SETTLEMENT AGREEMENT AND RELEASE

This SETTLEMENT AGREEMENT AND RELEASE (hereinafter "Agreement") is entered into between the STATE OF CALIFORNIA AIR RESOURCES BOARD (hereinafter "ARB") 1001 I Street, Sacramento, California 95814, on the one hand, and Ryder Truck Rental, Inc. and Ryder Integrated Logistics, Inc. (hereinafter "Ryder "), 11690 NW 105th Street, Miami Florida 33178, on the other hand.

I. RECITALS

(1) Health and Safety Code (H&SC), Section 39650-39675 mandates the reduction of the emissions of substances that have been determined to be toxic air contaminants (TACs). In 1998, following an extensive10-year scientific assessment process, the Air Resources Board identified particulate matter (PM) from diesel-fueled engines as a toxic air contaminant. Transport Refrigeration Units (TRUs) are powered by diesel fueled engines that emit toxic particulate matter. TRUs are controlled under section 2477 within chapter 9, division 3, Title 13 of the California Code or Regulations (CCR).

(2) CCR, Title13, section 2477 (e) (1) (A) (1) states that no Owner/Operator shall operate a TRU or TRU gen set in California unless it meets the in-use emission category performance standards.

(3) CCR, Title13, section 2477 (e) (1) (E) (1) Requires Owner/Operators of all California based TRUs or TRU generator (gen) sets subject to the regulation to register and apply for an ARB identification number for all California-based TRUs or TRU gen sets.

(4) The ARB Enforcement Division staff has documented that Ryder failed to register two TRUs in its fleet by the deadlines set forth in the TRU ATCM.

(5) H&SC, Sections 39674 (a) and (b) authorize civil penalties for the violation of the programs for the regulation of toxic air contaminants not to exceed one thousand dollars ($1,000.00) or not to exceed ten thousand dollars ($10,000.00) respectively, for each day in which the violation occurs.

(6) H&SC Section 44011.6 established the Heavy Duty Vehicle Inspection Program (HDVIP). It authorizes ARB to inspect on-road heavy-duty vehicles for excessive smoke emissions and engine tampering and to issue citations, accordingly. The program also requires the vehicle owner to repair its engines that exceed the prescribed ARB smoke opacity standards, perform a post-repair opacity test, and submit proof of repairs and any assessed penalties under the Regulations of the Heavy-Duty

Smoke Inspection Program, Chapter 3.5, Sections 2180-2188, Title 13, California Code of Regulations (CCR).

(7) H&SC Section 43701 provides that ARB shall adopt regulations that require owners or operators of heavy-duty diesel motor vehicles to perform regular inspections of their vehicles for excess smoke emissions.

(8) Title 13, CCR sections 2190 et seq. were adopted under the authority of H&SC section 43701 and, with limited exceptions which are not applicable here, apply to all heavy-duty diesel powered vehicles with gross vehicle weight ratings greater than 6,000 pounds which operate on the streets or highways within the State of California.

(9) Title 13, CCR sections 2190 et seq. authorize the Periodic Smoke Inspection Program (PSIP) which requires the owners and operators of California based vehicle fleets of two or more heavy duty diesel motor vehicles with gross vehicle weight ratings greater than 6,000 pounds which operate on the streets or highways within the State of California to conduct annual smoke opacity inspections of specified vehicles.

(10) Title 13, CCR section 2192(a) requires inter alia that the owner of the vehicle "[t]est the vehicle for excessive smoke emissions periodically according to the inspection intervals specified in section 2193(a), (b), and (c)", "[m]easure the smoke emissions for each test...", "[r]ecord the smoke test opacity levels and other required test information as specified in section 2194..." and "[k]eep the records specified in section 2194 for two years after the date of inspection."

(11) H&SC Section 43016 states, "Any person who violates any provision of this part, or any order, rule, or regulation of the state board adopted pursuant to this part, and for which violation there is not provided in this part any other specific civil penalty or fine, shall be subject to a civil penalty of not to exceed five hundred dollars ($500.00) per vehicle."

(12) ARB considers the testing, measuring, recording, and recordkeeping required by the Periodic Smoke Inspection Program to be critical components in reducing excessive smoke emissions from heavy-duty vehicles.

(13) The ARB Enforcement Division staff has documented that Ryder failed to test, measure, record, and maintain records of smoke emissions from its fleet of heavy duty diesel vehicles operating in California for 2008 and 2009 in the manner prescribed by Title 13, CCR Sections 2190 et seq.

(14) If the facts described in recital paragraphs (1) – (13) were proven, ARB could seek substantial civil penalties from Ryder, as provided in H&SC sections 43016 and 39674.

(15) In consideration of the foregoing, and of the promises and facts set forth herein, the parties desire to settle and resolve all claims disputed, and obligations relating to the above-listed violations by means of this Agreement. Specifically, the ARB and Ryder agree as follows:

II. TERMS & RELEASE

In consideration of the ARB not filing a legal action against Ryder for the violations referred to above, the ARB and Ryder agree as follows:

(1) Upon execution of this Agreement, the sum of one million, thirty thousand, one hundred and twenty-five dollars ($1,030,125.00) shall be paid on behalf of Ryder, as follows:

- $772,593.75 to the **California Air Pollution Control Fund.**
- $257,531.25 to the supplemental environmental project to expand the maintenance infrastructure for natural gas vehicles which Ryder agrees to complete as described in Attachment A.
- A check with the signed settlement agreement in the amount of $772,593.75 shall be sent to:

  Mr. Christopher Patno, Air Resources Engineer
  Air Resources Board, Enforcement Division
  9480 Telstar Ave., Suite 4
  El Monte, CA 91731

(2) If the Attorney General prevails in a civil action to enforce paragraphs 1, 4, or 5 of this Section II, Ryder shall pay all reasonable costs of investigating and prosecuting the action, including expert fees, reasonable attorney's fees and costs.

(3) Ryder shall not violate H&SC Sections 43701 et seq. and 44011.6 et seq., Title 13, CCR, Sections 2180 et seq., 2190 et seq., and 2485 et seq.

(4) Ryder shall have at least one staff person per facility per shift who currently is performing testing to comply with the Periodic Smoke

Inspection Program (PSIP) and the Heavy Duty Vehicle Inspection Program (HDVIP) attend the California Council on Diesel Education and Technology (CCDET) I & II classes, as described on the ARB's webpage at www.arb.ca.gov/msprog/hdvip/hdvip.htm. These classes are conducted by various California Community Colleges and instruct attendees on compliance with the PSIP and the HDVIP. Proof of CCDET I & II completion shall be provided to ARB within one year of the date of this Agreement and shall also be maintained in each applicable employee's file for at least two years. In case Ryder currently uses a contractor to perform the annual smoke opacity testing required under the PSIP, Ryder shall obtain proof that the contractor's staff conducting the smoke opacity tests completed the CCDET I & II courses within the last four years. This proof of the CCDET I & II completion shall be provided by Ryder to the ARB within one year of the date of this settlement and shall also be maintained with the annual PSIP records.

(5) Ryder shall provide copies of PSIP test records for 2012 and 2013 to ARB by March 31 of the following year. Copies shall be addressed to the attention of Mr. Christopher Patno, ARB Enforcement Division, 9480 Telstar Avenue, Suite 4, El Monte, CA 91731. The ARB reserves the right to visit any Ryder fleet location at any time to conduct compliance audits for the HDVIP and PSIP, or any other applicable ARB program.

(6) Ryder shall complete Low NOx Software Upgrades (reflash) on all applicable heavy duty diesel engines operating in California and report back to the ARB, within 45 days of this Agreement.

(7) Each 1974 or newer diesel powered heavy-duty commercial vehicle in the Ryder fleet shall comply with the emission control label (ECL) requirements set forth in the CCR, Title 13, Section 2183(c).

(8) Ryder shall instruct all employees who operate diesel fueled commercial vehicles to comply with the idling regulations set forth in CCR, Title 13, Section 2485, within 45 days of the execution of this agreement.

(9) Ryder shall not violate CCR, Title 13, Section 2477.

(10) Ryder shall update and include all TRUs and TRU gen sets owned by Ryder in the ARB Equipment Registration (ARBER) system database.

(11) This Agreement constitutes the entire agreement and understanding between ARB and Ryder concerning the subject matter hereof, and

supersedes and replaces all prior negotiations and agreements between ARB and Ryder concerning the subject matter hereof.

(12) No agreement to modify, amend, extend, supersede, terminate, or discharge this Agreement, or any portion thereof, is valid or enforceable unless it is in writing and signed by all parties to this Agreement. Unless otherwise specified, the commitments in the agreement shall be for a period of two years.

(13) Severability. Each provision of this Agreement is severable, and in the event that any provision of this Agreement is held to be invalid or unenforceable, the remainder of this Agreement remains in full force and effect.

(14) This Agreement shall be interpreted and enforced in accordance with the laws of the State of California, without regard to California's choice-of-law rules.

(15) This Agreement is deemed to have been drafted equally by the Parties; it will not be interpreted for or against either party on the ground that said party drafted it.

(16) SB 1402 Statement

Senate Bill 1402 (Dutton, Chapter 413, statutes of 2010) requires the ARB to provide information on the basis for the penalties it seeks *(see Health and Safety Code section 39619.7)*. This information, which is provided throughout this settlement agreement, is summarized here.

The manner in which the penalty amount was determined, including a per unit or per vehicle penalty.

Penalties must be set at levels sufficient to discourage violations. The penalties in this matter were determined in consideration of all relevant circumstances, including the eight factors specified in Health and Safety Code sections 42403 and 43024.

TRU Violations

The per vehicle penalty for the TRU violations involved in this case is a maximum of $1,000 per vehicle per day for strict liability violations or $10,000 per vehicle per day for negligent or intentional violations. The penalty obtained for the TRU violations involved in this case is $750 or

$375 for each of 2 TRU units for an unspecified number of days. This reflects the facts that this is an unintentional first time violation and Ryder cooperated with the investigation.

PSIP Violations

The per vehicle penalty for the PSIP violations involved in this case is a maximum of $500 per vehicle per violation per year. The penalty obtained for the PSIP violations involved in this case is $1,029,375 for 2745 violations over two years resulting in a per vehicle per year penalty of $375.00. This reflects a 25% reduction in the maximum penalty and is attributable to Ryder's cooperation with the investigation and to the fact that this is an unintentional first time violation.

The provision of law the penalty is being assessed under and why that provision is most appropriate for that violation.

TRU Violations

The penalty provision being applied for the In-Use Diesel-Fueled Transport Refrigeration Units Regulation (Title 13, CCR, section 2477 et seq.) violations (including registration) is Health and Safety Code section 39674 because the TRU rule is a Toxic Air Contaminant Control Measure adopted pursuant to authority contained in Health and Safety Code Section 39660, et seq. and because Ryder failed to meet the registration requirements setforth by the TRU rule, on two units over an unspecified number of days.

PSIP Violations

The penalty provision being applied to the PSIP violations is Health and Safety Code section 43016 because ARB contends that Ryder failed to test, measure, record, and maintain records of smoke emissions from its fleet of heavy duty diesel vehicles for years 2008 and 2009 in violation of the PSIP regulation inTitle13, CCR Sections 2190 et seq, for 2745 vehicle violations. Since the PSIP regulation was adopted pursuant to authority granted in Part 5 of Division 26 of the Health and Safety Code and since there is no specific penalty or fine provided for PSIP violations in Part 5, Health and Safety Code section 43016 is the applicable penalty provision.

Is the penalty being assessed under a provision of law that prohibits the emission of pollution at a specified level, and, if so a quantification of excess emissions, if it is practicable to do so.

The provisions cited above do prohibit emissions above a specified opacity or level of g/hp-hr. However, ARB alleges that since the hours of operation of the non-compliant trucks involved and their individual emission rates are not known, it is not practicable to quantify the excess emissions.

(17) Ryder acknowledges that ARB has complied with SB 1402 in prosecuting and settling this case. Specifically, ARB has considered all relevant facts, including those listed at HSC section 43024, has explained the manner in which the penalty amount was calculated (including a per unit or per vehicle penalty, if appropriate), has identified the provision of law under which the penalty is being assessed and has considered and determined that this penalty is being assessed under a provision of law that prohibits the emission of pollutants at a specified level. However, ARB alleges that since the hours of operation of the units involved and their individual emission rates are not known, it is not practical for ARB to quantify the excess emissions. The parties agree that Ryder's acknowledgement concerning ARB's SB 1402 compliance in this case will not serve as an admission of ARB's compliance with SB 1402 in future cases.

(18) Penalties were determined based on the unique circumstances of this matter, considered together with the need to remove any economic benefit from noncompliance, the goal of deterring future violations and obtaining swift compliance, the consideration of past penalties in similar cases negotiation, and the potential costs and risk associated with litigating these particular violations. The penalty reflects alleged violations extending over a number of days considered together with the complete circumstances of this case. The penalty was discounted in this matter based on the fact that this was a first time violation and the violator made unusually diligent efforts to comply and to cooperate with the investigation. Penalties in future cases might be smaller or larger on a per unit basis.

(19) The penalty in this case was based in part on confidential business information provided by Ryder that is not retained by ARB in the ordinary course of business. The penalty in this case was also based on confidential settlement communications between ARB and Ryder that ARB does not retain in the ordinary course of business either. The penalty also reflects ARB's assessment of the relative strength of its case against Ryder, the desire to avoid the uncertainty, burden and expense of litigation, obtain swift compliance with the law and remove any unfair advantage that Ryder may have secured from its actions.

(20) Now therefore, in consideration of the payment by Ryder, in the amount of one million, thirty thousand, one hundred and twenty-five dollars ($1,030,125.00), ARB hereby releases Ryder and its principals, officers, agents, subsidiaries, corporate affiliates, predecessors and successors from any and all claims that ARB may have based on the facts and allegations described in recital paragraphs (1) – (13) above. The undersigned represent that they have the authority to enter into this Agreement.

California Air Resources Board

By: _____

Name: Mr. James Goldstene
Title: Executive Officer
Date: SEPT 5, 2012

Ryder Truck Rental, Inc.

By: _____

Name: Robert D. Fatovic
Title: Executive Vice President and General Counsel
Date: August 20, 2012

Ryder Integrated Logistics, Inc.

By: _____

Name: Robert D. Fatovic
Title: Executive Vice President and General Counsel
Date: August 20, 2012

ATTACHMENT A

SUPPLEMENTAL ENVIRONMENTAL PROJECT

FOR RYDER TRUCK RENTAL, INC. AND RYDER INTEGRATED LOGISTICS, INC. ("Ryder")

Background

The California Air Resources Board ("ARB") Low Carbon Fuel Standard 2011 Program Review Report states that heavy-duty natural gas vehicles have increased approximately 63% during the period 2006 to 2010. (Table V-13). Similarly, "vehicular natural gas consumption is projected to increase" over the next several years. (page 76). Natural gas vehicles provide "emission reductions for greenhouse gases, criteria pollutants, and toxics." (page 76). Infrastructure is noted as a barrier to the expansion of natural gas usage. (page 77).

The natural gas (NG) infrastructure (i.e., fueling and maintenance facilities) necessary to maintain and fuel NG vehicles is currently inadequate to support existing NG operations along many California freight corridors, as well as for continued expansion of NG vehicle use. Vehicle maintenance facilities that service NG vehicles must be modified (or constructed) to accommodate NG vehicles in accordance with industry standards, safety and National Fire Protection Association (NFPA) code requirements. Facility modifications to accommodate NG vehicle maintenance work include retrofits to ventilation & heating systems, changes to onsite equipment storage and use, as well as sprinkler and lighting system upgrades within the shop. Although not a facility cost, driver and mechanic safety training for NG powered vehicles also is required before a fueling or maintenance facility can operate.

To continue the increase of NG vehicles in California requires an expansion of NG maintenance infrastructure. The expansion of maintenance and fueling facilities in Northern California is necessary to remove a significant entry barrier for those in that region who desire to convert from diesel-fueled vehicles to NG-fueled vehicles.

Project Description

Ryder will, within twelve months of the execution of the Agreement, retrofit a Ryder-owned shop in West Sacramento, California that currently is not equipped to service NG vehicles so that it can service both CNG and LNG vehicles (the "Project"). The principal cost components of the retrofit are engineering, architectural, demolition, fire suppression, methane detection, air handling and ventilation, and electrical/lighting. The NG service capabilities at this facility shall be available to the public pursuant to Ryder's standard business terms. Ryder will post signage indicating this and will make information about the facility and its availability to the public available on the internet.

Within sixty days of the execution of the Agreement, work on the Project shall begin (e.g., bids requested from relevant vendors).

The NG vehicle maintenance capability created by the Project shall operate for at least five years.

Project Funding

Upon execution of the Agreement, Ryder will transfer $257,531.25 to a separate tracking account established to fund the Project (the "Project Fund"). Ryder shall make disbursements as necessary from this separate account to non-Ryder entities for the work necessary to accomplish the Project. Ryder anticipates that this amount will not be sufficient to accomplish the Project. Ryder will expend those funds that are necessary to complete the Project. If for any reason Ryder completes the project without depleting the $257,531.25 in funds, Ryder will expend any remainder in a manner consistent with this Attachment A after consultation with and the approval of ARB, which approval shall not be unreasonably withheld.

Project Reporting

Ryder shall provide ARB with an initial report within 45 days of the execution of this Agreement that outlines an estimated time-frame for work on and completion of the Project.

On or before six months after the Project has commenced, Ryder shall provide an accounting of all expenditures to date from the Project Fund. If the Project Fund has not been depleted within the first six months after commencement of the Project, Ryder shall provide another accounting one year after the Project has commenced.

Within 45 days of the completion of the Project, a corporate officer of Ryder shall certify in writing to ARB that the project has been completed. ARB shall have the right to visit the location of the Project at any time during business hours to monitor the progress on and quality of the Project. Ryder shall respond in good faith to any ARB concerns regarding the progress or quality of the Project.

Penalty for Non-Compliance

If Ryder does not comply with the terms of this Attachment A, ARB shall have the right to file an action to obtain from Ryder an appropriate amount up to and including the full initial balance of the Project Fund as a civil penalty, and to recover reasonable costs (including expert costs) and attorneys' fees in connection with any such action. ARB shall meet and confer with Ryder in good faith before filing any such action. Ryder shall not be penalized for delays in Project completion that are outside its control, such as the failure of a vendor to perform work in violation of a contract to do so or delay in obtaining regulatory approval from a government entity, so long as Ryder keeps ARB reasonably apprised of circumstances that may or do give