	14%	(1)%
SCS EBT as a % of SCS total revenue	6.8%	5.9%	4.9%	5.1%	90 bps	(20) bps
SCS EBT as a % of SCS operating revenue ⁽¹⁾	9.0%	8.6%	6.6%	7.4%	40 bps	(80) bps
<i>Memo:</i>						
End of period fleet count ⁽²⁾	14,100	12,500	14,100	12,500	13%	13%
			Twelve months ended September 30,		Change 2023/2022	
			2023	2022		
SCS EBT as a % of SCS total revenue			4.5%	4.6%	(10) bps	
SCS EBT as a % of SCS operating revenue ⁽¹⁾			6.1%	6.7%	(60) bps	

	Three months ended March 31,	Change 2024/2023
--	------------------------------	------------------

(Dollars in millions)	2024	2023	Three Months
DTS total revenue	\$ 563	\$ 454	24%
DTS operating revenue ⁽¹⁾	\$ 427	\$ 322	33%
DTS EBT	\$ 18	\$ 29	(38)%
DTS EBT as a % of DTS total revenue	3.2%	6.4%	(320) bps
DTS EBT as a % of DTS operating revenue ⁽¹⁾	4.2%	9.0%	(480) bps
End of period vehicle count:			
Power vehicles	7,700	5,400	43%
Trailers	12,700	6,000	112%
Total	20,400	11,400	79%
	Twelve months ended March 31,		Change 2024/2023
	2024	2023	
DTS EBT as a % of DTS total revenue	5.8%	6.2%	(36) bps
DTS EBT as a % of DTS operating revenue ⁽¹⁾	7.8%	8.9%	(101) bps

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

(2) The following End table summarizes the components of period power fleet count is 4,200 and 4,000 as of September 30, 2023 and September 30, 2022, respectively. the change in revenue on a percentage basis versus the prior years:

	Three months ended March 31, 2024	
	Total	Operating ⁽¹⁾
Organic, including price and volume	(3)%	— %
Acquisition	29	33
Fuel	(2)	—
Net change	24 %	33 %

SCS total revenue decreased 1% in the third quarter of 2023 and increased 3% in the nine months ended September 30, 2023, primarily as a result of higher operating revenue (a non-GAAP measure excluding fuel and subcontracted transportation) offset by lower subcontracted transportation. SCS operating revenue increased 9% in the third quarter of 2023 and increased 12% for the nine months ended September 30, 2023, driven by new business and increased pricing.

SCS EBT increased 14% in the third quarter of 2023, primarily due to higher operating revenue and lower incentive-based compensation costs, partially offset by lower volumes in the omnichannel retail vertical. For the nine months ended September 30, 2023, SCS EBT decreased 1%, reflecting a \$30 million asset impairment charge related to a customer bankruptcy. Refer to Note 2, "Segment Reporting," for additional discussion. The negative impact from the asset impairment and lower volumes in the omnichannel retail vertical was partially offset by revenue growth and lower incentive-based compensation costs.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS — (Continued)

Dedicated Transportation Solutions

	Three months ended September 30,		Nine months ended September 30,		Change 2023/2022	
(Dollars in millions, except fleet count)	2023	2022	2023	2022	Three Months	Nine Months
DTS total revenue	\$ 448	\$ 455	\$ 1,342	\$ 1,330	(1)%	1%
DTS operating revenue ⁽¹⁾	\$ 325	\$ 317	\$ 974	\$ 919	3%	6%
DTS EBT	\$ 28	\$ 28	\$ 90	\$ 72	(2)%	26%

DTS EBT as a % of DTS total revenue	6.2%	6.2%	6.7%	5.4%	— bps	130 bps
DTS EBT as a % of DTS operating revenue ⁽¹⁾	8.5%	8.9%	9.3%	7.8%	(40) bps	150 bps
Memo:						
End of period fleet count ⁽²⁾	11,100	11,400	11,100	11,400	(3)%	(3)%
					Change	
				Twelve months ended September 30,	2023/2022	
				2023	2022	
DTS EBT as a % of DTS total revenue				6.7%	4.9%	180 bps
DTS EBT as a % of DTS operating revenue ⁽¹⁾				9.4%	6.9%	250 bps

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

(2) End of period power fleet count is 5,200 and 5,300 as of September 30, 2023 and September 30, 2022, respectively.

DTS total revenue decreased 1% increased 24% in the third first quarter of 2023, reflecting lower fuel revenue passed through 2024, primarily due to customers largely offset by higher operating revenue (a non-GAAP measure excluding fuel subcontracted transportation and subcontracted transportation fuel). DTS total revenue increased 1% for the nine months ended September 30, 2023, primarily due to higher operating revenue partially offset by lower fuel revenue. DTS operating revenue increased 3% 33% in the third first quarter of 2023 and 6% in the nine months ended September 30, 2023, primarily 2024, due to inflationary cost recovery. Higher volumes also benefited operating revenue in the nine months ended September 30, 2023. Cardinal Logistics acquisition.

DTS EBT decreased 38% in third the first quarter of 2023, is generally in line with the prior year. DTS EBT increased 26% for the nine months ended September 30, 2023, primarily 2024, due to inflationary cost recovery.

Central Support Services

(Dollars in millions)	Three months ended September 30,		Nine months ended September 30,		Change 2023/2022	
	2023	2022	2023	2022	Three Months	Nine Months
Total CSS	106	109	312	313	(3)%	—%
Allocation of CSS to business segments	(86)	(88)	(258)	(252)	(2)%	2%
Unallocated CSS	\$ 20	\$ 21	\$ 54	\$ 61	(5)%	(11)%

Total CSS Cardinal Logistics' acquisition integration and other related costs, decreased 3% in the third quarter primarily due to strategic marketing investments made in the prior year, lower incentive-based compensation costs and lower professional fees partially offset by strategic investments in information technology. Total CSS costs in the nine months ended September 30, 2023, were consistent with the prior year period as lower incentive-based compensation costs and lower professional fees, as well as the first quarter gain from the sale of our corporate headquarters building were offset by strategic investments in information technology and marketing. higher insurance costs.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS — (Continued)

Unallocated Central Support Services

(Dollars in millions)	Three months ended March 31,		Change 2024/2023
	2024	2023	Three Months
Total CSS	\$ 100	\$ 103	(3)%
Allocation of CSS to business segments	(86)	(88)	(2)%
Unallocated CSS	\$ 14	\$ 15	(12)%

Total CSS costs decreased 5% 3% in the third first quarter of 2023, 2024, primarily due to prior year strategic investments in marketing. Unallocated CSS slightly decreased in the first quarter of 2024 reflecting lower professional fees. Unallocated CSS costs decreased 11% for the nine months ended September 30, 2023, primarily reflecting lower incentive-based compensation costs, the first quarter gain from the sale of our corporate headquarters building and lower professional fees. fees.

FINANCIAL RESOURCES AND LIQUIDITY

Cash Flows

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

(In millions)	(In millions)	Nine months ended September 30,		(In millions)	Three months ended March 31,	
		2023	2022		2024	2023
Net cash provided by (used in):	Net cash provided by (used in):					
Net cash provided by (used in):	Net cash provided by (used in):					
Operating activities	Operating activities					
Operating activities	Operating activities					
Operating activities	Operating activities	\$ 1,842	\$ 1,786			
Investing activities	Investing activities	(1,814)	(1,351)			
Financing activities	Financing activities	(126)	(600)			
Effect of exchange rate changes on cash	Effect of exchange rate changes on cash	(10)	(51)			
Net change in cash, cash equivalents, and restricted cash	Net change in cash, cash equivalents, and restricted cash	\$ (108)	\$ (216)			
		Nine months ended September 30,				
		Three months ended March 31,				
		Three months ended March 31,				
		Three months ended March 31,				
(In millions)	(In millions)	2023	2022	(In millions)	2024	2023
Net cash provided by operating activities	Net cash provided by operating activities					
Net cash provided by operating activities from continuing operations	Net cash provided by operating activities from continuing operations					
Earnings from continuing operations	Earnings from continuing operations					
Earnings from continuing operations	Earnings from continuing operations					
Earnings from continuing operations	Earnings from continuing operations	\$ 282	\$ 663			

Non-cash and other, net	Non-cash and other, net	1,549	1,368
Currency translation adjustment loss		188	—
Collections on sales-type leases			
Collections on sales-type leases			
Collections on sales-type leases	Collections on sales-type leases	91	99
Changes in operating assets and liabilities	Changes in operating assets and liabilities	(268)	(344)
Cash flows from operating activities from continuing operations		\$ 1,842	\$ 1,786
Net cash provided by operating activities from continuing operations			
Net cash provided by operating activities from continuing operations			
Net cash provided by operating activities from continuing operations			

Cash Net cash provided by operating activities from continuing operations were \$1.8 billion \$526 million for the nine three months ended September 30, 2023 March 31, 2024, consistent with compared to \$478 million in the prior year period, as primarily reflecting lower working capital needs were offset by lower earnings. Cash needs. Net cash used in investing activities from continuing operations increased to \$1.8 billion \$810 million for the nine three months ended September 30, 2023 March 31, 2024, compared with \$1.4 billion in 2022, primarily due to increased capital expenditures \$377 million in 2023, and the accelerated timing of vehicle deliveries from OEMs as compared to the prior year, partially offset by reflecting the acquisition of the Whiplash business in 2022. Cash used in Cardinal and lower proceeds from sales of property and revenue earning equipment. Net cash provided by financing activities decreased from continuing operations increased to \$126 million \$316 million for the nine three months ended September 30, 2023 March 31, 2024, compared with \$600 million cash used of \$126 million in 2022, 2023, primarily reflecting higher borrowing needs.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS — (Continued)

The following table shows our free cash flow (a non-GAAP measure) computation:

		Nine months ended September 30,					
		Three months ended March 31,				Three months ended March 31,	
(In millions)	(In millions)	2023	2022	(In millions)	2024	2023	
Net cash provided by operating activities		\$ 1,842	\$ 1,786				
Net cash provided by operating activities from continuing operations							
Net cash provided by operating activities from continuing operations							
Net cash provided by operating activities from continuing operations							

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Operating property and equipment	Operating property and equipment	200	224
Gross capital expenditures	Gross capital expenditures	2,582	2,033
Changes to liabilities related to purchases of property and revenue earning equipment	Changes to liabilities related to purchases of property and revenue earning equipment	(125)	(116)
Cash paid for purchases of property and revenue earning equipment	Cash paid for purchases of property and revenue earning equipment	\$ 2,457	\$ 1,917

Gross capital expenditures increased decreased to \$2.6 billion \$716 million for the nine three months ended September 30, 2023 March 31, 2024, primarily reflecting higher investments in the lease fleet and accelerated timing of OEM deliveries partially offset by lower investments in commercial rental.

Financing and Other Funding Transactions

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

Cash and cash equivalents totaled \$159 million \$234 million as of September 30, 2023 March 31, 2024. As of September 30, 2023, March 31, 2024 \$117 million , \$131 million was as held outside the U.S. and is available to fund operations. Our intention is to permanently reinvest the earnings of our foreign subsidiaries, with the exception of our non-operating U.K. and Germany subsidiaries subsidiary where the assertion was removed in 2021. Federal, state and foreign income taxes, withholding taxes and the tax impact of foreign currency exchange gains or losses were considered on the remaining U.K. and Germany undistributed earnings as of September 30, 2023 March 31, 2024, and there was no impact to deferred taxes. For the nine months ended September 30, 2023, we repatriated \$78 million of foreign earnings from the U.K.

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

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS — (Continued)

In February 2023, 2024, we issued an two tranches of unsecured medium-term notes with aggregate principal amount amounts of \$500 \$350 million unsecured medium-terms notes that mature and \$550 million, bearing annual interest of 5.30% and 5.38%, respectively, and maturing on March 1, 2028. The notes bear interest at a rate of 5.65% per year. In May 2023, we issued an aggregate principal amount of \$650 million unsecured medium-terms notes that mature on June 1, 2028. The notes bear interest at a rate of 5.25% per year. March 15, 2027 and March 15, 2029, respectively. Refer to Note 8, "Debt," in the Notes to Condensed Consolidated Financial Statements for additional information on our global revolving credit facility, trade receivables financing program, medium-term notes, and asset-backed financing obligations.

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

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS — (Continued)

Our debt ratings and rating outlooks as of **September 30, 2023** **March 31, 2024**, were as follows:

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

As of **September 30, 2023** **March 31, 2024**, we had the following amounts available to fund operations under the following facilities:

	(In millions)	
Global revolving credit facility	\$	642 540
Trade receivables financing program	\$	167 197

On September 29, 2023, we entered into a definitive agreement to acquire all the outstanding equity of IFS Holdings, LLC, a holding company for Impact Fulfillment Services, LLC, which specializes in contract packaging, contract manufacturing and warehousing, primarily in the consumer packaged goods, retail, and healthcare industries. We anticipate completing the acquisition in the fourth quarter of 2023 for a purchase price of approximately \$250 million. The transaction is expected to add approximately \$250 million in annual total revenue.

In accordance with our funding philosophy, we attempt to align the aggregate average remaining re-pricing life of our debt with the aggregate average remaining re-pricing life of our vehicle assets. We utilize both fixed-rate and variable-rate debt to achieve this alignment and generally target a mix of 20% - 40% variable-rate debt as a percentage of total debt outstanding. The variable-rate portion of our total debt (including notional value of swap agreements) was **20%** **18%** and **19%** **16%** as of **September 30, 2023** **March 31, 2024** and **December 31, 2022** **December 31, 2023**, respectively.

Our debt-to-equity ratio was **214%** **246%** and **216%** **232%** as of **September 30, 2023** **March 31, 2024** and **December 31, 2022** **December 31, 2023**, respectively. The debt-to-equity ratio represents total debt divided by total equity.

Share Repurchases and Cash Dividends

For the nine months ended September 30, 2023, we repurchased and retired 1 million shares for \$96 million under the 2021 Anti-Dilutive Program, and 2 million shares for \$186 million under the February 2023 Discretionary Program. The February 2023 Discretionary Program was completed in September 2023, and the 2021 Anti-Dilutive Program expired in October 2023.

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

Refer to Note 9, "Share Repurchase Programs," in the Notes to Condensed Consolidated Financial Statements for a discussion on our share repurchase programs.

In **October** **February 2024** and 2023, and 2022, our board of directors declared a quarterly cash dividend of \$0.71 and \$0.62 per share of common stock, respectively.

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ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS — (Continued)

NON-GAAP FINANCIAL MEASURES

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

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

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

**ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION
AND RESULTS OF OPERATIONS — (Continued)**

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

Operating Revenue Measures:	
Operating Revenue	<p><i>Operating revenue</i> is defined as total revenue for Ryder or each business segment (FMS, SCS and DTS) excluding any (1) fuel and (2) subcontracted transportation. We believe use operating revenue provides useful information to investors as we use it to evaluate the operating performance of our core businesses and as a measure of sales activity at the consolidated level for Ryder System, Inc., as well as for each of our business segments. We also use segment EBT as a percentage of segment operating revenue for each business segment for the same reason. Note: FMS EBT, SCS EBT and DTS EBT, our primary measures of segment performance, are not non-GAAP measures.</p> <p><i>Fuel:</i> We exclude FMS, SCS and DTS fuel from the calculation of our operating revenue measures, as fuel is an ancillary service that we provide our customers. Fuel revenue is impacted by fluctuations in market fuel prices and the costs are largely a pass-through to our customers, resulting in minimal changes in our profitability during periods of steady market fuel prices. However, profitability may be positively or negatively impacted by rapid changes in market fuel prices during a short period of time, as customer pricing for fuel services is established based on current market fuel costs.</p> <p><i>Subcontracted transportation:</i> We exclude subcontracted transportation from the calculation of our operating revenue measures, as these services are also typically a pass-through to our customers and, therefore, fluctuations result in minimal changes to our profitability. While our SCS and DTS business segments subcontract certain transportation services to third party providers, our FMS business segment does not engage in subcontracted transportation and, therefore, this item is not applicable to FMS.</p>
FMS Operating Revenue	
SCS Operating Revenue	
DTS Operating Revenue	
FMS EBT as a % of FMS Operating Revenue	
SCS EBT as a % of SCS Operating Revenue	
DTS EBT as a % of DTS Operating Revenue	
Comparable Earnings Measures:	
Comparable Earnings before Income Taxes (EBT)	<p><i>Comparable EBT, Comparable Earnings and Comparable EPS</i> are defined, respectively, as GAAP EBT, earnings and EPS, all from continuing operations, excluding (1) non-operating pension costs, net and (2) other items impacting comparability (as further described below). We believe these comparable earnings non-GAAP measures provide useful information to investors and allow for better year-over-year comparison of operating performance.</p> <p><i>Non-operating pension costs, net:</i> Our comparable earnings measures exclude non-operating pension costs, net, which include the amortization of net actuarial loss and prior service cost, interest cost and expected return on plan assets components of pension and postretirement benefit costs, as well as any significant charges for settlements or curtailments if recognized. We exclude non-operating pension costs, net because we consider these to be impacted by financial market performance and outside the operational performance of our business.</p> <p><i>Other Items Impacting Comparability:</i> Our comparable and adjusted earnings measures also exclude other significant items that are not representative of our business operations as detailed in the reconciliation table below. These other significant items and vary from period to period and, in some periods, there may be no such significant items. period.</p> <p><i>Comparable Tax Rate</i> is computed using the same methodology as the GAAP provision for income taxes. Income tax effects of non-GAAP adjustments are calculated based on the marginal tax rates to which the non-GAAP adjustments are related.</p> <p><i>Adjusted ROE</i> is defined as adjusted net earnings divided by adjusted average shareholders' equity and represents the rate of return on shareholders' investment. Other items impacting comparability described above are excluded, as applicable, from the calculation of adjusted net earnings and adjusted average shareholders' equity. We also exclude any significant charges for pension settlements or curtailments from the calculation of adjusted net earnings. We use adjusted ROE as an internal measure of how effectively we use the owned capital invested in our operations.</p>
Comparable Earnings	
Comparable Earnings per Diluted Common Share (EPS)	
Comparable Tax Rate	
Adjusted Return on Equity (ROE)	

**ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION
AND RESULTS OF OPERATIONS — (Continued)**

Comparable Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA)	<p><u>Comparable EBITDA</u> is defined as net earnings, first adjusted to exclude discontinued operations and the following items, all from continuing operations: (1) non-operating pension costs, net and (2) any other items that are not representative of our business operations (these items are the same items that are excluded from comparable earnings measures for the relevant periods as described immediately above) and then adjusted further for (1) interest expense, (2) income taxes, (3) depreciation, (4) used vehicle sales results and (5) amortization.</p> <p>We believe comparable EBITDA provides investors with useful information, as it is a standard measure commonly reported and widely used by analysts, investors and other interested parties to measure financial performance and our ability to service debt and meet our payment obligations. In addition, we believe that the inclusion of comparable EBITDA also provides consistency in financial reporting and enables analysts and aids investors to perform in performing meaningful comparisons of past, present and future operating results. Other companies may calculate comparable EBITDA differently; therefore, our presentation of comparable EBITDA may not be comparable to similarly-titled measures used by other companies.</p> <p>Comparable EBITDA should not be considered as an alternative a substitute for, or superior to, net earnings, earnings from continuing operations before income taxes or earnings from continuing operations the measures of financial performance determined in accordance with GAAP, as an indicator of our operating performance, as an alternative to cash flows from operating activities (determined in accordance with GAAP), as an indicator of cash flows, or as a measure of liquidity. GAAP.</p>
Cash Flow Measures:	
Total Cash Generated	<p>We consider total cash generated and free cash flow to be important measures of comparative operating performance, as our principal sources of operating liquidity are cash from operations and proceeds from the sale of revenue earning equipment.</p> <p><u>Total Cash Generated</u> is defined as the sum of (1) net cash provided by operating activities, (2) net cash provided by the sale of revenue earning equipment, (3) net cash provided by the sale of operating property and equipment and (4) other cash inflows from investing activities. We believe total cash generated is an important measure of total cash flows generated from our ongoing business activities.</p> <p><u>Free Cash Flow</u> is defined as the net amount of cash generated from operating activities and investing activities (excluding changes in restricted cash and acquisitions) from continuing operations. We calculate free cash flow as the sum of (1) net cash provided by operating activities, (2) net cash provided by the sale of revenue earning equipment and operating property and equipment, and (3) other cash inflows from investing activities, less (4) purchases of property and revenue earning equipment. We believe free cash flow provides investors with an important perspective on the cash available for debt service and for shareholders, after making capital investments required to support ongoing business operations. Our calculation of free cash flow may be different from the calculation used by other companies and, therefore, comparability may be limited.</p> <p>* See Total Cash Generated and Free Cash Flow reconciliations in the Financial Resources and Liquidity section of Management's Discussion and Analysis.</p>
Free Cash Flow	

**ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION
AND RESULTS OF OPERATIONS — (Continued)**

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

(In millions, except per share amounts)	Continuing Operations			
	Three months ended September 30,		Nine months ended September 30,	
	2023	2022	2023	2022
	Continuing Operations			
	Continuing Operations			
	Continuing Operations			
	Three months ended March 31,			
	Three months ended March 31,			
	Three months ended March 31,			

(In millions, except per share amount)									
(In millions, except per share amount)									
(In millions, except per share amount)									
EBT									
EBT									
EBT	EBT	\$	213	\$	334	\$	458	\$	924
Non-operating pension costs, net	Non-operating pension costs, net		10		3		30		8
Non-operating pension costs, net									
Non-operating pension costs, net									
Acquisition costs (1)									
Acquisition costs (1)									
Acquisition costs (1)									
FMS U.K. exit (1)	FMS U.K. exit (1)		4		(27)		(32)		(58)
Currency translation adjustment loss			—		—		188		—
FMS U.K. exit (1)									
FMS U.K. exit (1)									
Other, net (1)									
Other, net (1)									
Other, net (1)	Other, net (1)		—		(1)		(1)		3
Comparable EBT	Comparable EBT	\$	227	\$	309	\$	643	\$	877
Comparable EBT									
Comparable EBT									
Earnings from continuing operations		\$	160	\$	247	\$	282	\$	663
Earnings									
Earnings									
Earnings									
Non-operating pension costs, net	Non-operating pension costs, net		8		2		24		5
Non-operating pension costs, net									
Non-operating pension costs, net									
Acquisition costs (1)									
Acquisition costs (1)									
Acquisition costs (1)									
FMS U.K. exit (1)	FMS U.K. exit (1)		4		(27)		(32)		(58)
Currency translation adjustment loss			—		—		183		—
FMS U.K. exit (1)									
FMS U.K. exit (1)									
Other, net (1)	Other, net (1)		—		(3)		(1)		2
Tax adjustments, net (2)			(7)		8		12		29
Other, net (1)									
Other, net (1)									
Comparable Earnings									
Comparable Earnings									
Comparable Earnings	Comparable Earnings	\$	165	\$	227	\$	468	\$	641
Diluted EPS	Diluted EPS	\$	3.44	\$	4.82	\$	6.01	\$	12.86
Diluted EPS									
Diluted EPS									
Non-operating pension costs, net	Non-operating pension costs, net		0.17		0.03		0.51		0.10

Non-operating pension costs, net					
Non-operating pension costs, net					
Acquisition costs ⁽¹⁾					
Acquisition costs ⁽¹⁾					
Acquisition costs ⁽¹⁾					
FMS U.K. exit ⁽¹⁾	FMS U.K. exit ⁽¹⁾	0.09	(0.53)	(0.68)	(1.13)
Currency translation adjustment loss		—	—	3.91	—
FMS U.K. exit ⁽¹⁾					
FMS U.K. exit ⁽¹⁾					
Other, net ⁽¹⁾	Other, net ⁽¹⁾	—	(0.01)	(0.02)	0.06
Tax adjustments, net ⁽²⁾		(0.12)	0.14	0.27	0.55
Other, net ⁽¹⁾					
Other, net ⁽¹⁾					
Comparable EPS	Comparable EPS	\$ 3.58	\$ 4.45	\$ 10.00	\$ 12.44
Comparable EPS					
Comparable EPS					

(1) Refer to Note 19, 14, "Other Items Impacting Comparability," in the Notes to Condensed Consolidated Financial Statements for additional information.

(2) Adjustments include the global tax impacts related to the FMS U.K. business exit in 2023, and gains on sales of U.K. revenue earning equipment and properties during 2022.

Note: Amounts may not be additive due to rounding.

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

	Three months ended September 30,		Nine months ended September 30,	
	2023	2022	2023	2022
Effective tax rate on continuing operations ⁽¹⁾	25.2 %	26.3 %	38.5 %	28.3 %
Tax adjustments and income tax effects of non-GAAP adjustments ⁽²⁾	1.8 %	— %	(11.3)%	(1.4)%
Comparable tax rate on continuing operations ⁽¹⁾	27.0 %	26.3 %	27.2 %	26.9 %

(In millions)	Three months ended March 31,	
	2024	2023
Effective tax rate on continuing operations ⁽¹⁾	25.4%	30.5%
Tax adjustments and income tax effects of non-GAAP adjustments ⁽²⁾	(0.2)%	(5.0)%
Comparable effective tax rate on continuing operations ⁽¹⁾	25.2%	25.5%

(1) The effective tax rate on continuing operations and comparable tax rate are based on EBT and comparable EBT, respectively, found on the previous page, above.

(2) Refer to the table above for more information on tax adjustments. Income tax effects of non-GAAP adjustments are calculated based on the marginal tax rates to which the non-GAAP adjustments are related.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS — (Continued)

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

(In millions)	Three months ended September 30,		Nine months ended September 30,	
	2023	2022	2023	2022
Net earnings	\$ 161	\$ 246	\$ 282	\$ 661
(Earnings) loss from discontinued operations, net of tax	(1)	1	—	2
Provision for income taxes	53	87	176	261
EBT	213	334	458	924
Non-operating pension costs, net	10	3	30	8

FMS U.K. exit ⁽¹⁾	4	(27)	(32)	(58)
Currency translation adjustment loss ⁽¹⁾	—	—	188	—
Other, net ⁽¹⁾	—	(1)	(1)	3
Comparable EBT	227	309	643	877
Interest expense	75	57	212	165
Depreciation	417	421	1,274	1,275
Used vehicle sales, net ⁽²⁾	(47)	(99)	(172)	(313)
Amortization	8	8	25	27
Comparable EBITDA	\$ 680	\$ 696	\$ 1,982	\$ 2,031

(In millions)	Three months ended March 31,	
	2024	2023
Net earnings	\$ 85	\$ 139
Loss from discontinued operations, net of tax	—	1
Provision for income taxes	29	61
EBT	114	201
Non-operating pension costs, net	11	10
Other items impacting comparability, net ⁽¹⁾	4	(32)
Comparable EBT	129	179
Interest expense	92	65
Depreciation	424	445
Used vehicle sales, net ⁽²⁾	(20)	(70)
Amortization	11	9
Comparable EBITDA	\$ 636	\$ 628

- (1) Refer to the table above in the Operating Results by Segment for a discussion on items excluded from our comparable measures and their classification within our Condensed Consolidated Statements of Earnings and Note 13, "Other 14, "Other Items Impacting Comparability," Comparability" in the Notes to Condensed Consolidated Financial Statements for additional information.
- (2) Refer to Note 5, "Revenue Revenue Earning Equipment, net," in the Notes to Condensed Consolidated Financial Statements for additional information.

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

(In millions)	(In millions)	Three months ended September 30,		Nine months ended September 30,	
		2023	2022	2023	2022
(In millions)					
(In millions)					
Total revenue					
Total revenue					
Total revenue	Total revenue	\$ 2,924	\$ 3,035	\$ 8,760	\$ 8,923
Subcontracted transportation and fuel	Subcontracted transportation and fuel	(545)	(688)	(1,709)	(2,053)
Subcontracted transportation and fuel					
Subcontracted transportation and fuel					
Operating revenue	Operating revenue	\$ 2,379	\$ 2,347	\$ 7,051	\$ 6,870
Operating revenue					
Operating revenue					

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

Three months ended September 30,	Nine months ended September 30,	Twelve months ended September 30,
----------------------------------	---------------------------------	-----------------------------------

(Dollars in millions)	(Dollars in millions)	2023	2022	2023	2022	2023	2022
(Dollars in millions)							
(Dollars in millions)							
FMS total revenue							
FMS total revenue							
FMS total revenue	FMS total revenue	\$ 1,487	\$ 1,582	\$ 4,449	\$ 4,732	\$ 6,044	\$ 6,231
Fuel services revenue	Fuel services revenue	(221)	(279)	(667)	(840)	(941)	(1,039)
Fuel services revenue							
Fuel services revenue							
FMS operating revenue							
FMS operating revenue							
FMS operating revenue	FMS operating revenue	\$ 1,266	\$ 1,303	\$ 3,782	\$ 3,892	\$ 5,103	\$ 5,192
FMS EBT	FMS EBT	\$ 169	\$ 266	\$ 531	\$ 801	\$ 787	\$ 1,057
FMS EBT							
FMS EBT							
FMS EBT as a % of FMS total revenue							
FMS EBT as a % of FMS total revenue							
FMS EBT as a % of FMS total revenue	FMS EBT as a % of FMS total revenue	11.4%	16.8%	11.9%	16.9%	13.0%	17.0%
FMS EBT as a % of FMS operating revenue	FMS EBT as a % of FMS operating revenue	13.4%	20.4%	14.0%	20.6%	15.4%	20.4%
FMS EBT as a % of FMS operating revenue							
FMS EBT as a % of FMS operating revenue							

**ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION
AND RESULTS OF OPERATIONS — (Continued)**

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

		Three months ended September 30,		Nine months ended September 30,		Twelve months ended September 30,	
(Dollars in millions)	(Dollars in millions)	2023	2022	2023	2022	2023	2022
(Dollars in millions)							
(Dollars in millions)							
SCS total revenue							
SCS total revenue							
SCS total revenue	SCS total revenue	\$ 1,194	\$ 1,206	\$ 3,574	\$ 3,469	\$ 4,825	\$ 4,339
Subcontracted transportation and fuel	Subcontracted transportation and fuel	(285)	(371)	(921)	(1,098)	(1,289)	(1,354)
Subcontracted transportation and fuel							
Subcontracted transportation and fuel							
SCS operating revenue							

SCS operating revenue							
SCS operating revenue	SCS operating revenue	\$ 909	\$ 835	\$ 2,653	\$ 2,371	\$ 3,536	\$ 2,985
SCS EBT	SCS EBT	\$ 81	\$ 71	\$ 174	\$ 176	\$ 217	\$ 200
SCS EBT							
SCS EBT							
SCS EBT as a % of SCS total revenue							
SCS EBT as a % of SCS total revenue							
SCS EBT as a % of SCS total revenue	SCS EBT as a % of SCS total revenue	6.8%	5.9%	4.9%	5.1%	4.5%	4.6%
SCS EBT as a % of SCS operating revenue	SCS EBT as a % of SCS operating revenue	9.0%	8.6%	6.6%	7.4%	6.1%	6.7%
SCS EBT as a % of SCS operating revenue							
SCS EBT as a % of SCS operating revenue							

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

		Three months ended September 30,		Nine months ended September 30,		Twelve months ended September 30,	
(Dollars in millions)	(Dollars in millions)	2023	2022	2023	2022	2023	2022
(Dollars in millions)							
(Dollars in millions)							
DTS total revenue							
DTS total revenue							
DTS total revenue	DTS total revenue	\$ 448	\$ 455	\$ 1,342	\$ 1,330	\$ 1,798	\$ 1,731
Subcontracted transportation and fuel	Subcontracted transportation and fuel	(123)	(138)	(368)	(411)	(504)	(521)
Subcontracted transportation and fuel							
Subcontracted transportation and fuel							
DTS operating revenue							
DTS operating revenue							
DTS operating revenue	DTS operating revenue	\$ 325	\$ 317	\$ 974	\$ 919	\$ 1,294	\$ 1,210
DTS EBT	DTS EBT	\$ 28	\$ 28	\$ 90	\$ 72	\$ 121	\$ 84
DTS EBT							
DTS EBT							
DTS EBT as a % of DTS total revenue							
DTS EBT as a % of DTS total revenue							
DTS EBT as a % of DTS total revenue	DTS EBT as a % of DTS total revenue	6.2%	6.2%	6.7%	5.4%	6.7%	4.9%
DTS EBT as a % of DTS operating revenue	DTS EBT as a % of DTS operating revenue	8.5%	8.9%	9.3%	7.8%	9.4%	6.9%
DTS EBT as a % of DTS operating revenue							
DTS EBT as a % of DTS operating revenue							

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

(Dollars in millions)	Twelve months ended September 30,	
	2023	2022
Net earnings	\$ 488	\$ 842
Other items impacting comparability, net ⁽¹⁾	128	(46)
Income taxes ⁽²⁾	268	316
Adjusted earnings before income taxes	884	1,112
Adjusted income taxes ⁽³⁾	(243)	(288)
Adjusted net earnings	\$ 641	\$ 824
Average shareholders' equity	\$ 3,029	\$ 2,761
Average adjustments to shareholders' equity ⁽⁴⁾	(21)	(9)
Adjusted average shareholders' equity	\$ 3,008	\$ 2,752
Adjusted return on equity ⁽⁵⁾	21%	30%

(Dollars in millions)	Twelve months ended March 31,	
	2024	2023
Net earnings	\$ 351	\$ 832
Other items impacting comparability, net ⁽¹⁾	193	(121)
Tax impact ⁽²⁾	(11)	59
Adjusted net earnings [A]	\$ 533	\$ 770
Average shareholders' equity	\$ 3,067	\$ 2,887
Average adjustments to shareholders' equity ⁽³⁾	(11)	(15)
Adjusted average shareholders' equity [B]	\$ 3,056	\$ 2,872
Adjusted return on equity [A/B]	17%	27%

(1) Refer to the table below for a composition of Other items impacting comparability, net for the 12-month rolling period.

(2) Includes income taxes on discontinued operations.

(3) Represents provision for income taxes plus income taxes on other items impacting comparability.

(4) (3) Represents the impact of other items impacting comparability, net of tax, to equity for the respective period.

(5) Adjusted return on equity is calculated by dividing Adjusted net earnings into Adjusted average shareholders' equity periods.

Note: Amounts may not be additive due to rounding.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS — (Continued)

(In millions)	Twelve months ended September 30,	
	2023	2022
FMS U.K. exit	\$ (56)	\$ (58)
Currency translation adjustment loss	188	—
Other, net	(4)	12
Other items impacting comparability ⁽¹⁾	\$ 128	\$ (46)

(1) Refer to Note 13, "Other Items Impacting Comparability," in the Notes to Condensed Consolidated Financial Statements for additional information.

(In millions)	Twelve months ended March 31,	
	2024	2023
Acquisition costs	\$ 7	\$ 2

FMS U.K. exit	(1)	(114)
Currency translation loss	188	—
Other, net	(1)	(9)
Other items impacting comparability, net	\$ 193	\$ (121)

SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

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

- our expectations with respect to the effects of outsourcing trends in warehousing and distribution on our business and financial results;
- our expectations with respect to the macroeconomic and freight environment;
- our expectations regarding supply of vehicles and vehicle parts and its effect on pricing and demand;
- the expected pricing for used vehicles and sales channel mix;
- our expectations regarding used vehicle sales and rental;
- our expectations regarding the impact of seasonal labor shortages and interruptions and subcontracted transportation costs;
- our expectations regarding ChoiceLease and SelectCare; ChoiceLease;
- our expectations in our SCS and DTS business segments related to revenue, earnings growth, and contract sales activity;
- our expectations with respect to weakening trends and lower volumes in our omnichannel retail vertical;
- our expectations of cash flow from operating activities, free cash flow, and capital expenditures; full-year guidance;
- the adequacy of our accounting estimates and reserves for goodwill and other asset impairments, residual values and other depreciation assumptions, deferred income taxes and annual effective tax rates, variable revenue considerations, the valuation of our pension plans, allowance for credit losses, and self-insurance loss reserves;
- the adequacy of our fair value estimates of publicly traded debt and other debt;
- our ability to fund all of our operating, investing and financial needs for the foreseeable future through internally generated funds and outside funding sources;
- our expected level of use and availability of outside funding sources, anticipated future payments under debt and lease agreements, and risk of losses resulting from counterparty default under hedging and derivative agreements;
- our ability to meet our objectives with the share repurchase programs;
- the anticipated impact of fuel and energy prices, interest rate movements, and exchange rate fluctuations;
- our expectations as to return on pension plan assets, future pension expense, and estimated contributions;

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS — (Continued)

- our expectations regarding the scope and anticipated outcomes with respect to certain claims, proceedings, and lawsuits;
- our ability to access commercial paper and other available debt financing in the capital markets;

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS — (Continued)

- our intent to permanently reinvest the earnings of our non U.K. & Germany foreign subsidiaries indefinitely;
- our expectations regarding the benefits from our strategic investments and initiatives, including the timing and completion integration of our anticipated acquisition of IFS Holdings, LLC, recent acquisitions, and maintenance and lease pricing initiatives;
- our expectations regarding the achievement of our return on equity improvement initiatives;

▪ our expectations with respect to the asset impairment charge related to a customer bankruptcy;

- the anticipated impact of inflationary pressures;
- our expectations of the long-term residual values of revenue earnings equipment, including the probability of incurring losses or having to decrease residual value estimates in the event of a potential cyclical downturn or changes to the estimated useful lives; and
- our expectations regarding the U.S. federal, state, and foreign tax positions and realizability of deferred tax assets.

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

- **Market Conditions:**
 - Changes in general economic and financial conditions in the U.S. and worldwide leading to decreased demand for our services and products, lower profit margins, increased levels of bad debt, and reduced access to credit and financial markets.
 - Decreases in freight demand which would impact both our transactional and variable-based contractual business.
 - Changes in our customers' operations, financial condition or business environment that may limit their demand for, or ability to purchase, our services and products.
 - Decreases in market demand affecting the commercial rental market and used vehicle sales as well as global economic conditions.
 - Volatility in customer volumes and shifting customer demand in the industries we service.
 - Changes in current financial, tax or other regulatory requirements that could negatively impact our financial and operating results.
 - Financial institution disruptions and the impacts of geopolitical events or conflicts.
- **Competition:**
 - Advances in technology may impact demand for our services or may require increased investments to remain competitive, and our customers may not be willing to accept higher prices to cover the cost of these investments.
 - Competition from other service providers, some of which may have greater capital resources or lower capital costs, or from our customers, who may choose to provide services themselves.
 - Continued consolidation in the markets where we operate, which may create large competitors with greater financial resources.
 - Our inability to maintain current pricing levels due to economic conditions, demand for services, customer acceptance or competition.

**ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION
AND RESULTS OF OPERATIONS — (Continued)**

- **Profitability:**
 - Lower than expected sales volumes or customer retention levels.
 - Decreases in commercial rental fleet utilization and pricing.
 - Lower than expected used vehicle sales pricing levels and fluctuations in the anticipated proportion of retail versus wholesale sales.

**ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION
AND RESULTS OF OPERATIONS — (Continued)**

- Loss of key customers in our SCS and DTS business segments.
- Decreases in volume in our SCS omnichannel retail vertical.
- Our inability to adapt our product offerings to meet changing consumer preferences on a cost-effective basis.
- The inability of our information technology systems to provide timely access to data.
- The inability of our information security program to safeguard our data.
- Sudden changes in market fuel prices and fuel shortages.
- Higher prices for vehicles, diesel engines and fuel as a result of new regulations or inflationary cost pressures.

- Higher than expected maintenance costs and lower than expected benefits associated with our maintenance initiatives.
- Lower than expected revenue growth due to production delays at our automotive SCS customers, primarily related to the worldwide semiconductor supply shortage, and supply chain disruptions.
- The inability of an original equipment manufacturer or supplier to provide vehicles or components as originally scheduled.
- Our inability to successfully execute our strategic returns and asset management initiatives, maintain our fleet at normalized levels and right-size our fleet in line with demand.
- Our key assumptions and pricing structure, including any assumptions made with respect to inflation, of our SCS and DTS contracts prove to be inaccurate.
- Increased unionizing, labor strikes and work stoppages, including the current United Auto Workers strike. stoppages.
- Difficulties in attracting and retaining professional drivers, warehouse personnel and technicians due to labor shortages, which may result in higher costs to procure drivers and technicians and higher turnover rates affecting our customers.
- Our inability to manage our cost structure.
- Our inability to limit our exposure for customer claims.
- Unfavorable or unanticipated outcomes in legal or regulatory proceedings or uncertain positions.
- Business interruptions or expenditures due to severe weather or other natural occurrences.
- Financing Concerns:
 - Higher borrowing costs.
 - Increased inflationary pressures.
 - Unanticipated interest rate and currency exchange rate fluctuations.
 - Negative funding status of our pension plans caused by lower than expected returns on invested assets and unanticipated changes in interest rates.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS — (Continued)

- Instability in U.S. and worldwide credit markets, resulting in higher borrowing costs and/or reduced access to credit.
- Accounting Matters:
 - Reductions in residual values or useful lives of revenue earning equipment.
 - Increases in compensation levels, retirement rate and mortality resulting in higher pension expense; regulatory changes affecting pension estimates, accruals and expenses.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS — (Continued)

- Changes in accounting rules, assumptions and accruals.
- Other risks detailed from time to time in our SEC filings including our 2022 2023 Annual Report on Form 10-K and in "Item 1A.-Risk Factors" of this Quarterly Report.

New risk factors emerge from time to time, and it is not possible for management to predict all such risk factors or to assess the impact of such risk factors on our business. As a result, we cannot provide assurance as to our future results or achievements. You should not place undue reliance on the forward-looking statements contained herein, which speak only as of the date of this Quarterly Report. We do not intend, or assume any obligation, to update or revise any forward-looking statements contained in this Quarterly Report, whether as a result of new information, future events or otherwise.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

There have been no material changes to Ryder's exposures to market risks since December 31, 2022 December 31, 2023. Please refer to the 2022 2023 Annual Report on Form 10-K for a complete discussion of Ryder's exposures to market risks.

ITEM 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

As of the end of the **third first** quarter of **2023, 2024**, we carried out an evaluation, under the supervision and with the participation of management, including Ryder's Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of Ryder's disclosure controls and procedures (as defined in Rule 13a-15(e) under the Securities Exchange Act of 1934). Based upon that evaluation, the Chief Executive Officer and Chief Financial Officer concluded that as of the end of the **third first** quarter of **2023, 2024**, Ryder's disclosure controls and procedures (as defined in Rule 13a-15(e) under the Securities Exchange Act of 1934) were effective.

Changes in Internal Control over Financial Reporting

During the three months ended **September 30, 2023 March 31, 2024**, there were no changes in Ryder's internal control over financial reporting that have materially affected or are reasonably likely to materially affect such internal control over financial reporting.

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

For a description of our material pending legal proceedings, please refer to Note **14, 15**, "Contingencies and Other Matters," in the Notes to Condensed Consolidated Financial Statements included in Part I, Item 1 of this Quarterly Report on Form 10-Q.

ITEM 1A. RISK FACTORS

To our knowledge and except to the extent additional factual information disclosed in this Quarterly Report on Form 10-Q relates to such risk factors, there have been no material changes in the risk factors described in "Item 1A. Risk Factors" in our Form 10-K for the year ended **December 31, 2022 December 31, 2023**, filed with the SEC on **February 15, 2023 February 20, 2024**. Our operations could also be affected by additional risk factors that are not presently known to us or by factors that we currently consider not material to our business.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

The following table provides information with respect to purchases we made of our common stock during the three months ended **September 30, 2023 March 31, 2024**:

	Total Number of Shares Purchased as Part of Publicly Announced Programs	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Programs	Maximum Number of Shares That May Yet Be Purchased Under the Discretionary and Anti-Dilutive Programs ⁽²⁾
<i>(Dollars in millions, except per share)</i>				
July 1 through July 31, 2023	81,292	\$ 101.10	81,077	1,948,424
August 1 through August 31, 2023	823,818	98.80	820,866	1,127,558
September 1 through September 30, 2023	589,489	100.37	584,391	543,167
Total	1,494,599	\$ 99.54	1,486,334	

	Total Number of Shares Purchased as Part of Publicly Announced Programs	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Programs	Aggregate Maximum Number of Shares That May Yet Be Purchased Under the Discretionary and Anti-Dilutive Programs ⁽¹⁾
<i>(Dollars in millions, except per share)</i>				

January 1 through January 31, 2024	371	\$	111.71	—	3,470,118
February 1 through February 29, 2024	638,164		114.58	451,016	3,019,102
March 1 through March 31, 2024	740		118.77	—	3,019,102
Total	639,275	\$	114.59	451,016	

(1) During the three months ended September 30, 2023, we purchased an aggregate of 8,265 shares of our common stock in employee-related transactions. Employee-related transactions may include: (i) shares of common stock withheld as payment for the exercise price of options exercised or to satisfy the tax withholding liability associated with our share-based compensation programs and (ii) open-market purchases by the trustee of Ryder's deferred compensation plans relating to investments by employees in our stock, one of the investment options available under the plans.

(2) We maintained currently maintain two share repurchase programs during the nine months ended September 30, 2023: the 2021 Anti-Dilutive Program and the February 2023 Discretionary Program, as defined below. The first program authorized management to repurchase up to 2.5 million shares of common stock, issued to employees under our employee stock plans since September 1, 2021 (the "2021 Anti-Dilutive Program"). The 2021 Anti-Dilutive Program was designed to mitigate the dilutive impact of shares issued under our employee stock plans. The 2021 Anti-Dilutive Program commenced October 14, 2021 and expired October 14, 2023. In February 2023, approved by our board of directors authorized in October 2023. Refer to Note 9, "Share Repurchase Programs," in the Notes to Condensed Consolidated Financial Statements for a discretionary share repurchase program to grant management discretion to repurchase up to 2 million shares of common stock over a period of two years (the "February 2023 Discretionary Program"). The February 2023 Discretionary Program was completed in September 2023.

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

ITEM 5. OTHER INFORMATION

Rule 10b5-1 Trading Plans and Non-Rule 10b5-1 Trading Arrangements

Certain of our officers or directors, as applicable, have made elections to participate in, and are participating in, our dividend reinvestment plan and 401(k) savings plan, and have made, and may from time to time make, elections to purchase shares, have shares withheld to cover withholding taxes, or pay the exercise price of options, which may be designed to satisfy the affirmative defense conditions of Rule 10b5-1 under the Exchange Act or may constitute non-Rule 10b5-1 trading arrangements (as defined in Item 408(c) of Regulation S-K).

ITEM 6. EXHIBITS

Exhibit Number	Description
31.1	Certification of Robert E. Sanchez pursuant to Rule 13a-14(a) or Rule 15d-14(a).
31.2	Certification of John J. Diez pursuant to Rule 13a-14(a) or Rule 15d-14(a).
32	Certification of Robert E. Sanchez and John J. Diez pursuant to Rule 13a-14(b) or Rule 15d-14(b) and 18 U.S.C Section 1350
101.INS	XBRL Instance Document - the instance document does not appear in the interactive data file because its XBRL tags are embedded within the Inline XBRL document
101.SCH	XBRL Taxonomy Extension Schema Document
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	XBRL Taxonomy Extension Label Linkbase Document
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document
104	Cover Page Interactive Data File (formatted in Inline XBRL and contained in Exhibit 101)

* Management contract or compensation plan arrangement pursuant to Item 601(b)(10) of Regulation S-K.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

RYDER SYSTEM, INC.

(Registrant)

Date: **October 25, 2023** **April 23, 2024**

By: /s/ JOHN J. DIEZ

John J. Diez

Executive Vice President and Chief Financial Officer

(Principal Financial Officer)

Date: **October 25, 2023** **April 23, 2024**

By: /s/ CRISTINA GALLO-AQUINO

Cristina Gallo-Aquino

Senior Vice President and Controller

(Principal Accounting Officer)

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EXHIBIT 31.1

CERTIFICATION

I, Robert E. Sanchez, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Ryder System, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: **October 25, 2023** April 23, 2024

/s/ ROBERT E. SANCHEZ

Robert E. Sanchez

President

Chairman and Chief Executive Officer

EXHIBIT 31.2

CERTIFICATION

I, John J. Diez, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Ryder System, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: **October 25, 2023** April 23, 2024

/s/ JOHN J. DIEZ

John J. Diez

Executive Vice President and Chief Financial Officer

EXHIBIT 32

CERTIFICATION

In connection with the Quarterly Report of Ryder System, Inc. (the "Company") on Form 10-Q for the period ended **September 30, 2023** March 31, 2024, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), Robert E. Sanchez, President and Chief Executive Officer of the Company, and John J. Diez, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ ROBERT E. SANCHEZ

Robert E. Sanchez

President Chairman and Chief Executive Officer

October 25, 2023 April 23, 2024

/s/ JOHN J. DIEZ

John J. Diez

Executive Vice President and Chief Financial Officer

October 25, 2023 April 23, 2024

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