

RYDER SYSTEM INC
Form 10-K/A
March 19, 2012

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-K/A

(Amendment No. 1)

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

For the fiscal year ended December 31, 2011

OR

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

For the transition period from to

Commission File Number: 1-4364

RYDER SYSTEM, INC.

(Exact name of registrant as specified in its charter)

Florida

(State or other jurisdiction of incorporation or organization)

11690 N.W. 105th Street,

Miami, Florida 33178

(Address of principal executive offices, including zip code)

59-0739250

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

(305) 500-3726

(Telephone number, including area code)

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

Title of each class

Name of exchange on which registered

Edgar Filing: RYDER SYSTEM INC - Form 10-K/A

Ryder System, Inc. Common Stock (\$0.50 par value)

New York Stock Exchange

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

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

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

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

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted 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 and post such files). YES NO

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of the registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K

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

Large accelerated filer Accelerated filer Non-accelerated filer Smaller reporting company

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

The aggregate market value of the voting and non-voting common equity held by non-affiliates of the registrant computed by reference to the price at which the common equity was sold at June 30, 2011 was \$2,840,465,755. The number of shares of Ryder System, Inc. Common Stock (\$0.50 par value per share) outstanding at January 31, 2012 was 51,169,546.

Documents Incorporated by Reference into this Report
Ryder System, Inc. 2012 Proxy Statement

Part of Form 10-K into which Document is Incorporated
Part III

EXPLANATORY NOTE

We are filing this Amendment No. 1 to our Annual Report on Form 10-K for the fiscal year ended December 31, 2011 (the Form 10-K) to correct the signature line of the report of PricewaterhouseCoopers LLP (the Report) set forth on page 54 of the Form 10-K. The Report had been signed by PricewaterhouseCoopers LLP, but the conformed signature line was inadvertently omitted from the Report when the Form 10-K was filed.

This Amendment No. 1 to the Form 10-K amends Part II, Item 8 of the Form 10-K to include the conformed signature of PricewaterhouseCoopers LLP in the Report. Other than adding the conformed signature line to the Report, we have made no other changes to Item 8.

Except as described above, this Amendment No. 1 to the Form 10-K does not amend any other information set forth in the Form 10-K, and we have not updated disclosures contained therein to reflect any events that may have occurred at a date subsequent to the date of the Form 10-K.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

FINANCIAL STATEMENTS

	Page No.
<u>Management's Report on Internal Control over Financial Reporting</u>	53
<u>Report of Independent Registered Certified Public Accounting Firm</u>	54
<u>Consolidated Statements of Earnings</u>	55
<u>Consolidated Balance Sheets</u>	56
<u>Consolidated Statements of Cash Flows</u>	57
<u>Consolidated Statements of Shareholders' Equity</u>	58
<u>Notes to Consolidated Financial Statements:</u>	
<u>Note 1. Summary of Significant Accounting Policies</u>	59
<u>Note 2. Accounting Changes</u>	68
<u>Note 3. Acquisitions</u>	68
<u>Note 4. Discontinued Operations</u>	70
<u>Note 5. Restructuring and Other Charges</u>	71
<u>Note 6. Receivables</u>	72
<u>Note 7. Prepaid Expenses and Other Current Assets</u>	73
<u>Note 8. Revenue Earning Equipment</u>	73
<u>Note 9. Operating Property and Equipment</u>	73
<u>Note 10. Goodwill</u>	74
<u>Note 11. Intangible Assets</u>	74
<u>Note 12. Direct Financing Leases and Other Assets</u>	75
<u>Note 13. Accrued Expenses and Other Liabilities</u>	75
<u>Note 14. Income Taxes</u>	76
<u>Note 15. Leases</u>	79
<u>Note 16. Debt</u>	81
<u>Note 17. Fair Value Measurements</u>	83
<u>Note 18. Derivatives</u>	84
<u>Note 19. Guarantees</u>	85
<u>Note 20. Share Repurchase Programs</u>	87
<u>Note 21. Accumulated Other Comprehensive Loss</u>	87
<u>Note 22. Earnings Per Share Information</u>	88
<u>Note 23. Share-Based Compensation Plans</u>	88
<u>Note 24. Employee Benefit Plans</u>	92
<u>Note 25. Environmental Matters</u>	101
<u>Note 26. Other Items Impacting Comparability</u>	101
<u>Note 27. Other Matters</u>	102
<u>Note 28. Supplemental Cash Flow Information</u>	102
<u>Note 29. Segment Reporting</u>	102
<u>Note 30. Quarterly Information (unaudited)</u>	107
Consolidated Financial Statement Schedule for the Years Ended December 31, 2011, 2010 and 2009:	
<u>Schedule II - Valuation and Qualifying Accounts</u>	108
All other schedules are omitted because they are not applicable or the required information is shown in the consolidated financial statements or notes thereto.	

MANAGEMENT'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

TO THE SHAREHOLDERS OF RYDER SYSTEM, INC.:

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

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

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

Management assessed the effectiveness of Ryder's internal control over financial reporting as of December 31, 2011. In making this assessment, management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission in Internal Control Integrated Framework. Based on our assessment and those criteria, management determined that Ryder maintained effective internal control over financial reporting as of December 31, 2011.

Ryder's independent registered certified public accounting firm has audited the effectiveness of Ryder's internal control over financial reporting. Their report appears on page 54.

REPORT OF INDEPENDENT REGISTERED CERTIFIED PUBLIC ACCOUNTING FIRM

TO THE BOARD OF DIRECTORS AND SHAREHOLDERS OF

RYDER SYSTEM, INC.:

In our opinion, the accompanying consolidated balance sheets and the related consolidated statements of earnings, shareholders' equity and cash flows present fairly, in all material respects, the financial position of Ryder System, Inc. and its subsidiaries at December 31, 2011 and 2010, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2011 in conformity with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statement schedule listed in the accompanying index presents fairly, in all material respects, the information set forth therein when read in conjunction with the related consolidated financial statements. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2011, based on criteria established in Internal Control - Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). The Company's management is responsible for these financial statements and financial statement schedule, for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Report on Internal Control over Financial Reporting. Our responsibility is to express opinions on these financial statements, on the financial statement schedule and on the Company's internal control over financial reporting based on our integrated audits. We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement and whether effective internal control over financial reporting was maintained in all material respects. Our audits of the financial statements included examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

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

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

/s/ PricewaterhouseCoopers LLP

February 16, 2012

Miami, Florida

RYDER SYSTEM, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF EARNINGS

	Years ended December 31,		
	2011	2010	2009
(In thousands, except per share amounts)			
Lease and rental revenues	\$ 2,553,877	2,309,816	2,265,857
Services revenue	2,609,174	2,109,748	1,995,515
Fuel services revenue	887,483	716,871	625,882
Total revenues	6,050,534	5,136,435	4,887,254
Cost of lease and rental	1,746,057	1,604,253	1,552,954
Cost of services	2,186,353	1,763,018	1,662,303
Cost of fuel services	873,466	699,107	604,371
Other operating expenses	129,180	134,224	163,534
Selling, general and administrative expenses	771,244	655,375	625,524
Gains on vehicle sales, net	(62,879)	(28,727)	(12,292)
Interest expense	133,164	129,994	144,342
Miscellaneous income, net	(9,093)	(7,114)	(3,657)
Restructuring and other charges, net	3,655		6,406
	5,771,147	4,950,130	4,743,485
Earnings from continuing operations before income taxes	279,387	186,305	143,769
Provision for income taxes	108,019	61,697	53,652
Earnings from continuing operations	171,368	124,608	90,117
Loss from discontinued operations, net of tax	(1,591)	(6,438)	(28,172)
Net earnings	\$ 169,777	118,170	61,945
Earnings (loss) per common share - Basic			
Continuing operations	\$ 3.34	2.38	1.62
Discontinued operations	(0.03)	(0.13)	(0.51)
Net earnings	\$ 3.31	2.25	1.11
Earnings (loss) per common share - Diluted			
Continuing operations	\$ 3.31	2.37	1.62
Discontinued operations	(0.03)	(0.12)	(0.51)
Net earnings	\$ 3.28	2.25	1.11

See accompanying notes to consolidated financial statements.

RYDER SYSTEM, INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

	December 31,	
	2011	2010
	(Dollars in thousands, except per share amount)	
Assets:		
Current assets:		
Cash and cash equivalents	\$ 104,572	213,053
Receivables, net	754,644	615,003
Inventories	65,912	58,701
Prepaid expenses and other current assets	163,045	136,544
Total current assets	1,088,173	1,023,301
Revenue earning equipment, net of accumulated depreciation of \$3,462,359 and \$3,247,400, respectively	5,049,671	4,201,218
Operating property and equipment, net of accumulated depreciation of \$911,717 and \$880,757, respectively	624,180	606,843
Goodwill	377,306	355,842
Intangible assets	84,820	72,269
Direct financing leases and other assets	393,685	392,901
Total assets	\$ 7,617,835	6,652,374
Liabilities and shareholders' equity:		
Current liabilities:		
Short-term debt and current portion of long-term debt	\$ 274,366	420,124
Accounts payable	391,827	294,380
Accrued expenses and other current liabilities	507,630	417,015
Total current liabilities	1,173,823	1,131,519
Long-term debt	3,107,779	2,326,878
Other non-current liabilities	896,587	680,808
Deferred income taxes	1,121,493	1,108,856
Total liabilities	6,299,682	5,248,061
Shareholders' equity:		
Preferred stock of no par value per share authorized, 3,800,917; none outstanding, December 31, 2011 or 2010		
Common stock of \$0.50 par value per share authorized, 400,000,000; outstanding, December 31, 2011 51,143,946; December 31, 2010 51,174,757	25,572	25,587
Additional paid-in capital	769,383	735,540
Retained earnings	1,090,363	1,019,785
Accumulated other comprehensive loss	(567,165)	(376,599)
Total shareholders' equity	1,318,153	1,404,313
Total liabilities and shareholders' equity	\$ 7,617,835	6,652,374

See accompanying notes to consolidated financial statements.

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

	Years ended December 31,		
	2011	2010	2009
	(In thousands)		
Cash flows from operating activities of continuing operations:			
Net earnings	\$ 169,777	118,170	61,945
Less: Loss from discontinued operations, net of tax	(1,591)	(6,438)	(28,172)
Earnings from continuing operations	171,368	124,608	90,117
Depreciation expense	872,262	833,841	881,216
Gains on vehicle sales, net	(62,879)	(28,727)	(12,292)
Share-based compensation expense	17,423	16,543	16,404
Amortization expense and other non-cash charges, net			