CAUSE NO. _____

IN THE MATTER OF THE STATE OF TEXAS	§	**IN THE DISTRICT COURT OF**
AND	§	**TRAVIS COUNTY, TEXAS**
VALERO RETAIL HOLDINGS, INC., AND VALERO MARKETING AND SUPPLY COMPANY	§	**_____ JUDICIAL DISTRICT**

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 later in 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 ("FDA"), 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, Valero Retail Holdings, Inc. ("VRH") and Valero Marketing and Supply Company ("VMSC") (collectively referred to herein as "Valero") believe that they are in full compliance with laws and regulations governing the sale of tobacco products;

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

THEREFORE, Valero 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, Colorado, Connecticut, Delaware, District of Columbia, Florida, Georgia, Hawaii, Idaho, Illinois, Iowa, Kansas, Kentucky, Louisiana, Maine, Maryland, Massachusetts, Michigan, Montana, Nebraska, Nevada, New Hampshire, New Jersey, New Mexico, Ohio, Oklahoma, Oregon, Pennsylvania, Tennessee, Texas, Utah, Vermont, Virginia, Washington, and Wyoming (collectively, "the Attorneys General")[2] on behalf of their respective states, commonwealths, or jurisdictions (collectively, "the States") and Valero.

2. This Assurance follows an analysis of the results of compliance checks conducted by state authorities under state statutes and federal law (42 U.S.C. § 300x-26(b)(2)) to enforce laws prohibiting sales of tobacco products to minors. Such data indicate that Retail Outlets and Wholesale Outlets, as those terms are defined in Paragraph 3, below, operating under the Valero, Beacon, Diamond, Shamrock, Ultramar, Corner Store, or Stop N Go trademarks made tobacco product sales to persons under the age of 18 in controlled compliance checks. The Attorneys General believe that such sales may violate the Consumer Protection statutes[3] of their respective States and/or other laws. Valero

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[1] With regard to Georgia and Virginia, this document will be titled an "Agreement." With regard to Tennessee, this Assurance is entered into in conjunction with the Tennessee Division of Consumer Affairs.

[2] For States in which Valero has no branded retail outlets as of the Effective Date of this Assurance, the Assurance shall apply if and when Valero brands, develops, or acquires such outlets in such states.

[3] § 13A-12-3, Code of Alabama (1975); Alaska Unfair Trade Practices and Consumer Protection Act, AS 45.50.471 et seq.; A.R.S. § 44-1521 et seq. (AZ); Arkansas Code Annotated 4-88-101 et seq.; Cal. Bus. & Prof. Code § 17200 et seq. (CA); Colorado Consumer Protection Act, §§ 6-1-101, et seq., C.R.S. (2005); Conn. Gen. Stat. § 42-110a et seq. (2009) (CT); Del. Code Ann. Tit. 6, §§ 2501-2536 (2005); District of Columbia Consumer Protection Procedures Act, D.C. Code § 28-3901 et seq. (2001) (DC); Fla. Stat. Ann. § 501.201 et seq. (West)(FL); O.C.G.A. § 45-15-3 (GA); Haw. Rev. Stat. § 481A-1 et seq. (HI); Idaho Code Section 48-601 et seq; Illinois Consumer Fraud and Deceptive Business Practices Act, 815 ILCS § 505/1 et seq.; Iowa Code § 714.16; Kan.Stat.Ann. 50-623, et seq. (KS); KRS 367.110-367.300 (KY); La. Rev. Stat. Ann. § 51:1401 (West)(LA); Title 5 Maine Revised Statutes § 203-A, and Title 5 Maine Revised Statutes §§ 205-A-214 (Maine Unfair Trade Practices Act); Maryland Annotated Code, Commercial Law Article, §§ 13-101 et seq.; Massachusetts Consumer Protection Act, M.G.L. c.93A; Michigan Consumer Protection Act, MCL 445.901 et seq.; Mont. Code Ann. § 30-14-101 et seq. (MT); Neb.Rev.Stat. § 87-301 et seq. (Reissue 2008) (NE); Nevada Revised Statutes Chapter 598; NH Rev.Stat.Ann. 358-A (1995 Michie Butterworth, and Supp. 2005 West) (NH); N.J.S.A. 56:8-1 et seq. (NJ); New Mexico Unfair Practices Act NMSA 1978, S 57-12-1 et seq (1967); R.C. 1345.01 et seq. (OH); 15 O.S. (2001) § 751 et seq. (OK); ORS 646.605, et seq. (OR); Unfair Trade Practices and Consumer Protection Law, 73 P.S. § 201-1 *et seq.* (PA); Tennessee Consumer Protection Act of 1977, Tenn. Code Ann. §§ 47-18-101 et seq.; Tex. Bus. & Com. Code Ann. § 17.41 et seq. (Vernon 2002 and Supp. 2005) (TX); Utah Code Ann. §§ 13-5-1 through 13-5-

believes that it sells tobacco products in full compliance with applicable laws and regulations.

3. Valero maintains as follows: VRH is a Delaware corporation having its principal place of business in San Antonio, Texas. VRH owns and/or operates, either itself or through its wholly owned affiliates, approximately 1,000 convenience store outlets in the states of Texas, California, New Mexico, Arizona, Colorado, Louisiana, Wyoming, and Oklahoma (the "Retail Outlets"). For purposes of this Agreement only, VRH is authorized to enter into this Assurance on behalf of its affiliated companies.

Pursuant to a branded supply agreement that is regulated by the Petroleum Marketing Practices Act ("Branded Supply Agreement"), VMSC sells branded motor fuel under a Valero owned or licensed trademark through approximately 3,916 outlets that are owned and/or operated by independent, third party businesses and entrepreneurs in the states of Arkansas, Arizona, California, Colorado, Connecticut, Delaware, Florida, Georgia, Iowa, Illinois, Indiana, Kansas, Kentucky, Louisiana, Massachusetts, Maryland, Maine, Michigan, Missouri, North Carolina, Nebraska, New Hampshire, New Jersey, New Mexico, New York, Ohio, Oklahoma, Pennsylvania, Rhode Island, South Carolina, South Dakota, Tennessee, Texas, Virginia, Vermont, Washington, West Virginia, and Wyoming (the "Wholesale Outlet(s)"). Few of these independent third parties are dealers who sell motor fuel to consumers at retail; rather, the vast majority function as wholesalers or jobbers who in turn sell to other independent retailers. Thus, each Branded Supply Agreement between VMSC and an independent third party may contain one or more Wholesale Outlet(s) that is granted permission to sell motor fuel under a Valero owned or licensed mark. Each independent third party is responsible for any communications and enforcements regarding any sublicensed dealer listed as a part of their Branded Supply Agreement. VMSC does not operate the Wholesale Outlets or their dealers. VMSC does not control whether or how these independent third parties choose to sell tobacco products at the Wholesale Outlets or their dealers.

4. VRH has expressed 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, Valero agrees to enter into this Assurance and to abide by the provisions set forth herein in connection with its Retail Outlets and its Wholesale Outlets (referred to at times collectively as the "Outlets") in each signatory State, including Outlets operating under the Valero, Beacon, Diamond, Shamrock, Ultramar, Corner Store, and Stop N Go trademarks. The undersigned 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

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18 & 13-11-1 through 13-11-23; Vermont Consumer Fraud Act, 9 V.S.A. § 2451 et seq.; Virginia Consumer Protection Act, Va. Code § 59.1-196 et seq.; Wash. Rev. Code Ann. § 19.86.100 (WA); Wyo. Stat. § 40-12-101 et seq. (WY).

retail sales over time. Any modifications to these provisions shall be by prior written agreement of Valero and the affected undersigned Attorneys General.

5. The undersigned Attorneys General, on behalf of their respective States, agree to release and hold harmless Valero and its 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 concern tobacco product sales occurring on or before the Effective Date 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 products at a particular retail location. Before seeking to enforce this Assurance, a signatory Attorney General shall contact Valero to attempt to resolve the State's concern.

6. This Assurance may be executed in counterparts. This Assurance shall not be effective or considered executed until May 1, 2010 (hereinafter, "Effective Date"), by which date the signatures of Valero and all of the Attorneys General of the States listed in Paragraph 1 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 products. Although tobacco products are not the only item to which youth access is restricted, the term "youth access" is used herein as a shorthand reference solely to age restrictions on tobacco products. The term "tobacco products" is intended to include cigarettes of all kinds (including bidis), little cigars, cigars, loose tobacco, chewing tobacco, and snuff, to the extent such substances are or in the future may be offered for sale at the Outlets.

I. PRACTICES FOR SALE OF TOBACCO PRODUCTS AT RETAIL OUTLETS

VRH agrees to implement the following hiring and training policies relating to youth access to tobacco products at all retail outlets it owns or operates in the States:

A. *Employee Hiring*

1. VRH shall not hire anyone under the age of 18 for positions that may involve selling tobacco products.

2. As part of the interview process, VRH shall inform all applicants for positions that may involve selling tobacco products, or may involve supervising anyone who sells tobacco products, of the importance of complying with the laws relating to youth access. The information

VRH provides shall include references to company policies, legal consequences, and health concerns associated with youth access.

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

4. Before he or she may assume job responsibilities that involve the sale of tobacco products, VRH shall inform each new hire 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) VRH monitors employee compliance with youth access laws and policies by checking security tapes periodically as part of VRH's ongoing general compliance policy, and in other ways; and (c) failure to comply with youth access laws and policies may constitute grounds for termination. VRH shall also provide the new hire this information in writing and shall require the employee to sign an acknowledgment that he/she has read and understands the information provided.

B. *Employee Training*

1. Before assuming any job duties that involve or may involve the sale of tobacco products, a VRH employee shall receive comprehensive training in the laws and company policies relating to youth access. VRH shall tailor the training for in-store personnel to those laws and company policies that are 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 be overseen by such 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 all VRH 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" clauses of this Assurance, and VRH's policies that restrict youth access;

d. A review of the range of tobacco products, and where applicable, smoking paraphernalia, sold by VRH, to which VRH's policies and/or youth access laws apply;

e. A review of the law and company policies and procedures regarding when identification is required, 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 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 legal 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 calculations; (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 them to a minor); (vi) declining to make a sale that appears to be a "third party" sale; (vii) declining to make a sale of smoking paraphernalia (if and where sold by VRH); (viii) resisting customer pressure and handling customer's abusive conduct; (ix) meeting special challenges associated with declining to sell tobacco products 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 demonstrations of the methods, techniques, and stock phrases (if any are employed) to be used in the situations described in the immediately 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 VRH's policies relating to youth access. VRH shall provide supplemental training to ensure that any weaknesses identified by such testing are remedied before tobacco product

responsibilities are assumed and shall retain test scores for each employee in accordance with its retention policies; and

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.

3. VRH 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, VRH's policies on youth access, and ways to attain better performance concerning sales of tobacco products to minors. VRH 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, VRH shall provide such employee with appropriate remedial attention as soon as practicable, and in any event, within thirty (30) days of VRH's receipt of notice of the triggering event.

II. SUPPORT TOOLS

VRH agrees to use the following support tools relating to youth access to tobacco products at all Retail Outlets it owns or operates in the States:

A. VRH 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. VRH will identify the Youth Access Designee to the person or persons designated by the Attorneys General within sixty (60) days of the Effective Date of this Assurance.

B. To the extent practicable, VRH 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. VRH agrees to post the statement "WE ID under 27" in the following locations: (i) a static cling sign attached to the front door, facing outward; and (ii) a 6" X 8" counter card, placed so as to be visible to customers or (iii) 2" X 3" register toppers. Where required by local statute or company policy, VRH may instead post a signage package with the same elements described in the previous sentence but with the message "We ID Everyone." VRH 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. VRH will also post any age of sale warning signs that are required by state laws.

D. Each employee with responsibility for selling tobacco products 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. VRH agrees to periodically 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 VRH to retain specific information identifying individual purchases, nor does it require VRH to use any particular device or system.

F. VRH agrees to provide a web-based communications site, which will include: (i) training materials related to Section I.B and any updates to those materials; and (ii) periodic information regarding youth access prevention resources, including but not limited to continuing training opportunities and messages reminding stores of the importance of complying with youth access laws.

III. SELF-MONITORING MEASURES

VRH agrees to implement the following self-monitoring measures relating to youth access to tobacco products at all Retail Outlets it owns or operates in the States:

A. *Supervision and Accountability of Employees*

1. VRH agrees to instruct each store manager and assistant store manager immediately 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 company 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 or 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 VRH'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 VRH employee 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 VRH's business practices, VRH will give such compliance or non-compliance consideration in connection with his or her compensation, promotion, and retention (as applicable). This paragraph applies to all employees and contractors whose duties include hiring, retention, training, and/or supervision of employees or contractors with responsibilities relating to youth access.

B. *Compliance Checks/Mystery Shops*

VRH agrees to arrange for an independent entity to perform at least two compliance checks/mystery shops every six (6) months at each of 250 of its Retail Outlets that sell tobacco products in the States. In the event that a Retail 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 Retail 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 purposes 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 VRH 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, VRH 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 remedial training provided for in paragraph I.B.4, above. 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.

5. The undersigned 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 this section.

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

C. *Videotapes*

In all Retail Outlets that have one or more security cameras designed and placed to videotape transactions at the cash register, VRH agrees to adopt the following policies and procedures:

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

2. If a Retail Outlet receives a reported violation of youth access laws from a governmental authority, when appropriate and practicable supervisory personnel shall periodically review portions of the tapes to monitor compliance with youth access laws and company policies on the part of each employee who sells tobacco products at that Retail Outlet.

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 reveals an apparent violation of youth access policies and if VRH intends to retain the employee, VRH will inform the employee of the consequences of the violation and any subsequent violations, will provide such employee appropriate remedial attention, and will inform the employee that he or she may be the subject of additional reviews in the future.

5. VRH shall display a sign at the front of the stores that states: "All In-Store Activities Are Being Monitored by Closed Circuit Television & Audio Recording."

IV. VENDOR-ASSISTED SALES

VRH agrees to implement the following vendor-assisted sales practices relating to youth access to tobacco products at all Retail Outlets it owns or operates in the States:

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

B. VRH agrees not to use vending machines to sell tobacco products at any Retail Outlets that it owns or operates.

V. OTHER TOBACCO PRODUCT POLICIES

A. *Written Employee Policies*

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

1. A policy requiring that no one under the legal age for purchasing tobacco products be permitted to purchase smoking paraphernalia, including but not limited to lighters, matches, cigarette papers, and pipes.

2. A policy that youth access to tobacco products will be given no less stringent treatment than that of underage access to alcohol in employee training, 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 tobacco products.

6. A policy requiring that an I.D. be checked in connection with tobacco product purchases and tobacco product paraphernalia purchases by persons under age 27.

7. Unless otherwise required by law, a policy that only the following forms of photo-identification are acceptable for purposes of establishing legal age to purchase tobacco products: (a) a driver's license; (b) a state-issued photo identification card; (c) a U.S. passport; (d) a military identification card; or (e) a U.S. immigration card. Unless otherwise required by law, VRH 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 product 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, VRH may have up to one hundred and eighty (180) days after the Effective Date of this Assurance to implement this Section V.A.8.

B. *Implementation*

VRH voluntarily agrees to abide by this Assurance for implementation at all Retail Outlets it owns or operates in the States. VRH agrees to implement this Assurance at such outlets within one hundred and twenty (120) days following the Effective Date of this Assurance. Valero will provide to employees who sell tobacco products at company operated outlets a copy of the youth access policies adopted pursuant to this Assurance within one hundred and twenty (120) days

following the Effective Date of this Assurance or upon hiring that occurs thereafter. Valero will provide a copy of such policies to new employees as part of Valero's training program for newly hired company operated Retail Outlet employees. Valero 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.

VI. RETAIL OUTLETS NOT OWNED OR OPERATED BY VALERO

Valero maintains that VMSC supplies fuel to the Wholesale Outlets which have been granted permission to use a Valero owned or licensed mark pursuant to Branded Supply Agreements between VMSC and independent third parties and that VMSC has no control over the tobacco product retailing practices or policies of these third parties. None of the foregoing provisions of this Assurance are intended to apply to the Wholesale Outlets operating under their Branded Supply Agreements with VMSC. Nothing in this Assurance is intended to alter or affect in any way the status of such third parties as independent contractors of VMSC, or the rights or obligations between VMSC and any of its Wholesale Outlets, including but not limited to any contractual or lease or indemnity relationships.

Within one hundred twenty (120) days following the Effective Date of this Assurance, VMSC voluntarily agrees to take the following actions intended to reduce youth access to tobacco products at the Wholesale Outlets operating under their Branded Supply Agreements with VMSC:

A. Provide the Wholesale Outlets operating under their Branded Supply Agreements with VMSC written correspondence (which may be sent electronically or placed on VMSC's web-based communications site) reminding them of the importance of preventing underage sales of tobacco products and the seriousness of complying with laws regarding youth access to tobacco products and noting that failure to comply with such laws could constitute grounds for termination or non-renewal of their right to operate under the Valero owned trademarks at the non-complying Wholesale Outlet location. This correspondence shall include a reference to sources where the operator of the Wholesale Outlet can find tobacco product training materials and shall request that VMSC be notified within five (5) business days, in writing or electronically, of any notices of violation received by the operator from local, state, or federal authorities concerning the sale of tobacco products to minors. Thereafter, correspondence bearing the same message shall be sent once per year by VMSC to the Wholesale Outlets with a Branded Supply Agreement or the supplier of the Wholesale Outlets with which VMSC has a Branded Supply Agreement.

B. Offer each Wholesale Outlet the opportunity to participate in a tobacco product compliance program as described in Section III.B, above, provided the Wholesale Outlet pay the reasonable cost of its participation. The Attorneys General agree to extend the provisions of Section III.B.5 to compliance checks at such Wholesale Outlets.

C. In evaluating legal options to terminate or non-renew an independent third-party operator's or supplier's Branded Supply Agreement to operate outlets or to distribute or sell fuel under Valero's trademarks, VMSC shall give appropriate consideration under the circumstances and applicable law in its discretion to youth access to tobacco product violations, if any, by the operator or supplier.

D. At the time an independent third party enters into a written contract or contract renewal with VMSC to operate a Wholesale Outlet, VMSC agrees, to the extent permitted by law, including the PMPA, and beginning with the next revision of VMSC's Branded Supply Agreement, to incorporate provisions into the contract: (i) specifically requiring compliance with laws regarding youth access to tobacco products, and (ii) requiring that VMSC be notified within five (5) business days, in writing or electronically, of any notices of violation received by the operator from local, state, or federal authorities concerning the sale of tobacco products to minors.

VII. COSTS

Valero agrees to voluntarily pay the total sum of $100,000 to such accounts and addresses as the Attorneys General may direct within sixty (60) days after the Effective Date of this Assurance. 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 products 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.

DATED: _____, 2010

VALERO RETAIL HOLDINGS, INC., a Delaware corporation

By _____
Gary L. Arthur, Jr., Chief Executive Officer and President

discretion to youth access to tobacco product violations, if any, by the operator or supplier.

D. At the time an independent third party enters into a written contract or contract renewal with VMSC to operate a Wholesale Outlet, VMSC agrees, to the extent permitted by law, including the PMPA, and beginning with the next revision of VMSC's Branded Supply Agreement, to incorporate provisions into the contract: (i) specifically requiring compliance with laws regarding youth access to tobacco products, and (ii) requiring that VMSC be notified within five (5) business days, in writing or electronically, of any notices of violation received by the operator from local, state, or federal authorities concerning the sale of tobacco products to minors.

VII. COSTS

Valero agrees to voluntarily pay the total sum of $100,000 to such accounts and addresses as the Attorneys General may direct within sixty (60) days after the Effective Date of this Assurance. 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 products 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.

DATED: 4-1, 2010

VALERO RETAIL HOLDINGS, INC., a Delaware corporation

By _____ CP#
Gary L. Arthur, Jr., Chief Executive Officer and President

VALERO MARKETING and SUPPLY COMPANY, a Delaware corporation

By _____
Joseph W. Gorder, Executive Vice President

In The Matter of the State of Texas and Valero Retail Holdings, Inc., and Valero Marketing and Supply Company

GREG ABBOTT
Attorney General of Texas

C. ANDREW WEBER
First Assistant Attorney General

DAVID S. MORALES
Deputy First Assistant Attorney General for Litigation

PAUL D. CARMONA
Chief, Consumer Protection Division
& Public Health Division

D. ESTHER CHAVEZ
State Bar No. 04162200
Consumer Protection & Public Health Division
P.O. Box 12548
Austin, Texas 78711-2548
Telephone: (512) 475-4628
Facsimile: (512) 473-8301

Date: March 29, 2010

EDMUND G. BROWN JR.
Attorney General
State of California

MARTHA COAKLEY
Attorney General
State of Massachusetts

TROY KING
Attorney General
State of Alabama

TERRY GODDARD
Attorney General
State of Arizona

JOHN SUTHERS
Attorney General
State of Colorado

JOSEPH R. BIDEN III
Attorney General
State of Delaware

BILL MCCOLLUM
Attorney General
State of Florida

MARK J. BENNETT
Attorney General
State of Hawaii

LISA MADIGAN
Attorney General
State of Illinois

JACK CONWAY
Attorney General
State of Kentucky

JANET T. MILLS
Attorney General
State of Maine

STEVE SIX
Attorney General
State of Kansas

W.A. "DREW" EDMONDSON
Attorney General
State of Oklahoma

DANIEL S. SULLIVAN
Attorney General
State of Alaska

DUSTIN MCDANIEL
Attorney General
State of Arkansas

RICHARD BLUMENTHAL
Attorney General
State of Connecticut

PETER J. NICKLES
Attorney General
District of Columbia

THURBERT E. BAKER
Attorney General
State of Georgia

LAWRENCE WASDEN
Attorney General
State of Idaho

TOM MILLER
Attorney General
State of Iowa

JAMES D. CALDWELL
Attorney General
State of Louisiana

DOUGLAS F. GANSLER
Attorney General
State of Maryland

MICHAEL COX
Attorney General
State of Michigan

JON BRUNING
Attorney General
State of Nebraska

MICHAEL DELANEY
Attorney General
State of New Hampshire

GARY KING
Attorney General
State of New Mexico

JOHN KROGER
Attorney General
State of Oregon

ROBERT E. COOPER, JR.
Attorney General
State of Tennessee

MARK SHURTLEFF
Attorney General
State of Utah

KEN CUCCINELLI
Attorney General
State of Virginia

BRUCE A. SALZBURG
Attorney General
State of Wyoming

STEVE BULLOCK
Attorney General
State of Montana

CATHERINE CORTEZ MASTO
Attorney General
State of Nevada

PAULA DOW
Attorney General
State of New Jersey

RICHARD CORDRAY
Attorney General
State of Ohio

TOM CORBETT
Attorney General
State of Pennsylvania

GREG ABBOTT
Attorney General
State of Texas

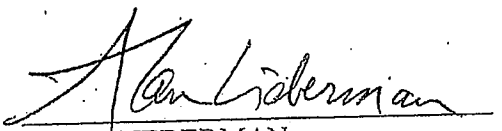
WILLIAM H. SORRELL
Attorney General
State of Vermont

ROB MCKENNA
Attorney General
State of Washington

In the Matter of
VALERO RETAIL HOLDINGS, INC., and VALERO MARKETING and SUPPLY COMPANY

Dated: MARCH 23, 2010

EDMUND G. BROWN JR.
Attorney General of the State of California



ALAN LIEBERMAN
Deputy Attorney General
Office of the Attorney General
1300 I Street
Sacramento, California 95814

In the Matter of
VALERO RETAIL HOLDINGS, INC., and VALERO MARKETING and SUPPLY COMPANY

Dated: MARCH 19, 2010

OFFICE OF THE KANSAS ATTORNEY GENERAL STEVE SIX

Emily Haack
Assistant Attorney General
Tobacco Enforcement Unit

In the Matter of
VALERO RETAIL HOLDINGS, INC., and VALERO MARKETING and SUPPLY COMPANY

Dated: MARCH 19, 2010

MARTHA COAKLEY
Attorney General of the
Commonwealth of Massachusetts

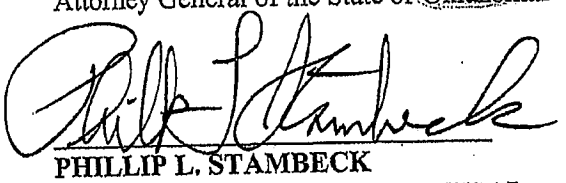
Elizabeth J. Koenig
Assistant Attorney General
Office of the Attorney General
One Ashburton Place
Boston, MA 02108

In the Matter of :

VALERO RETAIL HOLDINGS, INC., and VALERO MARKETING and SUPPLY COMPANY

Dated: MARCH 18, 2010

W.A. "DREW" EDMONDSON
Attorney General of the State of Oklahoma



PHILLIP L. STAMBECK
ASSISTANT ATTORNEY GENERAL
313 N.E. 21st Street
Oklahoma City, OK 73105
(405) 522-3080 Fax: (405) 522-4534
phil.stambeck@oag.ok.gov

VALERO RETAIL HOLDINGS, INC., SIGN-ON

The State of Alabama agrees to participate in the proposed Assurance of Voluntary Compliance and agrees to the monetary distribution proposed by the Executive Committee.

Counsel for Plaintiff:

Troy King
Alabama Attorney General

L. Daniel Morris, Jr.
Chief Deputy Attorney General

Date: 3/29/2010

In the Matter of
VALERO RETAIL HOLDINGS, INC., and VALERO MARKETING and SUPPLY COMPANY

Dated: MARCH 26, 2010

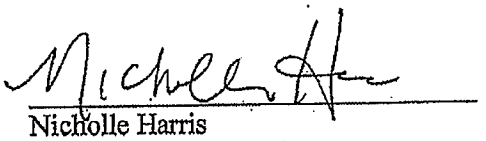
DANIEL S. SULLIVAN
Attorney General of the State of Alaska

Cynthia C. Drinkwater
Assistant Attorney General
Alaska Attorney General's Office
1031 W. 4th Avenue, Suite 200
Anchorage, AK 99501

In the Matter of
VALERO RETAIL HOLDINGS, INC., and VALERO MARKETING and SUPPLY COMPANY

Dated: MARCH 18, 2010

Terry Goddard
Attorney General of the State of Arizona



Nicholle Harris
Assistant Attorney General
Office of the Attorney General
1275 West Washington
Phoenix, Arizona 85007

IN THE MATTER OF VALERO RETAIL HOLDINGS, INC., and VALERO MARKETING & SUPPLY COMPANY

Dated: March 18, 2010

DUSTIN McDANIEL
Attorney General of the State of Arkansas

By: _____

Eric B. Estes, Ark. Bar No. 98210
Senior Assistant Attorney General
Office of the Arkansas Attorney General
323 Center Street, Suite 200
Little Rock, Arkansas 72201

In the Matter of
Valero Retail Holdings, Inc., and Valero Marketing and Supply Company

Dated: March 26, 2010

JOHN W. SUTHERS
Attorney General of the State of Colorado

BRIAN L. LAUGHLIN
Assistant Attorney General
Office of the Colorado Attorney General
1525 Sherman Street, Seventh Floor
Denver, Colorado 80203

In the Matter of
VALERO RETAIL HOLDINGS, INC., and VALERO MARKETING and SUPPLY COMPANY

Dated: MARCH 26, 2010

RICHARD BLUMENTHAL
Attorney General of the State of Connecticut

JERRY FARRELL, JR.
Commissioner of Consumer Protection
State of Connecticut

HEATHER J. WILSON
Assistant Attorney General
Office of the Attorney General
55 Elm Street, P.O. Box 120
Hartford, CT 06141-0120

In the Matter of
VALERO RETAIL HOLDINGS, INC., and VALERO MARKETING and SUPPLY COMPANY

Dated: MARCH 26, 2010

JOSEPH R. BIDEN, III
Attorney General of the State of Delaware

Thomas E. Brown
Deputy Attorney General
Del. Department of Justice
820 North French Street
Wilmington, DE 19801

In the Matter of
VALERO RETAIL HOLDINGS, INC., and VALERO MARKETING and SUPPLY COMPANY

Dated: MARCH 23, 2010

BILL McCOLLUM
Attorney General of the State of Florida

Pat A Conners

PATRICIA A. CONNERS
Associate Deputy Attorney General
JAMES A. PETERS
Special Counsel
Office of the Attorney General
PL-01, The Capitol
Tallahassee, FL 32399-1050

In the Matter of: Valero Retail Holdings, Inc., and
Valero Marketing & Supply Company

STATE OF GEORGIA

THURBERT E. BAKER
Georgia Bar No. 033887
Attorney General

ISAAC BYRD
Georgia Bar No. 101150
Deputy Attorney General

SIDNEY R. BARRETT, JR.
Senior Assistant Attorney General
Georgia Bar No. 039752

March 30, 2010

In the Matter of
VALERO RETAIL HOLDINGS, INC., and VALERO MARKETING and SUPPLY COMPANY

Dated: MAR 25 2010

MARK J. BENNETT
Attorney General of the State of Hawaii

Alex R. Barrett

ALEX R. BARRETT
Deputy Attorney General
Department of the Attorney General
425 Queen Street
Honolulu, Hawaii 96813

In the Matter of
VALERO RETAIL HOLDINGS, INC., and VALERO MARKETING and SUPPLY COMPANY

Dated: MARCH 18, 2010

LAWRENCE G. WASDEN
ATTORNEY GENERAL
STATE OF IDAHO

BRETT T. DeLANGE
Deputy Attorney General
Consumer Protection Division
Office of the Attorney General
954 West Jefferson, 2nd Floor
P.O. Box 83720
Boise, Idaho 83720-0010
Telephone: (208) 334-4115
Facsimile: (208) 334-4151
Email: brett.delange@ag.idaho.gov

In the Matter of
VALERO RETAIL HOLDINGS, INC., and VALERO MARKETING and SUPPLY COMPANY

Dated: MARCH 30, 2010

LISA MADIGAN
Attorney General of the State of Illinois

Elizabeth Blackston

ELIZABETH BLACKSTON
Assistant Attorney General
Office of the Illinois Attorney General
500 South Second Street
Springfield, Illinois 62706

In the Matter of

VALERO RETAIL HOLDINGS, INC., AND
VALERO MARKETING AND SUPPLY COMPANY

Dated: March 29, 2010

TOM MILLER
Attorney General of the State of Iowa

STEVE ST. CLAIR
Assistant Attorney General
Office of the Iowa Attorney General
1305 E. Walnut
Des Moines, Iowa 50319

In the Matter of
VALERO RETAIL HOLDINGS, INC., and VALERO MARKETING and SUPPLY COMPANY

Dated: MARCH 22, 2010

JACK CONWAY
Attorney General of the
Commonwealth of Kentucky

Michael Plumley

Michael Plumley
Assistant Attorney General
Office of the Attorney General
700 Capital Avenue, Suite 118
Frankfort, KY40601

In the Matter of
VALERO RETAIL HOLDINGS, INC., and VALERO MARKETING and SUPPLY COMPANY

Dated: MARCH 26, 2010

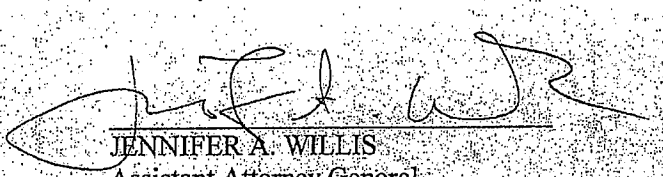
JAMES D. "BUDDY" CALDWELL
Attorney General of the State of Louisiana

SANETTRIA GLASPER PLEASANT
Assistant Attorney General
Director, Public Protection Division
Office of the Louisiana Attorney General
1885 North Third Street
Baton Rouge, Louisiana 70802

In the Matter of
VALERO RETAIL HOLDINGS, INC., and VALERO MARKETING and SUPPLY COMPANY

Dated: MARCH 25, 2010

JANET T. MILLS
Attorney General of the State of Maine



JENNIFER A. WILLIS
Assistant Attorney General
Maine Bar No. 9896
Office of the Attorney General
6 State House Station
Augusta, Maine 04333-0006

In the Matter of
VALERO RETAIL HOLDINGS, INC., and
VALERO MARKETING and SUPPLY COMPANY

Dated: MARCH 26, 2010

DOUGLAS F. GANSLER
Attorney General of the State of Maryland

MARLENE TRESTMAN
Special Assistant to the Attorney General
200 St. Paul Place – 20th Floor
Baltimore, Maryland 21202
410.576.7219
mtrestman@oag.state.md.us

In the Matter of
VALERO RETAIL HOLDINGS, INC., and VALERO MARKETING and SUPPLY COMPANY

Dated: March 23, 2010

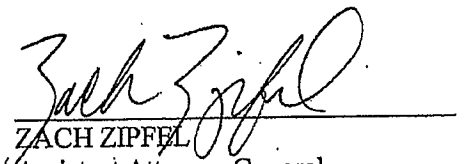
Michael A. Cox.
Attorney General of the State of Michigan

Brian D. Devlin
Assistant Attorney General
Environment, Natural Resources,
and Agriculture Division
525 W. Ottawa
P. O. Box 30755
Lansing, MI 48909

In the Matter of
VALERO RETAIL HOLDINGS, INC., and VALERO MARKETING and SUPPLY COMPANY

Dated: MARCH 23, 2010

STEVE BULLOCK
Attorney General of the State of Montana



ZACH ZIPFEL
Assistant Attorney General
Office of the Attorney General
215 N. Sanders
Helena, MT 59620

In the Matter of
VALERO RETAIL HOLDINGS, INC., and VALERO MARKETING and SUPPLY COMPANY

Dated: MARCH 18, 2010

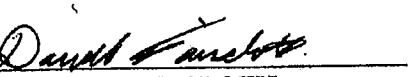
JON BRUNING
Attorney General of the State of Nebraska

DAVID COOKSON
Deputy Attorney General
Office of the Attorney General
2115 State Capitol
Lincoln, Nebraska 68509

In the Matter of
VALERO RETAIL HOLDINGS, INC., and VALERO MARKETING and SUPPLY COMPANY

Dated: MARCH 18, 2010

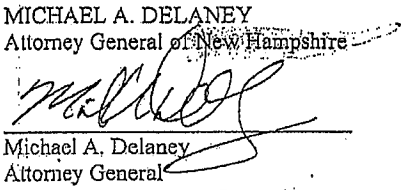
CATHERINE CORTEZ MASTO
Attorney General of the State of Nevada

By: 
DARRELL FAIRCLOTH
Senior Deputy Attorney General

In the Matter of
VALERO RETAIL HOLDINGS, INC., and VALERO MARKETING and SUPPLY COMPANY

Dated: March 26, 2010

MICHAEL A. DELANEY
Attorney General of New Hampshire



Michael A. Delaney
Attorney General
Office of the Attorney General
33 Capitol Street
Concord, New Hampshire 03301

In the Matter of
VALERO RETAIL HOLDINGS, INC., and VALERO MARKETING and SUPPLY COMPANY

Dated: April 1, 2010

PAULA T. DOW
Attorney General of the State of New Jersey

Patricia A. Schiripo

Patricia A. Schiripo
Deputy Attorney General
Assistant Chief, Consumer Fraud Prosecution
124 Halsey Street, 5th Floor
PO Box 45029
Newark, New Jersey 07101

In the Matter of
VALERO RETAIL HOLDINGS, INC., and VALERO MARKETING and SUPPLY COMPANY

Dated: MARCH 19, 2010

Gary K. King
Attorney General of the State of New Mexico

Lawrence Otero

Lawrence Otero
Assistant Attorney General
Office of the Attorney General
P.O. Drawer 1508
Santa Fe, New Mexico 87504

In the Matter of
VALERO RETAIL HOLDINGS, INC., and VALERO MARKETING and SUPPLY COMPANY

Dated: MARCH 24, 2010

Richard Cordray
Ohio Attorney General

SUSAN C. WALKER
Chief
Tobacco Enforcement Section
Ohio Attorney General Richard Cordray
30 E. Broad Street, 16th Floor
Columbus, Ohio 43215

In the Matter of
VALERO RETAIL HOLDINGS, INC., and VALERO MARKETING and SUPPLY COMPANY

Dated: MARCH 23, 2010

JOHN R. KROGER
Attorney General of the State of Oregon

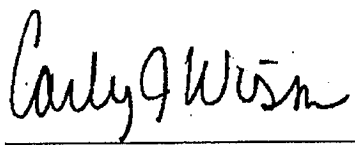
Janelle F Wipper OSB #962754
Sr. Assistant Attorney General
Financial Fraud/Consumer Protection Section
Department of Justice
Of Attorneys for Plaintiff
1162 Court Street NE
Salem, OR 97301-4096
Phone: (503) 934-4400
Fax: (503) 378-5017
Email: janelle.f.wipper@doj.state.or.us

JUSTICE-#1959363-v1

In the Matter of
VALERO RETAIL HOLDINGS, INC., and VALERO MARKETING and SUPPLY COMPANY

Dated: March 25, 2010

THOMAS W. CORBETT, JR.
Attorney General of the Commonwealth of Pennsylvania



CARLY J. WISMER
Deputy Attorney General
Tobacco Enforcement Section
15th Floor, Strawberry Square
Harrisburg, PA 17120

In the Matter of Valero Retail Holdings, Inc. ("VRH") and Valero Marketing and Supply Company

Date: March 26, 2010

FOR THE TENNESSEE ATTORNEY GENERAL'S OFFICE:

By:

ROBERT E. COOPER, JR.
Attorney General and Reporter

(1673)
CYNTHIA E. KINSER (MILLS)
Deputy Attorney General

ANNE D. SIMMONS
Assistant Attorney General
State of Tennessee
Office of the Attorney General
Consumer Advocate & Protection Division
Post Office Box 20207
Nashville, TN 37202-0207
Telephone: (615) 741-2935
Facsimile: (615) 532-2910

In the Matter of
VALERO RETAIL HOLDINGS, INC., and VALERO MARKETING and SUPPLY COMPANY

Dated: MARCH 22, 2010

MARK L. SHURTLEFF
Attorney General of the State of Utah

JOHN SWALLOW
Chief Civil Deputy Attorney General
Office of the Attorney General
Utah State Capitol Complex, Suite 230
350 North State Street
Salt Lake City, Utah 84114-2320

In the Matter of
VALERO RETAIL HOLDINGS, INC., and VALERO MARKETING and SUPPLY COMPANY

Dated: MARCH 25, 2010

William H. Sorrell
Attorney General of the State of Vermont

By: _____

Helen Wagner
Assistant Attorney General
Office of the Attorney General
109 State Street
Montpelier, VT 05609-1001

In the Matter of:

VALERO RETAIL HOLDINGS, INC.

and

VALERO MARKETING AND SUPPLY COMPANY

Dated: MARCH 30, 2010

KENNETH T. CUCCINELLI, II
Attorney General of the
Commonwealth of Virginia

DAVID B. IRVIN
Senior Assistant Attorney General
Antitrust and Consumer Litigation Section
Office of Attorney General
900 East Main Street
Richmond, Virginia 23219
(804) 786-4047

In the Matter of
VALERO RETAIL HOLDINGS, INC., and VALERO MARKETING and SUPPLY COMPANY

Dated: MARCH 18, 2010

ROBERT M. MCKENNA
Attorney General of the State of Washington

ROBERT J. FALLIS
Assistant Attorney General
Office of the Attorney General
800 5th Avenue
Suite 2000, TB-14
Seattle, Washington 98104-3188

In the Matter of
VALERO RETAIL HOLDINGS, INC., and VALERO MARKETING and SUPPLY COMPANY

Dated: March 30, 2010

PETER J. NICKLES
Attorney General for the District of Columbia

GEORGE VALENTINE
Deputy Attorney General
Civil Litigation Division

BENNETT RUSHKOFF
Chief, Public Advocacy Section

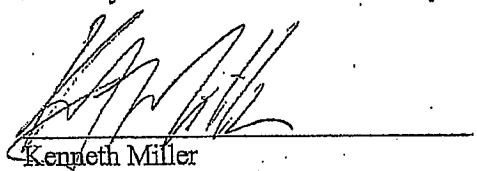
GRANT G. MOY, JR.
Assistant Attorney General
Office of the Attorney General
441 Fourth Street, N.W., Suite 650 North
Washington, D.C. 20001
(202) 727-6337

Attorneys for the District of Columbia

In the Matter of
VALERO RETAIL HOLDINGS, INC., and VALERO MARKETING and SUPPLY COMPANY

Dated: MARCH 30, 2010

BRUCE A. SALZBURG
Attorney General of the State of Wyoming



Kenneth Miller
Senior Assistant Attorney General
Office of the Attorney General
123 Capitol Avenue
Cheyenne, WY 82002