In the matter of
Chevron Products Company

ASSURANCE OF VOLUNTARY COMPLIANCE

BACKGROUND

WHEREAS, the undersigned Attorneys General believe that underage access to tobacco products constitutes a serious and continuing threat to public health based upon the following:

- more than 80% of regular adult smokers began smoking as children;
- every day in the United States about 2,000 children begin smoking cigarettes, and one third of those children will one day die from a tobacco-related disease;
- studies show that the younger a person begins smoking the more likely it is that he or she will be unable to quit in later life and will suffer a disease attributable to tobacco use;
- studies indicate that youth demonstrate signs of addiction after smoking only a few cigarettes;
- according to the United States Food & Drug Administration, on average among all U.S. retailers, one in every four attempts by a person 15 to 17 years old to purchase cigarettes over the counter results in a sale;
- an estimated 690 million packs of cigarettes are sold illegally to children each year nationwide, and 47% of youth who report buying cigarettes identify retail outlets that sell gasoline as their primary point of purchase, and another 27% identify convenience stores;
- more than 400,000 Americans die each year from diseases caused by tobacco use;

WHEREAS, the following Assurance of Voluntary Compliance follows an analysis by the Attorneys General of compliance check data collected by state authorities under the Synar Amendment, section 1926(b)(2) Public Health Service Act [42 USC 300x-26(b)(2)] 1992;

WHEREAS, Chevron Products Company ("Chevron") believes that it is in full compliance with the laws and regulations governing tobacco product sales;

WHEREAS, Chevron nevertheless is committed to doing more to demonstrate its commitment to the health and welfare of our nation's youth, and to step forward voluntarily to lead additional efforts against youth access to tobacco;

THEREFORE, Chevron agrees to enter into the following Assurance of Voluntary Compliance on the terms set forth below.

AGREEMENT

1. This Assurance of Voluntary Compliance ("Assurance")[1] is entered into by the Attorneys General of Alabama, Alaska, Arizona, Arkansas, California, Delaware, District of Columbia, Florida, Hawaii, Idaho, Kentucky, Louisiana, Maryland, Mississippi, Montana, Nevada, New Jersey, New Mexico, Ohio, Oregon, Pennsylvania, South Carolina, Tennessee, Texas, Utah, Virginia, Washington and Wyoming (collectively, "the Attorneys General") on behalf of their respective state, commonwealth or jurisdiction (collectively, "the States") and Chevron Products Company.

2. Chevron maintains the following: Chevron is a division of Chevron U.S.A. Inc., a Pennsylvania corporation, with its principal place of business in San Ramon, California. Chevron supplies motor fuel in the States to a total of approximately 9,312 Chevron and Texaco[2] branded retail outlets. Of these outlets, Chevron, through Chevron Stations Inc., operates approximately 410 Chevron branded outlets. The remaining outlets are owned or operated by third party independent businesses and entrepreneurs. Independent dealers who contract directly with Chevron and sell motor fuel to consumers at retail are referred to herein as "Retailers." Independent wholesalers who contract directly with Chevron and resell motor fuel to independent dealers or to consumers at retail are referred to herein as "Marketers." Independent dealers who are supplied by Marketers are referred to herein as "Marketer Supplied Retailers."

3. The Attorneys General maintain that compliance check data indicates that retail outlets operating under the Chevron or Texaco trademarks made tobacco sales to persons under the age of 18 in controlled compliance checks. The Attorneys General believe that such sales, and/or the corporate policies and practices that result in such sales, may violate the Consumer Protection statutes[3] and/or other laws of their respective States. Chevron maintains that it is in full compliance with laws and regulations applicable to the sale of tobacco products and does not sell any smoking paraphernalia (including lighters, matches, cigarette papers and pipes) at its company operated outlets. Chevron further maintains that the Retailers, Marketers and

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[1] With regard to Virginia, this document will be titled an "Agreement."

[2] Chevron maintains that it acquired the non-exclusive U.S. rights to the Texaco brand on July 1, 2004 and will assume exclusive rights on July 1, 2006. This Assurance pertains to Chevron-supplied Texaco branded stations.

[3] §§8-19-1, et seq., Deceptive Trade Practices, AL Code 1975 (AL); Alaska Unfair Trade Practices and Consumer Protection Act, AS45.50.471, et seq. (AK); A.R.S. § 44-1521, et seq. (AZ); Arkansas Code Annotated 4-88-101, et seq. (AR); Cal. Bus. & Prof. Code 17200, et seq. (CA); Del. Code Ann, tit. 6, §§ 2511, 2531 (2005) (DE); District of Columbia Consumer Protection Act, D.C. § 28-3901, et seq. (DC); Code Fla. Stat. Ann. §501.201, et seq. (West) (FL); Haw. Rev. Stat. § 481A-1, et seq. (HI); Idaho Code Section 48-601, et seq. (ID); KRS 367.110-367.300 (KY); La. Rev. Stat. Ann. § 51:1401 (West) (LA); Maryland Annotated Code, Commercial Law Article, §§13-101, et seq. (MD); Miss. Code Ann. 75-24-1, et seq. (MS); Mont. Code Ann. § 30-14-101, et seq. (MT); Nevada Revised Statutes Chapter 598 (NV); N.J.S.A. 56:8-1, et seq. (NJ); NMSA 1978, § 57-12-1, et seq. (NM); R.C. 1345.01, et seq. (OH); ORS 646.605, et seq. (OR); Unfair Trade Practices and Consumer Protection Law, 73 P.S. § 201-1, et seq. (PA); S.C. Code Ann., § 39-5-10, et seq. (1976, as amended) (SC); Tennessee Consumer Protection Act of 1977, Tenn. Code Ann. §§ 47-18.101, et seq. (TN); Tex. Bus. & Com. Code Ann. §17.41, et seq. (Vernon 2002 and Supp. 2005) (TX); Utah Code Ann. §§ 13-5-1 through 13-5-18 & 13-11-1 through 13-11-23 (UT); Virginia Consumer Protection Act, Va. Code § 59.1-196, et seq. (VA); Wash. Rev. Code Ann. 19.86.100 (WA); Wyo. Stat. § 40-12-101, et seq. (WY).

Marketer Supplied Retailers who contract with Chevron or with a Marketer for permission to sell Chevron or Texaco branded motor fuel are independent businesses and entrepreneurs who are solely responsible for compliance with laws and regulations applicable to their tobacco product sales.

4. Chevron has expressed its desire to reaffirm its commitment to employing tobacco retailing practices that are designed to prevent the sale of tobacco products to minors. Without admitting liability for any acts, practices or policies described or referred to herein, Chevron agrees to enter into this Assurance and to abide by the provisions set forth herein in connection with its Chevron and Texaco branded retailing activities in each signatory State. The Attorneys General, for their part, also agree to abide by the provisions set forth herein. The parties reserve the right to discuss the appropriateness of any or all of the provisions of this Assurance as they are implemented, having due regard for changes in laws and regulations, as well as changes in equipment, technology, or methodology of retail sales over time. Any modifications to these provisions shall be by prior written agreement of Chevron and the affected Attorneys General.

5. The Attorneys General, on behalf of their respective States, agree to release and hold harmless Chevron, Chevron Stations Inc., and their respective officers, employees, directors, successors, affiliates, parents, subsidiaries, assigns, principals and agents, from any and all causes of action that the Attorneys General may have under the laws referred to in footnote 3 herein, insofar as those causes of action concern tobacco product sales occurring on or before the Date of Execution of this Assurance, as defined below. Nothing herein shall affect other remedies available to any State or local jurisdiction in connection with a past or future underage sale of tobacco at a particular retail location. Before seeking to enforce this Assurance, a signatory Attorney General shall contact Chevron to attempt to resolve the State's concerns.

6. This Assurance may be executed in counterparts. This Assurance shall not be effective or considered executed until June 15, 2006 (hereinafter, "Effective Date"), by which date the signature of Chevron and all of the Attorneys General of the States listed in Section 1 herein shall have been affixed.

7. No provision of this Assurance is intended or shall be interpreted to authorize conduct in violation of applicable local, state or federal law, which law supersedes any and all terms of this Assurance in conflict with such law.

8. The tobacco retailing practices set forth herein relate to efforts to prevent persons under legal age from having access to and using tobacco. Although tobacco is not the only item to which youth access is restricted, the term "youth access" is used herein as a shorthand reference to age restrictions on tobacco only. The terms "tobacco" and "tobacco products" are intended to include cigarettes of all kinds (including bidis), cigars, loose tobacco, chewing tobacco, and snuff, to the extent such substances are or in the future may be offered for sale at Chevron or Texaco branded retail outlets.

I. CHEVRON EMPLOYEE POLICIES

Chevron agrees to implement the following hiring and training policies relating to youth access to tobacco at all retail outlets it owns and operates:

A. Chevron Employee Hiring

1. Chevron shall not hire anyone under the legal age for purchasing tobacco products in positions that may involve selling tobacco products.

2. As part of the interview process, Chevron shall inform applicants for positions that may involve selling tobacco products, or may involve supervising anyone who sells tobacco products, of the importance of complying with laws relating to youth access. The information Chevron provides shall include references to company policies, legal consequences, and health concerns associated with youth access.

3. Chevron shall ask all applicants for positions as store managers about past violations of prohibitions on selling or supplying tobacco products to minors by that person or anyone under that person's supervision, and Chevron in its discretion shall give appropriate consideration under the circumstances to such violations in making hiring decisions.

4. Chevron shall inform each new hire for a position that may involve the sale of tobacco products, before he or she assumes any job responsibilities, that: (a) the employee's compliance with youth access laws and policies will be taken into account in connection with compensation, promotion and retention decisions; (b) Chevron monitors employee compliance with youth access laws and policies by checking security tapes periodically, by conducting compliance checks, and in other ways; and (c) failure to comply with youth access laws and policies may constitute grounds for termination. Chevron shall also provide the new hire with this information in writing and shall require the employee to sign an acknowledgment that he/she has read and understands the information provided.

B. Chevron Employee Training

1. Before assuming any job duties that involve or may involve the sale of tobacco products, a Chevron employee shall receive comprehensive training in the laws and company policies relating to youth access. The training provided to in-store personnel may be tailored to those company policies to be followed and implemented by in-store personnel.

2. Such training shall be performed by a person experienced in providing youth access training or if conducted electronically such electronic training shall have been developed with the guidance of such a person, and shall include, at a minimum, the following components:

   a. A review of applicable federal, state, and local laws relating to youth access;

   b. A review of Chevron's policies relating to youth access;

c. A brief explanation of health-related reasons for the laws (including the information set forth in the initial Whereas clause of this Assurance) and Chevron's policies that restrict youth access;

d. A review of the range of tobacco products (and were Chevron to later sell it, any smoking paraphernalia) sold by Chevron to which Chevron's policies and/or youth access laws apply;

e. A review of the law and company policies and procedures relating to requiring identification, including: (i) the age that triggers the I.D. requirement; (ii) acceptable forms of I.D.; (iii) features of an I.D. that must be checked, with particular emphasis on the government-issued forms of identification most commonly possessed by adults in the market area; (iv) how to tell if an I.D. may have been altered or is being misused; and (v) what an employee is to do if an I.D. appears altered or misused;

f. An explanation of the fact that many illegal sales are made to minors who produce I.D.'s showing that they are in fact under the legal age, and the importance of devoting the time and effort needed to perform the necessary calculation to establish that a customer is of age;

g. A review of prescribed methods, practical techniques, or stock phrases (if any are employed) for handling the following recurring situations: (i) asking for I.D.; (ii) making the necessary age calculation; (iii) declining to make a sale based on concerns relating to whether the I.D. has been altered or is being misused; (iv) declining to make a sale for failure to have an I.D.; (v) recognizing a potential "third party" sale (which refers herein to an adult purchasing tobacco products in order to furnish it to a minor); (vi) declining to make a sale that appears to be a "third party" sale; (vii) declining to make a sale or third party sale of smoking paraphernalia (were Chevron to later sell it); (viii) resisting customer pressure and handling customers' abusive conduct; (ix) meeting special challenges associated with declining to sell tobacco to underage persons who are friends, acquaintances and/or peer group members; and (x) contacting the police when required by store policy to do so;

h. Actual or computer interactive practice of the methods, techniques, and stock phrases (if any are employed) to be used in the situations described in the preceding paragraph, in the form of role playing;

i. A written or electronic test to establish that the employee has fully acquired the knowledge required to perform in accordance with the laws and Chevron's policies relating to youth access. Chevron shall provide supplemental training to ensure that any weaknesses identified by such testing are remedied before tobacco product sales responsibilities are assumed. Chevron shall retain test completion records for each employee in accordance with its retention policies.

j. Instruction that an employee is not required to make a tobacco product sale, and must decline to do so, if the circumstances reasonably suggest that doing so would violate the laws or company policies regarding youth access, and notification that store videotapes are periodically reviewed to ascertain whether youth access policies are being violated.

3. Chevron shall provide all in-store personnel with additional, periodic training to ensure that they maintain the requisite knowledge, skill, and motivation. Such training shall occur no less frequently than annually and shall include a review of applicable youth access laws and Chevron's policies on youth access; an updated review of performance by Chevron and the particular outlet on compliance checks; and a discussion of specific compliance check performance goals and ways to attain those goals. Chevron shall require that each employee upon completion of such training sign an acknowledgment that he or she has read and understands the policy statements and other information provided.

4. In the event an employee sells tobacco products to minors in violation of state or local laws, or fails to pass a compliance check pursuant to Section III(B) below, Chevron shall provide such employee with appropriate remedial attention as soon as practicable, and in any event within thirty (30) days of Chevron's receipt of notice of the triggering event.

II. SUPPORT TOOLS

Chevron agrees to use the following support tools relating to youth access to tobacco at all retail outlets it owns and operates:

A. Youth Access Designee

Chevron agrees to designate an appropriate employee ("Youth Access Designee") to be responsible for taking the steps reasonably necessary to ensure compliance with youth access laws and monitoring implementation of this Assurance, including reviewing reports of violations of laws concerning the sale of tobacco products to minors.

B. To the extent practicable, Chevron agrees to program its existing cash registers and, as existing cash registers are replaced with programmable ones, agrees to program new or replacement cash registers, to: (i) lock when a tobacco product is scanned; (ii) prompt the employee to I.D. the customer; (iii) require the clerk to enter the birth date shown on the I.D. or, if it cannot be programmed in that manner, display the date on or before which the customer must have been born in order to make a legal tobacco product purchase; and (iv) indicate whether the tobacco product sale can proceed. The cash register operator, in his or her discretion, may override the lock if the customer is beyond the age at which I.D. must be produced under prevailing company policies.

C. Chevron agrees to post the statement "WE CARD under 30" or alternatively "WE ID under 30" in the following locations: (i) a static cling sign attached to the front door,

facing out; (ii) a 6" x 8" counter card, placed so as to be visible to customers; and (iii) 2" x 3" register toppers. Such Statement shall also be posted on each tobacco product display and on the door by which employees leave the employee area. Chevron reserves the right to change the manner in which it communicates the above message to employees and customers through signage to the extent that the overall effectiveness in communicating the message is not significantly diminished.

D. Each employee with responsibility for selling tobacco shall be reminded each time he or she begins a shift of the importance of performing proper I.D. checks for tobacco product purchases, through a sign-in sheet, a cash register prompt, or other means.

E. Chevron agrees periodically to monitor developments in technology relating to electronic age verification devices and systems and consider employing such devices and systems to the extent reasonable and practicable. This Assurance does not require or authorize Chevron to retain specific information identifying individual purchasers, nor does it require Chevron to use any particular device or system.

III. SELF-MONITORING MEASURES

Chevron agrees to implement the following self-monitoring measures relating to youth access to tobacco products at all retail outlets it owns and operates:

A. Supervision and Accountability of Employees

1. Chevron agrees to instruct each store manager and assistant store manager upon assuming responsibility for supervising employees selling tobacco products to monitor staff compliance with youth access laws and policies on an ongoing basis, and agrees to inform the store manager and assistant store manager that instances of compliance and non-compliance with youth access laws and policies on the part of those supervised will be given serious consideration in connection with that store manager's or assistant store manager's periodic performance review and in connection with subsequent decisions relating to the store manager's or assistant store manager's compensation, promotion, and retention (as applicable).

2. Each store manager and assistant store manager shall report all violations of federal, state, and local laws concerning the sale of tobacco products to minors occurring at the store to Chevron's Youth Access Designee as soon as practicable after receiving notice of the alleged violation, but in any event within five (5) business days of receiving such notice.

3. Each Chevron employee or contractor whose duties include hiring, retention, training, and/or supervision of employees or contractors with responsibilities relating to youth access shall be informed that, to the extent that his or her job performance is reflected in the compliance or non-compliance of other employees or contractors with youth access laws and Chevron business practices, Chevron will give such compliance or non-compliance

consideration in connection with his or her compensation, promotion, and retention (as applicable).

B. Compliance Checks/Mystery Shops

Chevron agrees to arrange for an independent entity to perform at least one compliance check/mystery shop every six (6) months at each of its company owned and operated outlets that sells tobacco products in the States whose Attorneys General are a party to this Assurance, in any event the total number of such compliance checks/mystery shops to equal or exceed 410 for each six month period. In the event that such an outlet fails a compliance check, the independent entity shall conduct a second check ("re-check") of the outlet within sixty (60) days. The independent entity shall also conduct a re-check at each such outlet that has received notice from a law enforcement agency of an alleged violation of law concerning the sale of tobacco products to minors that occurred after the Effective Date of this Assurance. The independent entity will be instructed to perform the checks for the purpose of obtaining an accurate and reliable indication of actual employee practices in connection with tobacco product sales, rather than for the purpose of ensuring favorable results. The compliance checks will proceed as follows:

1. The independent entity will determine the schedule for performing the compliance checks, and will not inform Chevron in advance, directly or indirectly, when particular outlets are to be checked.

2. The compliance checks will be conducted using a person of legal age to buy tobacco products who is within the age range requiring that he or she be asked to produce identification to test whether identification is requested as required by store policy. The check will determine whether the employee selling the tobacco product asked the purchaser to produce identification.

3. For purposes of retaining an independent entity to perform the compliance checks, Chevron agrees to evaluate the performance of the entity on the basis of the competency of the entity's performance in obtaining an accurate and reliable indication of actual employee practices in connection with the sale of tobacco products, rather than on the basis of whether the results were favorable.

4. An employee failing a compliance check shall receive the remedial training provided for in Section I(B)(4), above, or shall be terminated if that is Chevron's policy. An employee passing a compliance check shall be promptly informed of the success, and shall be provided a reward, such as store or company-wide recognition, or points towards the employee's selection of merchandise offered through an employee recognition/incentive program.

5. The Attorneys General agree not to institute legal proceedings under the laws referred to herein, insofar as those proceedings are based on any tobacco product sales that are made during compliance checks conducted pursuant to Section III(B).

6. In the event Chevron attains a compliance rate of 90% or higher for any six (6) month period, Chevron may reduce the number of compliance checks conducted in subsequent six (6) month periods by 25%. In the event Chevron attains a 90% rate for any two (2) consecutive six (6) month periods, Chevron may cease conducting compliance checks.

C. Videotapes

In all Chevron owned and operated outlets that have one or more security cameras designed and placed to videotape transactions at the cash register, Chevron agrees to adopt the following policies and procedures:

1. The security cameras will continuously videotape sales transactions at the cash register.

2. Supervisory personnel shall periodically review portions of the tapes to monitor compliance with youth access laws and policies on the part of each employee who sells tobacco products.

3. Such reviews will be conducted in a manner that does not permit an employee to predict which shifts or transactions are likely to be reviewed.

4. As soon as practicable after a review is performed, the supervisor shall meet with the employee whose performance was reviewed for the purpose of informing him/her of the fact that a review was performed and discussing the employee's performance. Employees who performed well shall be commended. If the review discovers an apparent violation of youth access policies and if Chevron intends to retain the employee, Chevron will inform the employee of the consequences of the violation and any subsequent violations, will provide such employee with appropriate remedial attention, and will inform the employee that he or she may be the subject of additional reviews in the future.

5. Chevron shall display a sign at or near the cash register informing customers that security cameras are used to detect underage attempts to buy tobacco products.

IV. VENDOR-ASSISTED SALES

Chevron agrees to implement the following vendor-assisted sales practices relating to youth access to tobacco products at all retail outlets it owns and operates:

A. Chevron agrees to display and store all tobacco products in a format that does not permit a customer to take possession of them without requesting an employee's assistance in retrieving them from a restricted access location.

B. Chevron agrees not to use vending machines to sell tobacco products at any retail outlets that it owns and operates.

V. OTHER TOBACCO POLICIES

A. Written Chevron Employee Policies

Chevron agrees to put into writing the employee policies regarding the sale of tobacco products that it adopts pursuant to this Assurance. Chevron agrees to include in such employee policies the following:

1. If Chevron were to later sell smoking paraphernalia, a policy requiring that no one under the legal age for purchasing tobacco products be permitted to purchase smoking paraphernalia.

2. A policy that youth access to tobacco products will be given no less stringent treatment to that of underage access to alcohol in employee training and discipline, except where differences in the law or this Assurance require differences in policy.

3. A policy against selling single cigarettes or other modes of packaging cigarettes in quantities less than twenty (i.e., so-called "kiddie packs").

4. A policy against distribution of free samples of tobacco products on store property.

5. A policy against the retail sale of non-tobacco products that are intended to look like cigarettes.

6. A policy requiring that an I.D. be checked in connection with attempted tobacco product purchases (and attempted smoking paraphernalia purchases if applicable) by persons under age 30.

7. Unless otherwise required by law, only the following forms of photo identification are potentially acceptable for purposes of establishing legal age to purchase tobacco products: (a) a driver's license; (b) a state-issued identification card; (c) a U.S. passport; (d) military identification card; and (e) U.S. immigration card. Unless otherwise required by law, Chevron may have a policy under which not all of the foregoing potential forms of identification are acceptable. The photo identification must be current and valid.

8. A policy against increasing youth demand for tobacco products through in-store advertising. In-store advertising shall be limited to brand names, logos, other trademarks, and pricing, and to the extent practicable, shall only be located in the area in the store where tobacco products are sold and at the store entrance. In any event, tobacco signage shall not be placed adjacent to (within two feet of) candy, toys, or other products typically purchased by or for children. Notwithstanding the terms of Section V(B), Chevron may have up to one hundred and eighty (180) days after the Effective Date to implement this Section V(A)(8).

B. Implementation

Chevron voluntarily agrees to abide by this Assurance for implementation at all retail outlets it owns and operates. Chevron agrees to implement this Assurance at such outlets within one hundred and twenty (120) days following the Effective Date of this Assurance. Chevron will provide to employees who sell tobacco at company operated outlets a copy of the youth access to tobacco products policies adopted pursuant to this Assurance, within one hundred and twenty (120) days following the Effective Date of this Assurance, or upon hiring if that occurs thereafter. Chevron will provide a copy of such policies to new employees as part of Chevron's training program for newly hired company operated retail outlet employees. Chevron will also provide a copy of such policies to a person or persons designated by the Attorneys General within sixty (60) days of the Effective Date, and thereafter will provide, upon request, copies of any changes or modifications to such policies to such designee within thirty (30) days of the request.

C. Retail Outlets Not Owned and Operated by Chevron

The parties agree that the foregoing provisions of this Assurance apply to tobacco retailing policies, practices and procedures only at retail outlets owned and operated by Chevron. None of the foregoing provisions of this Assurance is intended to apply to Chevron or Texaco branded retail outlets that are owned or operated by Retailers, Marketers and Marketer Supplied Retailers. Chevron maintains that these are independent businesses and entrepreneurs who are solely responsible for compliance with laws and regulations applicable to their tobacco product sales. Nothing in this Assurance is intended to alter or affect in any way the legal status of such third parties or the rights or obligations between Chevron and any of its Retailers, Marketers and Marketer Supplied Retailers, including but not limited to any contractual, lease or indemnity relationships.

Within one hundred and twenty (120) days following the Effective Date of this Assurance, Chevron voluntarily agrees to take the following actions intended to reduce youth access to tobacco through Chevron and Texaco branded retail outlets that are not owned and operated by Chevron:

1. Provide to each Chevron and Texaco branded Retailer and Marketer written correspondence reminding them of the importance of preventing underage sales of tobacco products and the seriousness of complying with laws regarding youth access to tobacco, and noting that failure to comply with such laws could constitute grounds for termination or non-renewal of their right to operate under the Chevron or Texaco trademarks at the non-complying outlet. Thereafter, correspondence bearing the same message shall be sent once per year to each such Retailer and Marketer. In the case of correspondence to a Marketer, such correspondence shall also request the Marketer to provide similar correspondence to each Marketer Supplied Retailer supplied by such Marketer. The next versions of Chevron's Marketer Agreements will contain a provision requiring a Marketer to provide such correspondence to its Marketer Supplied Retailers annually. All correspondence referred to herein may be sent electronically.

2. Offer each Chevron and Texaco branded Retailer and Marketer the opportunity to engage, at its own expense, the independent entity retained by Chevron as described in Section III(B). The Attorneys General agree to extend the provisions of Section III(B)(5) to such Retailer or Marketer, and Chevron agrees not to use information from such compliance checks as the basis for discipline, termination, or non-renewal of such Retailer or Marketer.

3. In evaluating available legal options to terminate or non-renew its relationship with a Retailer or Marketer, Chevron will give appropriate consideration under the circumstances in its discretion to tobacco violations, if any, by the Retailer or Marketer.

4. At the time a Retailer or Marketer enters into a written contract or contract renewal authorizing the use of the Chevron or Texaco trademark for the sale of motor fuel ("Agreements"), Chevron agrees, to the extent permitted by law, including the federal Petroleum Marketing Practices Act, to incorporate a provision into the Agreements specifically requiring compliance with laws regarding youth access to tobacco products, expressly providing that violation(s) of such laws could constitute grounds for termination or non-renewal of the Agreements and, beginning with the next revision of the Agreements, a requirement that Chevron be notified within five (5) business days, in writing, of any notices of violation received by the Retailer or Marketer from local, state, or federal authorities concerning the sale of tobacco to minors.

VI. COSTS

Chevron agrees to voluntarily pay the total sum of $175,000 to such accounts and addresses as the Attorneys General may direct within sixty (60) days after the Effective Date. Such sum is to be divided by the States as they may agree, and is to be used by the individual states for attorneys fees or costs of investigation, or it shall be placed in or applied to consumer education, public protection, or local consumer aid funds, including for the implementation of programs designed to decrease possession and use of tobacco by minors, or for any other purpose authorized by state law at the sole discretion of each state's Attorney General or as required by law.

CHEVRON PRODUCTS COMPANY,
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