

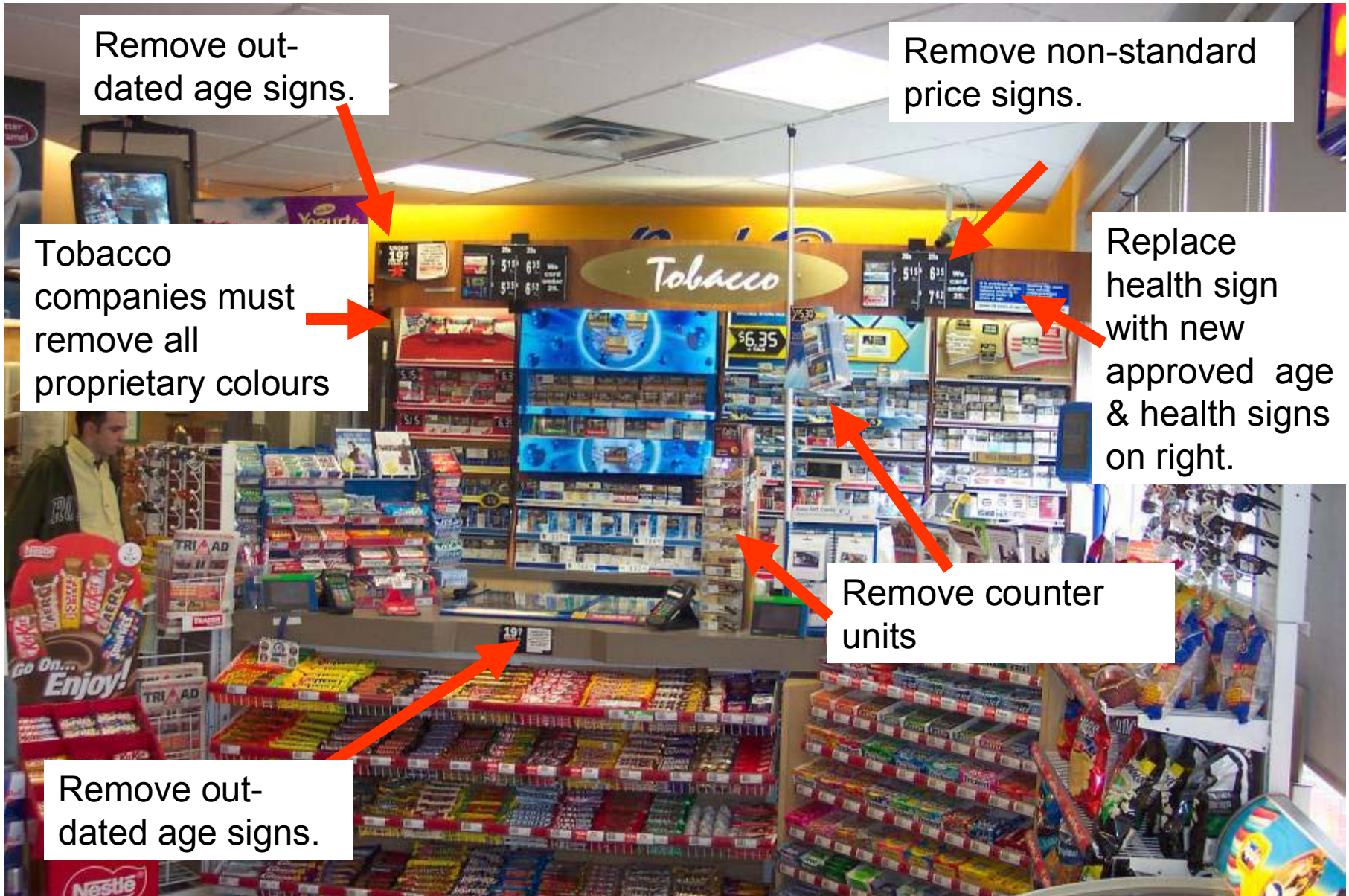
Implementing the new Ontario Tobacco Regulations

Esso Convenience Retailing
May 31, 2006

Key changes to retailing tobacco in Ontario: May 31, 2006

1. No price signs visible from outside.
2. Maximum 3 price signs inside.
3. Each sign is black & white and is size restricted
4. No tobacco displays on the front counter
5. Only provincial age restriction and health warning signs are acceptable.
6. No “special” colours on back wall.

Ontario: What to do on May 31, 2006 (Interior)



Remove out-dated age signs.

Remove non-standard price signs.

Tobacco companies must remove all proprietary colours

Replace health sign with new approved age & health signs on right.

Remove counter units

Remove out-dated age signs.

Examples of acceptable back wall merchandising.

Colours are considered to be acceptable as long as they do not reflect the colours of the brand.



A Maximum of three white price signs with black lettering may be displayed. They may not be visible from outdoors and must be no larger than 968 cm².

Ontario: What to do on May 31, 2006 (Exterior)



Remove any exterior cigarette signs

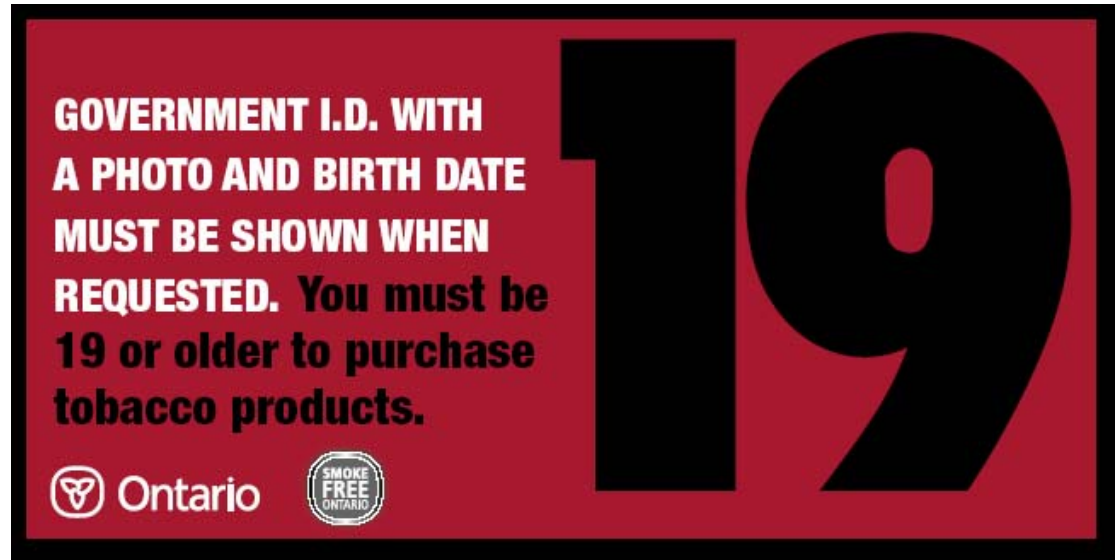
Posting the new Mandatory signage.

New ID requirement Sign and new Health warning sign are available from your local Public Health department.

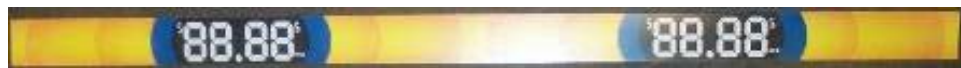
They will come to your site and post it in a visible spot.

One of each sign must be posted a visible location.

It must not be posted in a place that covers the On The Run logo or other brand signage.



Examples of tobacco merchandising elements (proprietary colours) that are no longer acceptable under the new regulations



What you need to do.

1. Schedule at least 2 hours on the afternoon of May 30 to ensure your site complies with the new regulations.
2. Before 5 p.m. on May 30, make sure that
 - All cigarette counter displays have been removed
 - All proprietary colours on back wall have been removed (Tobacco companies should have done this. If they haven't you should.)
 - All exterior signs have been removed
3. New Ontario Age and Health warnings will be provided by your local Public Health department. Please post these on the opposite side from the price sign.

What to do if there is a display question.

- The Ontario Tobacco regulations are new and require some interpretation. This set of instructions is based on our current understanding of the regulations.
- If a Tobacco Inspector disagrees with the instructions outlined in this document, we suggest that you immediately comply with the Inspector's request.
- Any feedback on Inspector's requests would be appreciated. Please advise your TM.

Retailing Responsibly.

Apparent Age

Before selling tobacco to any person who appears to be less than 25 years old, a retailer must request identification and be satisfied that the person is at least 19 years old. Acceptable identification must include a photograph of the person wanting to purchase the tobacco product, together with a statement of the person's date of birth, and it must reasonably appear to have been issued by a government.

Some examples are:

- Ontario driver's licence
- Canadian passport
- Canadian citizenship card
- Canadian armed forces identification card
- Liquor Control Board of Ontario photo card

Potential consequences

Excerpt from Ontario Government web site

Penalties

There are several penalties that a retailer could face under this section of the act.

Prohibitions on Selling, Storing and Accepting Delivery of Tobacco Products

- A retailer convicted of tobacco sales on two or more occasions for contravention of the sales to minors provision in the Smoke-Free Ontario Act or the sale of unmarked cigarettes provision of the Tobacco Tax Act is prohibited from selling, storing or accepting delivery of tobacco. This is referred to as an “automatic prohibition.” The prohibition period ranges from six to 12 months, depending on the number of prior convictions. A significant change in the act is the idea of vicarious liability. An owner will face an automatic prohibition if a conviction is received at the same address on two or more occasions. The offense does not have to be committed by the same person.

Fines

- A corporation could be subject to a maximum fine of \$10,000 for a first offence and \$150,000 for third offence or more. An individual could be subject to a maximum fine of \$4,000 for a first offence and \$100,000 for a third offence or more.

In conclusion.

- We support government efforts to stop underage smoking and effective measures that help Ontarians to quit smoking.
- Tobacco is a significant part of our business. We want customers who choose to smoke, to choose us as their tobacconist.
- It is up to all of us to retail this product responsibly.