



U.S. Department of Justice

United States Attorney
Southern District of New York

*The Silvio J. Mollo Building
One Saint Andrew's Plaza
New York, New York 10007*

November 8, 2007

Charles M. Carberry, Esq.
Jones Day
222 East 41st Street
New York, New York 10017

Re: Chevron Corporation

Dear Mr. Carberry:

On the understandings specified below, neither the Office of the United States Attorney for the Southern District of New York ("SDNY") nor the New York County District Attorney's Office ("DANY") will criminally prosecute Chevron Corporation and its subsidiaries (collectively, "CHEVRON") for any crimes (except for criminal tax violations, as to which SDNY and DANY cannot and do not make any agreement) related to its purchases of Iraqi oil under the United Nations Oil-for-Food Program from in or about mid-2000 up to and including in or about March 2003, that involved the payment by third parties of secret illegal surcharges to the former Government of Iraq, including as set forth in Exhibit A, which is incorporated by reference herein.

In addition, on the understandings specified below, the Office of Foreign Assets Control ("OFAC") of the Department of the Treasury will not pursue civil penalties against CHEVRON for any violations of OFAC sanctions programs arising from the purchases described in the preceding paragraph.

Moreover, if CHEVRON fully complies with the understandings specified in this Agreement, no information provided by or on behalf of CHEVRON at the request of SDNY or DANY pursuant to this Agreement (or any other information directly or indirectly derived therefrom) will be used against CHEVRON in any criminal tax prosecution. This Agreement does not provide any protection against prosecution for any crimes or the imposition of any OFAC civil penalties except as set forth above, and applies only to CHEVRON and not to any other entities or any individuals except as set forth herein. CHEVRON expressly understands that the protections provided to CHEVRON by this Agreement shall not apply to any successor entities, whether the successor's interest arises through a merger or plan of reorganization, unless and until such successor formally adopts and executes this Agreement. The protections arising from this Agreement will not apply to any purchasers of all or substantially all of the assets of CHEVRON, unless such purchaser enters into a written agreement, on terms acceptable to SDNY and DANY, agreeing in substance to undertake all obligations set forth in this Agreement.

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It is understood that, in connection with any matter relating to CHEVRON's operations, finances, and corporate governance between 2001 and the date of the signing of this Agreement, CHEVRON: (a) shall truthfully and completely disclose all information with respect to the activities of CHEVRON, its officers and employees, and others concerning all matters about which SDNY and DANY inquire, which information can be used for any purpose, except as limited by the third paragraph of this Agreement; (b) shall cooperate fully with SDNY and DANY, the Federal Bureau of Investigation, OFAC, the Securities and Exchange Commission ("SEC"), and any other law enforcement agency designated by SDNY or DANY; (c) shall, at SDNY's or DANY's request, use its best efforts to assist SDNY or DANY in any prosecution or investigation arising out of the conduct described in the opening paragraph of this Agreement by providing logistical, technical, and accounting support for any meeting, interview, grand jury proceeding, or any trial or other court proceeding; (d) shall, at SDNY's or DANY's request, use its best efforts promptly to secure the attendance and truthful statements or testimony of any officer, agent or employee at any meeting or interview or before the grand jury or at any trial or other court proceeding; (e) shall use its best efforts promptly to provide to SDNY and DANY, upon request, any document, record, or other tangible evidence about which SDNY and DANY or any designated law enforcement agency inquires; and (f) shall bring to SDNY's and DANY's attention all criminal conduct by or criminal investigations of CHEVRON or its senior managerial employees that comes to the attention of CHEVRON's board of directors or senior management, as well as any administrative proceeding or civil action brought by any governmental authority that alleges fraud by or against CHEVRON. It is further understood that CHEVRON shall commit no crimes whatsoever and shall comply with all sanctions regulations administered by OFAC. Moreover, any assistance CHEVRON may provide to federal or state criminal investigators shall be pursuant to the specific instructions and control of SDNY and DANY and designated investigators. CHEVRON's obligations under this paragraph shall continue until the later of (1) a period of two years from the date of the signing of this Agreement or (2) the date upon which all prosecutions arising out of the conduct described in the opening paragraph of this Agreement (involving CHEVRON, its employees, or any others) are final.

It is understood that CHEVRON, pursuant to 18 U.S.C. § 981(a)(1)(C), agrees to forfeit to the United States USD \$20,000,000, representing the benefits provided to the former Government of Iraq as a result of CHEVRON's conduct referred to in the opening paragraph of this Agreement. CHEVRON must forfeit this property to the United States within thirty days of executing this Agreement. Such payment shall be made by a certified check payable to the United States Marshals Service. It is the intent of the United States Attorney's Office for the Southern District of New York to seek the transfer of \$20,000,000 of these funds to the Development Fund of Iraq (sanctioned on May 21, 2003, by United Nations Security Council Resolution 1483) to be used as restitution to the people of Iraq as the intended beneficiaries of the proceeds of the sale of all Iraqi oil made pursuant to the United Nations Oil-for-Food Program. CHEVRON agrees that, in the event that the United States files any civil actions seeking to forfeit the above-referenced property, CHEVRON will not file a claim with the Court or otherwise contest this civil forfeiture action and will not assist a third party in asserting any claim. It is further understood that CHEVRON will not file or assist anyone in filing a petition for remission or mitigation with the

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Department of Justice concerning this property.

In addition, CHEVRON agrees to pay USD \$5,000,000 to the New York County District Attorney's Office, to be distributed as the New York County District Attorney's Office shall deem appropriate. Payment shall be made, within thirty days of the date of this Agreement, by certified check, payable to the New York County District Attorney's Office.

In addition, CHEVRON agrees to pay USD \$2,000,000 in United States currency to OFAC in settlement of any civil penalties for violations of the Iraqi Sanctions Regulations (31 C.F.R. part 575) that might be applicable in light of CHEVRON's conduct referred to in the first and second paragraphs of this Agreement. CHEVRON must make this payment within thirty days of executing this Agreement. Such payment shall be made by electronic funds transfer or by a certified check payable to the United States Treasury.

It is understood that, should CHEVRON commit any crimes subsequent to the date of signing of this Agreement, or should it be determined that CHEVRON has given false, incomplete, or misleading testimony or information, or should CHEVRON otherwise violate any provision of this Agreement, CHEVRON shall thereafter be subject to prosecution for any federal and/or state violation of which SDNY or DANY have knowledge, including perjury and obstruction of justice. Any such prosecution that was not time-barred by the applicable statute of limitations on December 15, 2006, may be commenced against CHEVRON, notwithstanding the expiration of the statute of limitations between December 15, 2006 and the commencement of such prosecution or the imposition of such civil penalties. It is the intent of this Agreement to waive all defenses based on the statute of limitations with respect to any prosecution that was not time-barred on December 15, 2006.

It is also understood that, should CHEVRON commit any civil violation of OFAC sanctions subsequent to the date of signing of this Agreement, or should it be determined that CHEVRON has given false, incomplete, or misleading testimony or information, or should CHEVRON otherwise violate any provision of this Agreement, CHEVRON shall thereafter be subject to the imposition of OFAC civil penalties for any violation of OFAC sanctions programs of which OFAC has knowledge. Any such OFAC civil penalty that was not time-barred by the applicable statute of limitations on December 15, 2006 may be commenced against CHEVRON, notwithstanding the expiration of the statute of limitations between December 15, 2006, and the imposition of such civil penalties. It is the intent of this Agreement to waive all defenses based on the statute of limitations with respect to any OFAC civil penalty that was not time-barred on December 15, 2006. It is further understood that CHEVRON will maintain an internal compliance program to safeguard against violations of OFAC sanctions programs.

It is understood that CHEVRON accepts and acknowledges responsibility as set forth in Exhibit A, which is incorporated by reference herein. It is further understood that, should SDNY, DANY, or OFAC commence proceedings against CHEVRON as permitted under

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the terms of this Agreement, CHEVRON will neither contest the admissibility of nor contradict the substance of Exhibit A in any such proceeding.

It is understood that, if it is determined that CHEVRON has committed any crime after signing this Agreement, or has given false, incomplete, or misleading testimony or information, or has otherwise violated any provision of this Agreement, (a) all statements made by CHEVRON's representatives to SDNY, DANY, OFAC, the SEC, or other designated law enforcement agents, and any testimony given by CHEVRON or its representatives before a grand jury or other tribunal, whether prior to or subsequent to the signing of this Agreement, and any leads from such statements or testimony shall be admissible in evidence in any criminal proceeding brought against CHEVRON and may be relied upon as evidence to support any OFAC civil penalty imposed on CHEVRON; and (b) CHEVRON shall assert no claim under the United States Constitution, New York State Constitution, any statute, Rule 410 of the Federal Rules of Evidence, Rule 11(e)(6) of the Federal Rules of Criminal Procedure, New York State Criminal Procedure Law, New York State Civil Practice and Rules, or any other rule that such statements or any leads therefrom should be suppressed. It is the intent of this Agreement to waive all rights in the foregoing respects.

It is further understood that this Agreement does not bind any federal, state or local prosecuting authority other than SDNY, DANY, or OFAC. SDNY and DANY will, however, bring the cooperation of CHEVRON to the attention of other prosecuting and other investigative offices, if requested by CHEVRON.

It is further understood that CHEVRON, SDNY, DANY, and/or OFAC may disclose this Agreement to the public.

With respect to this matter, this Agreement supersedes all prior understandings, promises and/or conditions between SDNY and DANY and CHEVRON and between OFAC and CHEVRON, if any. No additional promises, agreements, and conditions have been entered into

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November 6, 2007

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other than those set forth in this letter and none will be entered into unless in writing and signed by all parties.

Very truly yours,

MICHAEL J. GARCIA
United States Attorney

By: Edward O'Callaghan
Edward O'Callaghan/Michael Farquhar
Assistant United States Attorneys
(212) 637-2634/1587

APPROVED:

Lev L. Dassin
Lev L. Dassin
Chief, Criminal Division
United States Attorney's Office, S.D.N.Y.

James M. Kindler
James Kindler
Chief Assistant District Attorney
New York County District Attorney's Office

Adam J. Szubin
Adam J. Szubin
Director, Office of Foreign Assets Control

AGREED AND CONSENTED TO:

Kari H. Endries
Kari H. Endries
Assistant Secretary, Chevron Corporation
Pursuant to Authority Conveyed by its Board of Directors

11/8/07
Date

APPROVED:

Charles M. Carberry
Charles M. Carberry, Esq.
Attorney for Chevron Corporation

11/8/07
Date

EXHIBIT A

In any criminal prosecution or regulatory action brought by the United States or the New York County District Attorney's Office, the following statement shall be admissible against Chevron Corporation and/or any of its subsidiaries (collectively, "CHEVRON"):

The United Nations Oil-for-Food Program permitted the former Government of Iraq to sell its oil under certain limited conditions — namely, that the proceeds of all sales of Iraqi oil were to be deposited into an escrow bank account monitored by the United Nations and used to purchase various humanitarian goods for the benefit of the Iraqi people. The former Government of Iraq began selling oil pursuant to the Oil-for-Food Program in or about December 1996.

Under the Oil-for-Food Program, the former Government of Iraq selected the companies and individuals who received the rights to purchase Iraqi oil (frequently referred to as "allocations" of oil). From in or about 2000, up to and including in or about March 2003, the former Iraqi Government demanded the payment of secret illegal surcharges on allocations of Iraqi oil. Oil market participants, including participants who purported to have close ties to officials of the Government of Iraq, informed representatives of CHEVRON at least in or about 2001 that surcharges were being demanded on Iraqi oil allocations in the Oil-for-Food Program.

From in or about April 2001, up through and including in or about May 2002, CHEVRON purchased Iraqi oil from third-party intermediaries and/or allocation holders. Although CHEVRON took certain steps designed to prevent the purchase from third parties of Iraqi oil on which illegal surcharges had been paid, such procedures proved inadequate. Moreover, the United States Government has represented that evidence at trial would prove that, on at least one occasion, a CHEVRON employee asked a seller of Iraqi oil if the seller could negotiate a lower surcharge payment to the former Government of Iraq in order to reduce CHEVRON's costs in a particular deal.

The United States Government has further represented to CHEVRON that records maintained by the former Government of Iraq and its agents demonstrate that, from April 17, 2001 until May 2002, CHEVRON purchased Iraqi oil for which third-party intermediaries and/or allocation holders paid approximately \$20 million in illegal surcharges to the former Government of Iraq. These surcharge payments were not deposited into the Oil-for-Food Program's escrow account, which was established to purchase humanitarian goods for the Iraqi people.