

CONFIDENTIAL

MEMORANDUM OF AGREEMENT

BETWEEN

CHEVRON U.S.A. Inc.

AND

**UNITED STEEL, PAPER AND FORESTRY, RUBBER, MANUFACTURING, ENERGY, ALLIED-
INDUSTRIAL AND SERVICE WORKERS INTERNATIONAL UNION**

LAST, BEST, AND FINAL SETTLEMENT OFFER

This will confirm the agreement between the San Joaquin Valley Business Unit ("the Company") and the United Steel, Paper and Forestry, Rubber, Manufacturing, Energy, Allied-Industrial and Service Workers International Union (United Steel Workers) (to be known in short as United Steel Workers and with the acronym USW), on behalf of its Locals 12-219 and 12-6 ("the Union") for amended Articles of Agreement.

This Agreement is contingent upon ratification by the Union membership by 12:01 a.m., February 16, 2012. To the degree that these changes require ratification by the membership, the Company and the Union agree that the Union Committee will recommend ratification of this package of changes to the membership. If the Union membership ratifies the amended Articles of Agreement by 12:01 a.m., February 16, 2012, said Articles of Agreement are to be effective beginning February 1, 2012 through January 31, 2015 as provided herein.

Should the membership fail to ratify the amended Articles of Agreement by 12:01 a.m., February 16, 2012, each party is required to give notice consistent with the contract extension as agreed to on January 31, 2012, before taking strike or lockout actions. The amended Articles of Agreement shall incorporate the provisions of the Articles of Agreement in effect on January 31, 2012, except as amended hereto where the parties agree as follows:

TERM OF AGREEMENT

February 1, 2012 through January 31, 2015.

WAGES

Effective February 1, 2012, all hourly wage rates will be increased 2.5% rounded to the nearest cent.

Effective February 1, 2013, all hourly wage rates will be increased 3.0% rounded to the nearest cent.

Effective February 1, 2014, all hourly wage rates will be increased 3.0% rounded to the nearest cent.

HEALTH CARE

The Company renews and extends its current commitments that the Company's contributions toward premiums for the Chevron Medical Plan Option 2 for active employees will be based on an employer contribution rate of 80% of the premium and an employee contribution rate of 20% of the premium. The Company's contributions toward premiums for approved alternate company sponsored medical plan options for active employees will be based on an 80% contribution, but in no case will it exceed its monthly contribution to the Chevron Medical Plan Option 2.

NO RETROGRESSION

The Company agrees to renew the letter agreements on layoff notice, plant closure, rate retention, national health insurance, health and safety, successorship, and job security where such letter agreements exist.

ALL OF THE ATTACHED TENTATIVE AGREEMENTS ON LOCAL ISSUES AND ASSOCIATED ATTACHMENTS

THIS TENTATIVE AGREEMENT CONSTITUTES A SETTLEMENT OF ALL OUTSTANDING ISSUES BETWEEN THE PARTIES SUBJECT TO RATIFICATION.

FOR THE COMPANY,

Scot Wilcox

NAME

SA Wilcox

SIGNATURE

HR Manager

TITLE

2-7-2012

FOR THE UNION,

Bill Locke

NAME

Bill Locke

SIGNATURE

STAFF Rep.

TITLE

2-7-2012

DATE

DATE

Operator Cogen shall be required to complete the formal training requirements for the Head Operator Cogen job and have demonstrated ability as a Head Operator Cogen within six months (180 days) from date of permanent assignment to Operator Cogen. Eliminate all references to Appendix D in contract.

Tentative Agreements

Company Proposal #2 - Advancement to Operator in the Plants

Operator Cogen shall be required to complete the formal training requirements for the Head Operator Cogen job and have demonstrated ability as a Head Operator Cogen within six months (180 days) from date of permanent assignment to Operator Cogen.

Eliminate all references to Appendix D in contract.

Union Proposal # 5 & Company Proposal # 3 – Master Bid List

The Company withdraws company proposal three and all of its counters and the Union withdraws Union proposal five and all of its counters.

