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Headnote

Mutual Reliance Review System for Exemptive Relief Application - Filer is a subsidiary of a U.S. corporation where U.S. parent is a credit supporter - filer is exempt from continuous disclosure requirements, subject to certain conditions

Applicable British Columbia Provisions

Securities Act, R.S.B.C. 1996, c. 418, ss. 85(1), 87 and 91

Securities Rules, B.C. Reg. 194/97, ss. 144 and 145

IN THE MATTER OF THE SECURITIES LEGISLATION OF ALBERTA, ONTARIO, BRITISH COLUMBIA, QUEBEC, MANITOBA AND NOVA SCOTIA

AND

IN THE MATTER OF THE MUTUAL RELIANCE REVIEW SYSTEM FOR EXEMPTIVE RELIEF APPLICATIONS

AND

IN THE MATTER OF TEXACO CAPITAL LLC

MRRS DECISION DOCUMENT

1. WHEREAS the local securities regulatory authority or regulator (collectively, the “Decision Makers”) in each of the provinces of Alberta, Ontario, British Columbia, Quebec, Manitoba and Nova Scotia (the “Jurisdictions”) have received an application from Texaco Capital LLC (“Texaco Capital”) for a decision under the securities legislation of the Jurisdictions (the “Legislation”) that:
 - 1.1 Texaco Capital be exempted from the requirements of the Legislation, where applicable, to issue, file and send to securityholders annual financial statements, annual report, annual information form, interim financial statements, management's discussion and analysis of financial condition and results of operations, news releases in respect of material changes and material changes reports in respect of the affairs of Texaco Capital (the “Continuous Disclosure Requirements”); and
 - 1.2 each insider of Texaco Capital be exempted from the requirements of the Legislation to file insider reports (the “Insider Reporting Requirements”);

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2. AND WHEREAS under the Mutual Reliance Review System For Exemptive Relief Applications (the “System”), the Alberta Securities Commission is the principal regulator for this application;
3. AND WHEREAS Texaco Capital has represented to the Decision Makers that:
 - 3.1 Texaco Capital is a limited life company organized under the laws of the Turks and Caicos Islands and its registered offices are located at Maclaw House, P.O. Box 103, Duke Street, Grand Turk, Turks and Caicos Islands, British West Indies;
 - 3.2 Texaco Inc. (“Texaco”) directly or indirectly holds 100% of the common shares of Texaco Capital;
 - 3.3 pursuant to orders granted by the Decision Makers (the “Prior Orders”) in connection with an offering (the “Offering”) of preferred shares, Series C of Texaco Capital (“Series C Preferred Shares”), the Decision Makers granted relief similar to the relief requested in this application;
 - 3.4 on October 9, 2001, Texaco became a wholly-owned subsidiary of Chevron Corporation pursuant to a merger transaction (the “Merger”) and Chevron Corporation changed its name to ChevronTexaco Corporation (“ChevronTexaco”);
 - 3.5 Texaco Capital has no securities outstanding other than the common shares held directly or indirectly by Texaco and the Series C Preferred Shares;
 - 3.6 following the Merger, all Texaco securities were de-listed from U.S. exchanges and Texaco made filings on Form 15 with the U.S. Securities and Exchange Commission (the “SEC”) to terminate its disclosure obligations under the Securities Exchange Act of 1934, as amended (the “1934 Act”). As a result of such Form 15 filings, Texaco was not required to and did not file a 2001 third-quarter report on Form 10-Q with the SEC. Accordingly, such 2001 third-quarter report or any subsequent report has not been filed with the Decision Makers and mailed to securityholders of Texaco Capital; however, ChevronTexaco has filed its 2001 third-quarter report on Form 10-Q, its 2001 annual report on Form 10-K, its 2002 first-quarter report on Form 10-Q, its 2002 second-quarter report on Form 10-Q and its third-quarter report on Form 10-Q with each of the Decision Makers;

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- 3.7 Texaco and Texaco Capital complied with the terms of the Prior Orders prior to the Merger;
- 3.8 ChevronTexaco is a corporation incorporated under the laws of the State of Delaware. Its principal executive offices are located at 575 Market Street, San Francisco, California, U.S.A.;
- 3.9 ChevronTexaco has outstanding securities which are registered pursuant to Section 12 of the 1934 Act and such securities are listed on the New York Stock Exchange;
- 3.10 ChevronTexaco is required to file periodic reports with the SEC on Form 10-K, Form 10-Q and Form 8-K under the United States securities laws;
- 3.11 ChevronTexaco's filings with the SEC are publicly available on the SEC's internet site (www.sec.gov), on ChevronTexaco's internet site (www.chevrontexaco.com), from commercial document retrieval services and at public reference facilities maintained by the SEC;
- 3.12 ChevronTexaco indirectly holds 100% of the common shares of Texaco;
- 3.13 pursuant to a guarantee (the "Texaco Guarantee") which was entered into in connection with the Offering, Texaco unconditionally agreed to pay in full to the holders of Series C Preferred Shares, the following amounts (except to the extent paid by Texaco Capital):
 - 3.13.1 any accumulated arrears and accruals of unpaid dividends which have been theretofore declared on the Series C Preferred Shares out of monies legally available therefor;
 - 3.13.2 the redemption price (including all accumulated arrears and accruals of unpaid dividends) payable with respect to Series C Preferred Shares called for redemption by Texaco Capital as an optional redemption or otherwise out of funds available to Texaco Capital;
 - 3.13.3 the lesser of: (i) the aggregate of the liquidation preference and all accumulated arrears and accruals of unpaid dividends (whether or not declared) to the date of payment; and (ii) the amount of remaining assets of Texaco Capital; and

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- 3.13.4 any additional amounts required to be paid by Texaco Capital under the terms of the Series C Preferred Shares to “gross up” for withholding taxes;
- 3.14 pursuant to a Guaranty Agreement dated as of January 1, 2002 (the “Guaranty Agreement”), ChevronTexaco unconditionally guaranteed the obligations of Texaco pursuant to the Texaco Guarantee;
- 3.15 Texaco Capital remains a “reporting issuer” under the Legislation and, other than as set forth in paragraph 3.6, is not in default of any requirements of the Legislation, as amended by the Prior Orders;
- 3.16 under United States securities laws, Texaco and Texaco Capital are not required to prepare and file annual reports on Form 10-K, quarterly reports on Form 10-Q or current reports on Form 8-K separate from those prepared and filed by ChevronTexaco and Texaco Capital is not required to send such reports to holders of Series C Preferred Shares;
- 3.17 the Series C Preferred Shares are non-voting securities, subject to the right to vote for the appointment of a trustee in certain circumstances of default as described in the (final) prospectus of Texaco Capital dated December 12, 1995, relating to the Offering of the Series C Preferred Shares;
- 3.18 as at the date hereof, the Series C Preferred Shares are presently rated PFD-1Y by Dominion Bond Rating Service, which is their highest rating category for preferred shares, namely “Superior Credit Quality”;
- 3.19 Texaco Capital will cause to be forwarded to Canadian Depository for Securities Limited, the holder of record of Series C Preferred Shares of Texaco Capital, and distributed to beneficial holders of Series C Preferred Shares, a letter advising as to the Guaranty Agreement and advising that such holders are able to review financial information in respect of ChevronTexaco on the SEC's internet site and ChevronTexaco's internet site. Furthermore, such letter will advise that Texaco Capital will provide ChevronTexaco's annual report on Form 10-K to beneficial holders of Series C Preferred Shares who request, in writing, to receive such report;
- 3.20 the Series C Preferred Shares resemble a debt instrument more than conventional equity. Under United States securities laws, ChevronTexaco is not required to transmit paper copies of its SEC filings to holder of its debt securities;

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- 3.21 pursuant to the Prior Orders, Texaco Capital was only required to provide Texaco's annual reports on Form 10-K and quarterly reports on Form 10-Q to holders of Series C Preferred Shares whose last address as shown on the books of Texaco Capital was in Canada. As the Series C Preferred Shares were issued in "book entry only" form and all such shares are registered in the name of CDS & Co., beneficial holders of Series C Preferred Shares were never entitled to receive Texaco's Form 10-Ks or Form 10-Qs;
4. AND WHEREAS under the System, this MRRS Decision Document evidences the decision of each Decision Maker (collectively, the "Decision");
5. AND WHEREAS each of the Decision Makers is satisfied that the test contained in the Legislation that provides the Decision Maker with the jurisdiction to make the Decision has been met.
6. THE DECISION of the Decision Makers under the Legislation is that:
- 6.1 the Continuous Disclosure Requirements contained in the Legislation shall not apply to Texaco Capital so long as:
- 6.1.1 ChevronTexaco promptly files with the Decision Makers, copies of the annual report on Form 10-K filed by it with the SEC;
- 6.1.2 ChevronTexaco promptly files with the Decision Makers, copies of the quarterly reports on Form 10-Q filed by it with the SEC;
- 6.1.3 Texaco Capital provides Chevron Texaco's annual report on Form 10-K and interim financial statements on Form 10-Q to beneficial holders of Series C Preferred Shares resident in Canada, upon request;
- 6.1.4 ChevronTexaco files with the Decision Makers copies of the reports on Form 8-K filed by it with the SEC forthwith after the earlier of the date the report is filed with the SEC and the date it is required to be filed with the SEC;
- 6.1.5 ChevronTexaco complies with the requirements of the New York Stock Exchange in respect of making public disclosure of material information on a timely basis;

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- 6.1.6 if there is a material change in Texaco Capital's business or affairs that is not a material change in ChevronTexaco, Texaco Capital will issue a press release and will file a material change report in respect of such material change;
- 6.1.7 all filing fees that would otherwise be payable by Texaco Capital in connection with the Continuous Disclosure Requirements are paid;
- 6.1.8 ChevronTexaco maintains direct or indirect ownership of 100% of the outstanding common shares of Texaco Capital; and
- 6.2 the Insider Reporting Requirements contained in the Legislation shall not apply to any insider of Texaco Capital so long as:
 - 6.2.1 each insider of Texaco Capital files with the SEC on a timely basis the reports, if any, required to be filed with the SEC pursuant to subsection 16(a) of the 1934 Act and the rules and regulations thereunder in respect of trades of securities of Texaco Capital; and
 - 6.2.2 ChevronTexaco maintains direct or indirect ownership of 100% of the outstanding common shares Texaco Capital.

Dated at Calgary, Alberta this 10th day of February, 2003.

Agnes Lau, CA
Deputy Director, Capital Markets