DEPARTMENT OF THE ATTORNEY GENERAL

News Release

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Anzai Announces Agreement Allowing Chevron-Texaco Merger to Proceed

Divestitures required to prevent anti-competitive effects. HONOLULU - Hawaii Attorney General Earl I. Anzai today announced that Hawaii, along with 11 other states and the Federal Trade Commission, reached an agreement with Chevron Corporation and Texaco Inc. thereby allowing the two companies to merge.

The agreement was reached after the companies made several concessions, including an agreement by Texaco to divest all of its U.S. downstream retail and wholesale gasoline assets to alleviate antitrust concerns expressed by the States and the FTC."We believe this divestiture addresses the potential anti-competitive effects of the merger between these two powerful oil companies," Attorney General Anzai said.

State antitrust enforcers initially were concerned that the merger would provide the new entity, known as the ChevronTexaco Corporation, with too much market power, which could lead to reduced competition in the marketplace and higher consumer prices for gasoline. "Because of the concessions that have been made, we feel affirmative steps have been taken to address the potential anti-competitive effects of this merger on the retail and wholesale gasoline markets in Hawaii," said Anzai. "We believe the agreement affords Hawaii consumers a measure of protection."

Under the terms of the agreement, Texaco must divest itself of all interest in Equilon and must also relinquish its right to use the Texaco brand name through 2003. One possible purchaser of the interest is Shell. If Shell does not purchase Texaco's interest in Equilon, the assets will be placed in an irrevocable trust until a sale can be arranged to a buyer that is acceptable to state and federal officials.