

**2006 Annual General Meeting**  
**we put more in**



# Your Board



- Mr Dick Warburton,  
Chairman



# Your Board



- Mr Dave Reeves,  
Managing Director  
and CEO



## Your Board



- Ms Elizabeth Bryan,  
Director  
(Non executive)



## Your Board



- Mr Peter Wissel,  
Director  
(Non executive)



# Your Board



- Mr John Thorn,  
Director  
(Non executive)



## Company Secretary and General Counsel



■ Ms Helen Conway



## Your Board



- Mr Trevor Bourne,  
Director  
(Non executive)



# Your Board



- Mr William Hauschildt,  
Director  
(Non executive)



## Your Board



- Mr Ken Watson,  
Director  
(Non executive)





# Notice of Annual General Meeting



**CALTEX**  
we put more in



## 1950s – employees at Kurnell refinery



# Today – employees at Lytton refinery

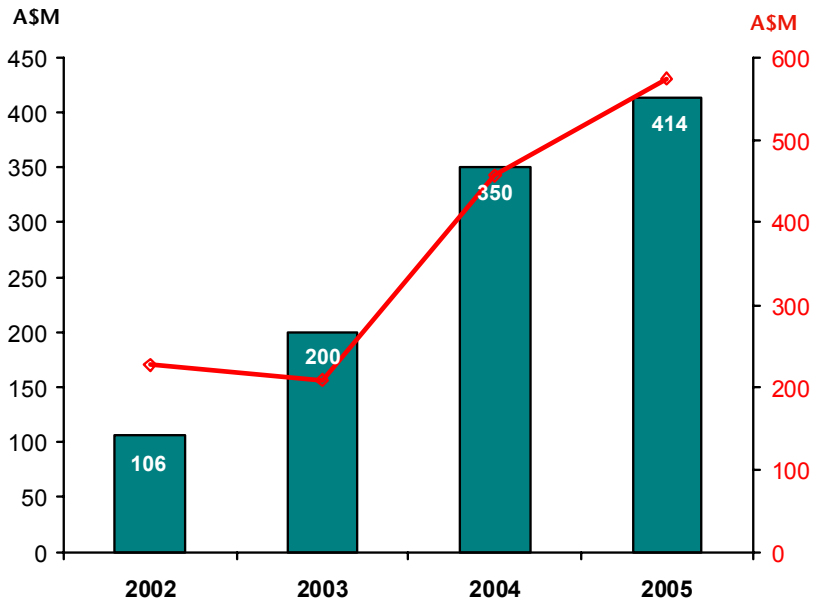


CALTEX

## Chairman's address



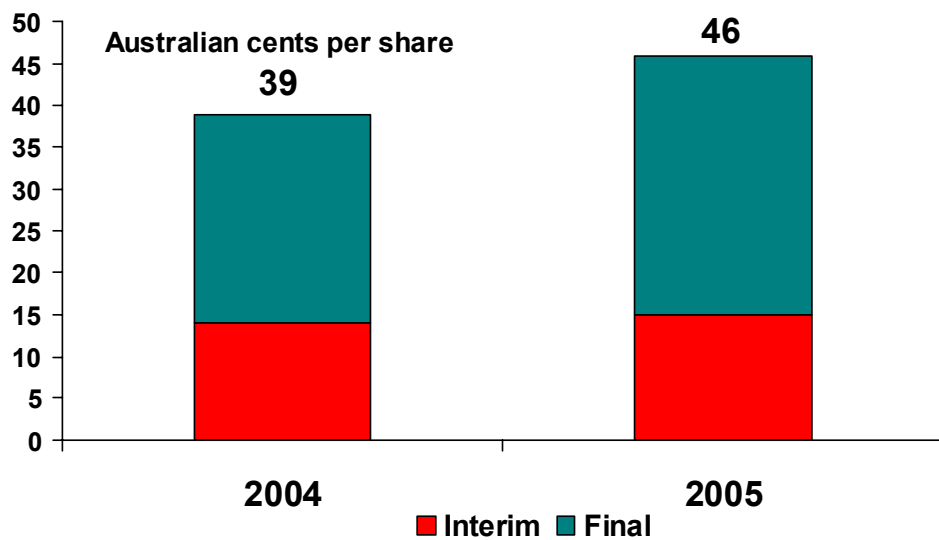
# Strong profit performance continues



■ RCOP NPAT (replacement cost excluding significant items)  
— Historic cost NPAT (excluding significant items)

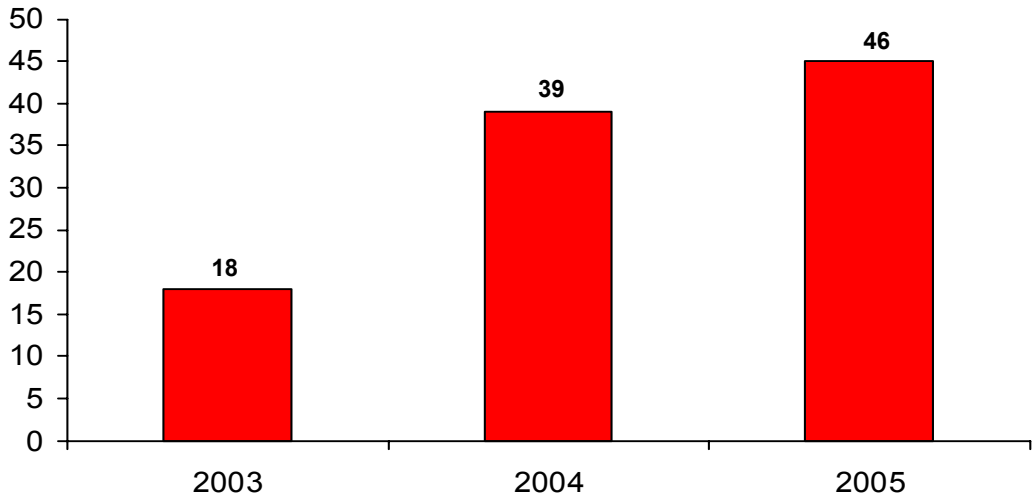


## Dividend declared was up 18% on 2004

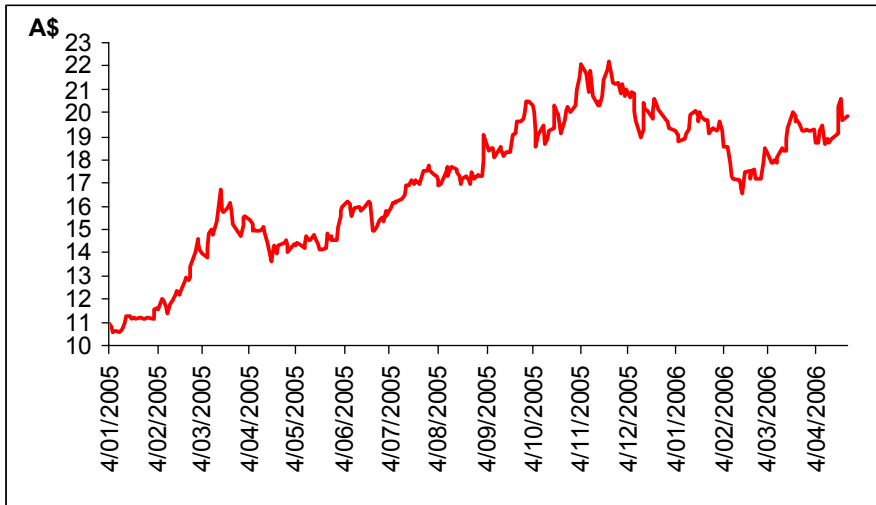


## Steady rise in dividends

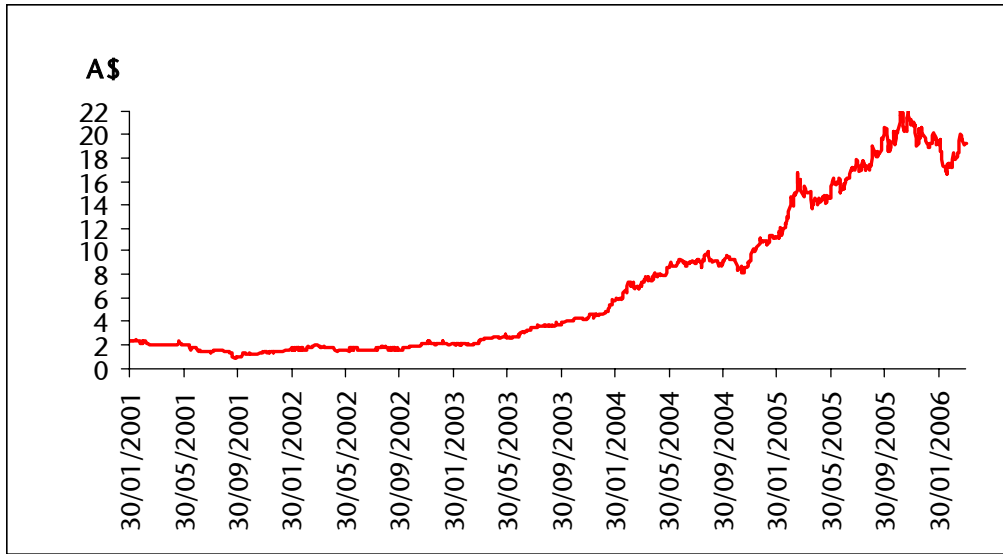
Australian cents per share



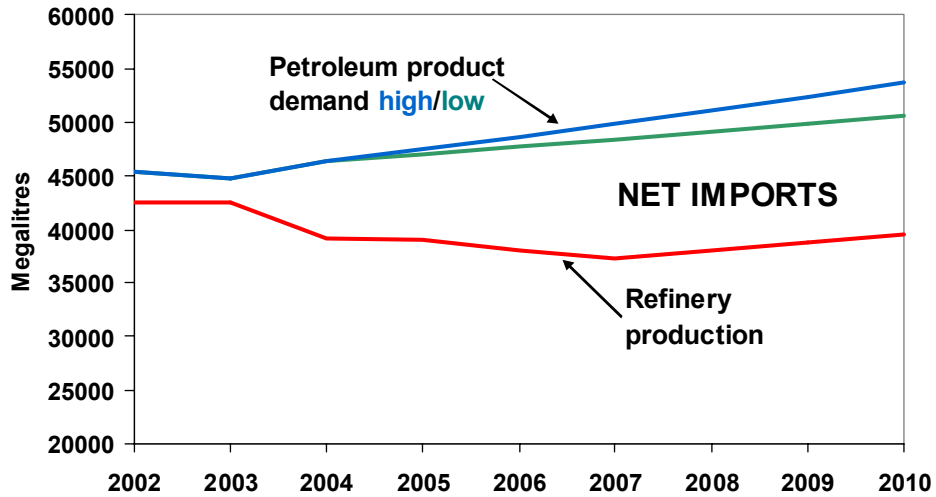
# Caltex Share Price from 1 January 2005 – 24 April 2006



# Caltex Share Price 2001-2006



# Australian petroleum product imports have increased to meet local needs



# Caltex service station



# Vortex advertisement



# Gladstone Terminal Upgrade



# Clean Fuels Project Lytton



# Start up of diesel hydrotreater unit at Kurnell



# Banksmeadow Terminal in the 1950s





Managing Director's Address.

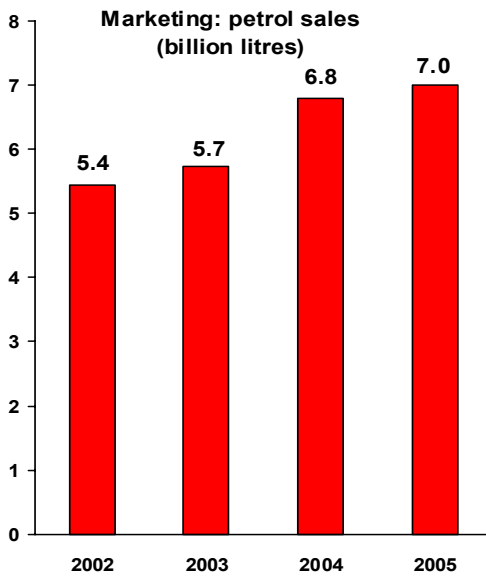
Thank you Dick. Dick has explained some of the financial and operating highlights from 2005, which was another strong year for Caltex. I will now take you through some of the operational highlights from 2005, and our plans and strategies for the coming few years.



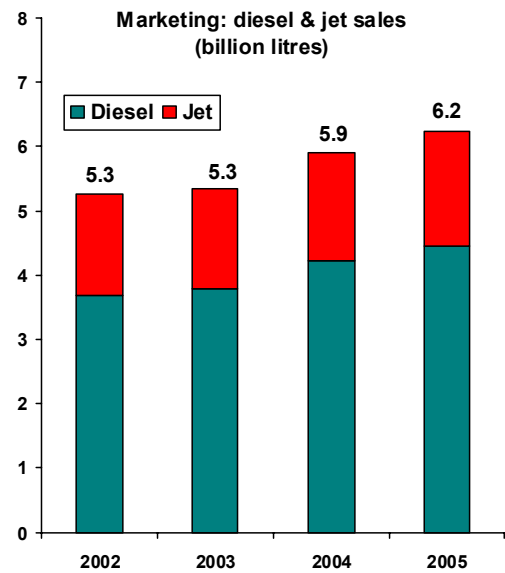
As Dick has mentioned, Caltex is celebrating 50 years of refinery operations in 2006. We also celebrated the 40<sup>th</sup> anniversary of our Lytton refinery last year, while the company has a 106 year history of marketing petroleum products in Australia. We can reflect on a number of great achievements over this time – the commissioning of our Kurnell refinery, two major refinery expansions in the 60s and 70s, our expansion into lubricants, following the construction of our Lube oil refinery, our 1995 merger with Ampol, adding the Lytton refinery to our portfolio, and our growth to our current position as the leading marketer in Australia.

2005 was another great year in our history, with record profits, record sales volumes and record dividend payments to our shareholders. This has been achieved through a strong operating performance which captured much of the benefit that flowed from the robust operating environment.

## Transport fuel sales volumes



2005 petrol sales up 3.0% over 2004



2005 distillate sales up 5.3% over 2004

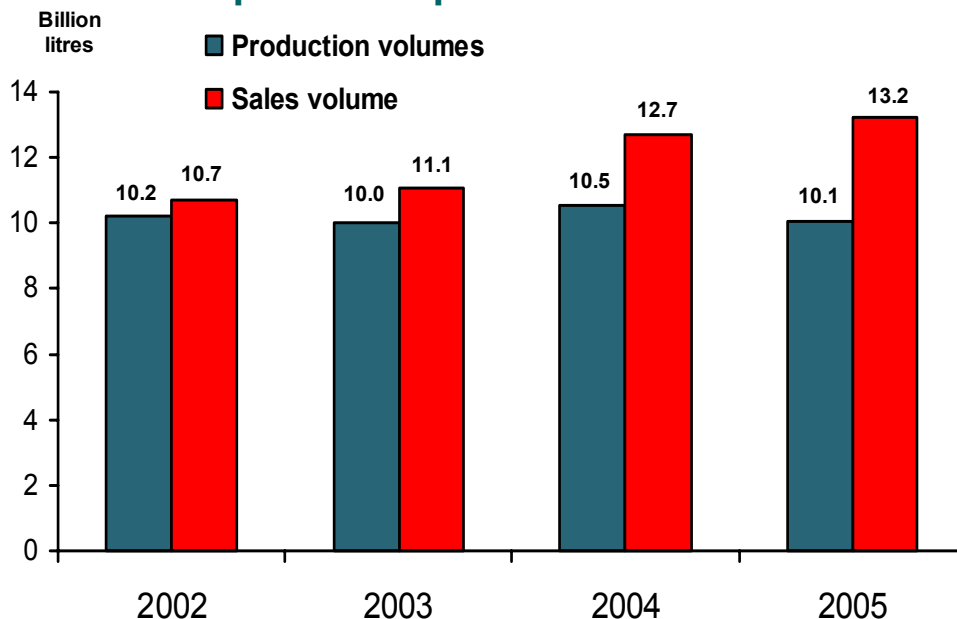


Petrol sales saw an increase of 3.0% vs. 2004, from 6.8 to 7.0 billion litres, partly due to the continuing rollout of our venture with Woolworths.

Jet and diesel sales reflect a continued strong economy with volumes up 5.3% over 2004. This increase was driven largely by increased demand from the mining sector.

Caltex's total transport fuels sales for 2005 were at record levels.

## Transport fuels production and sales

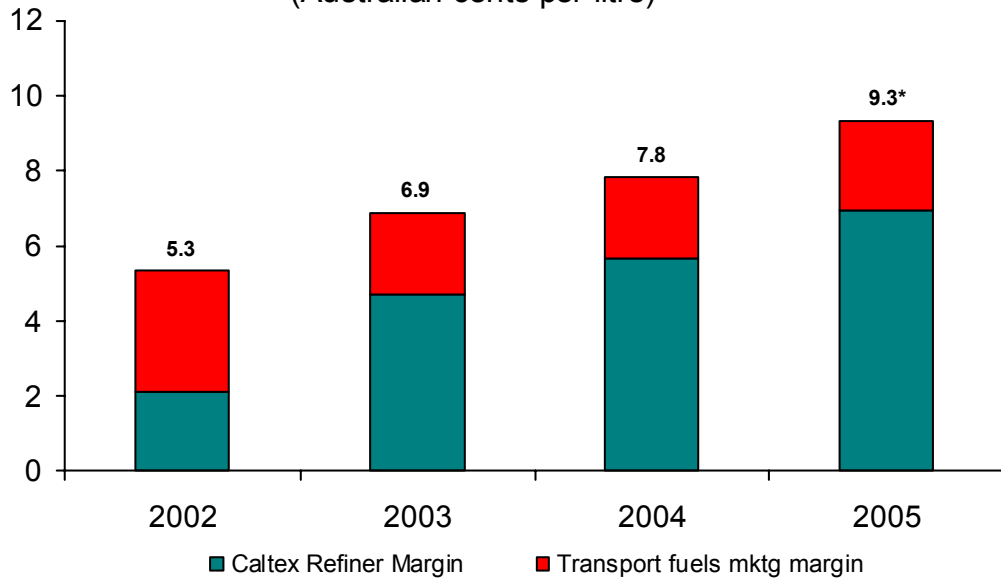


2005 was an extraordinary year in Refining. We successfully executed a 7 week full refinery turn around at Lytton between April and June. Enormous attention was focussed on the construction of our clean fuels projects. In August, our diesel hydrotreater at Kurnell was taken offline for construction. It is mechanically complete as of last weekend, and is now being commissioned as I speak. The Lytton DHTU came off line on November 5, and is now back in operation producing cleaner diesel. On top of that, the Energy Australia transmission tower failure on the Kurnell peninsula caused us to lose roughly 6 days of production in July.

Even with these challenges, our people in Refining were able to produce transportation fuels volumes roughly in line with 2004. This is a remarkable accomplishment, and gives us confidence that we have made a big step forward in capability that will be reflected as we operate post Clean Fuels.

## Integrated transport fuels margin

(Australian cents per litre)



\* Does not include operational impacts resulting from Clean Fuels construction



This slide shows the Caltex integrated transport fuels margin in Australian cents per litre. The 2005 integrated margin was 9.3 cpl, up from 7.8 cpl in 2004, largely driven by increases in the Caltex Refiner Margin. Increasing demand for petroleum products throughout the Asian region was a key factor in the improved refiner margin.

I need to point out here that the integrated margin was only fully captured on those products manufactured by Caltex. Since our sales volume exceeds our production volume, the integrated margin is only realised on about 76% of our sales, with only the marketing margin secured on the remaining volume.

Additionally, the plant shutdowns to enable the construction of the new clean fuels plants meant that this margin was not recovered on all production through 2005, and will continue to impact on the results for the first half of 2006.

## Woolworths venture rollout complete



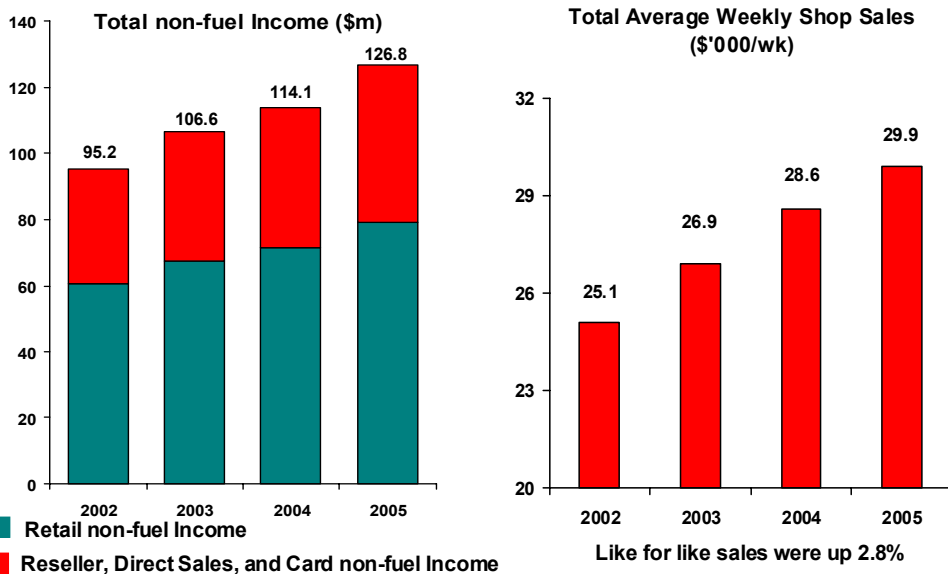
Fuel volume at converted Caltex venture sites has seen an average increase of **80%** since commencement.



The rollout of our venture with Woolworths is largely complete. By the end of 2005, we had reached our target of around 470 sites in the venture, with Caltex contributing 125 sites. We would expect our rate of growth on petrol sales to slow but remain positive, now that we are through the implementation phase of the venture.

The service station market has largely adjusted to the rapid expansion of shopper docket schemes. The use of docket redemption has continued to increase as customers take advantage of the opportunity to lower their fuel costs, especially at a time of rapid price changes. Of course, Caltex must provide ongoing price support for our franchisees to allow them to compete in this highly competitive segment of the industry.

## Non fuel income & store sales continue to grow

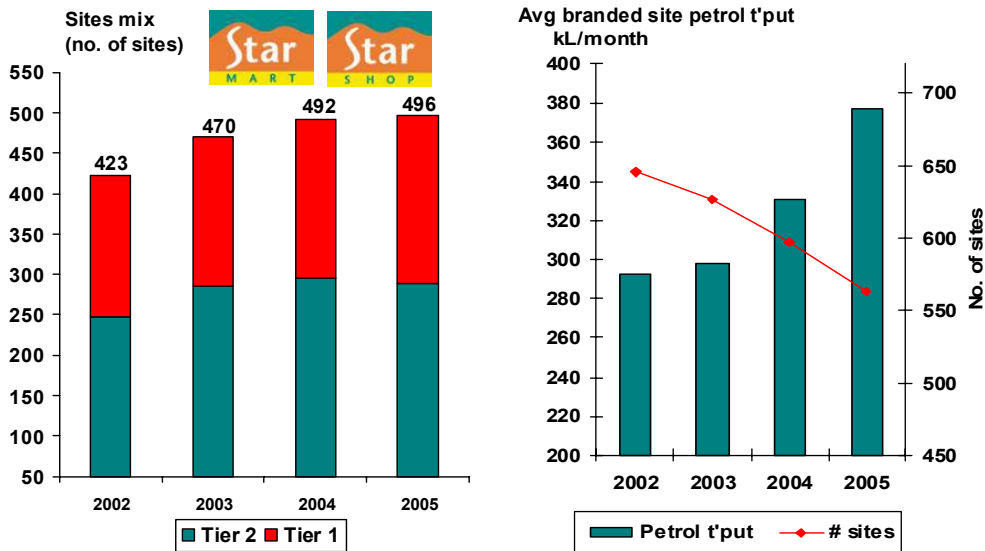


Total non-fuel income represented here by the chart on the left was up by over 10% year-on-year. This includes royalties on shop sales, rental returns from retail sites and depots, franchising income and fees from our Starcard products. All of our Marketing channels contributed to this growth. This was a great performance, reflecting our expertise in marketing and merchandising.

Our weekly shop sales increased by 4.5% on 2005, with like for like sales up by 2.8%.

We are working to integrate our recently completed dry goods arrangements with Woolworths, which we expect to improve both sales and margins as it is progressively rolled out in 2006 and 2007.

## Branded retail sites & petrol throughput

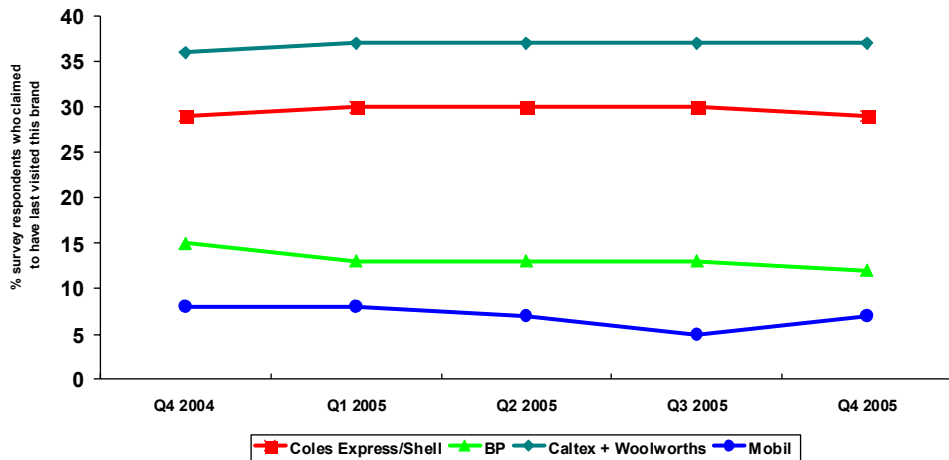


Our Star Shop growth is levelling off, as investment in new sites is offset by store closures. We will focus our efforts on prime retail locations and support our franchisee network through programs and promotions. Continued sales growth for franchisees benefits Caltex through royalty receipts, and we remain committed to this business model.

Our average site petrol throughput has grown to 377 kL/month, driven by the venture sites, targeted capital spend and our continued divestment of uneconomic sites. Since 2002, our average site petrol throughput at branded sites has increased by 105 kL/month, or just under 40%. This supports store traffic as well as lowering our unit costs.

# Caltex with Woolworths has the highest service station visitation

NATIONAL - Service Station Last Visited



Q: Which was the last service station you visited to purchase fuel?

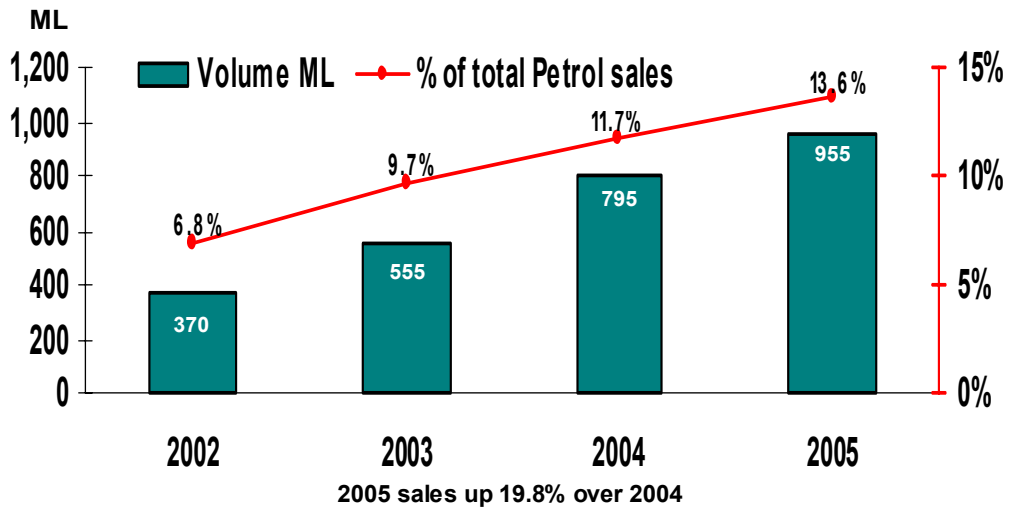
Source: Caltex Retail Market Tracking conducted by TNS



This chart represents market research on where the respondents last purchased their fuel. As you can see, Caltex continues to be the clear market leader, which naturally was one of our strategic goals of the venture with Woolworths – but also reflects the success of our franchisees and all retailers flying the Caltex logo. In 2002 we would have been in third place on this measure.

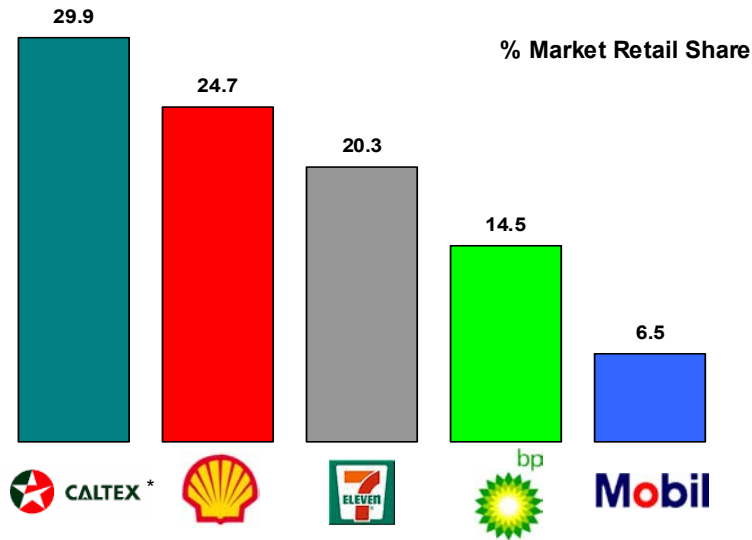
## Premium fuels sales

PULP, Vortex and Vortex 98



2005 saw our premium fuels sales continue to build on our 2004 performance. Demand for premium fuels will increase in Australia as the car fleet changes. We remain on track to meet our goal to increase our sales of Vortex and Vortex 98 to 20% of petrol sales by the end of 2007. This increased demand for octane will be supported by several of our refinery investments which I will address in a minute.

# No 1 Convenience Retailer in Australia



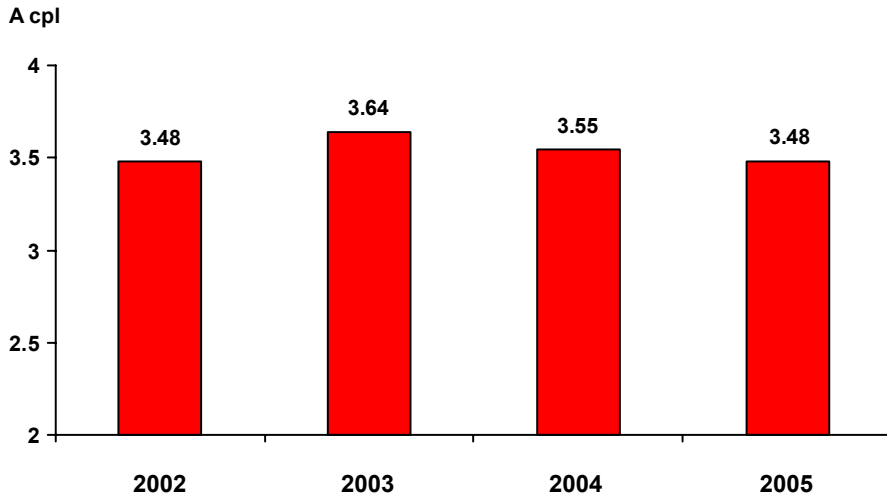
Source : ACNielsen ScanTrack – Moving average year ended 25 December, 2005  
\* - includes sales from 125 sites in the Caltex Woolworths venture



This chart is based on data received from AC Nielsen, and as you can see, Caltex has maintained clear leadership in the convenience retail market holding around 30% market share.

The recently completed dry goods arrangement with Woolworths will, when complete, increase efficiencies in the procurement and delivery of goods into our Star Shops, further cementing our position as the leading convenience store operator in Australia.

## Unit operating expenses continued to decline



\* Operating expenses (cents per litre)

Excluding inland distribution costs recovered in pricing

Based on total volumes, including volumes sold to competitors under buy/sell arrangements

2004 comparative has been adjusted for the translation to A-IFRS



**CALTEX**

As I have stressed previously, Caltex must continually drive for lower unit costs in order to remain competitive in a regional and global refining market. We continued to reduce unit costs in 2005.

In the clean fuels environment this will be more challenging, as depreciation and processing costs at our refineries will be higher. Much of our success in the past few years has been on the basis of increasing sales (with better integrated margins).

We remain confident that the premiums attracted by the new clean fuels will more than offset the higher costs associated with more intense processing in Refining.

I will address our Refining Performance Improvement Program later, but here I would like to point out that part of its benefit will be to allow lower unit production costs as the projects come to completion.

## Clean Fuels Project almost complete



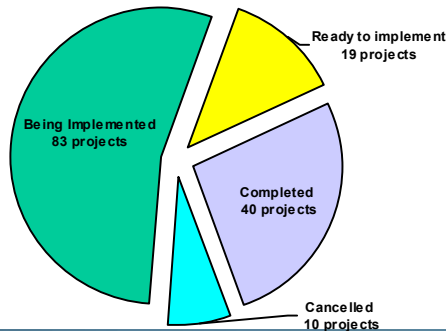
I turn now to our Clean Fuels Project. We have now completed the construction and commissioning of three of the four Clean Fuel plants, with the Kurnell DHTU reaching mechanical completion on April 23, and commissioning is now well underway. All petrol being produced from both our Kurnell and Lytton refineries, and the diesel sourced from Lytton is compliant with the new fuel specifications. Caltex fuel is now contributing to the improvement of the air quality across all of Australia.

It is a fact that the delays in clean fuels commissioning have had a negative impact on both the 2005 and 2006 results and we are disappointed. I want to point out that even with our difficulties our customers continued with reliable supply in perhaps the most volatile year in decades. We are applying the lessons learned in our future project development. I should also say that everyone at Caltex, including our suppliers, have worked hard to get the best possible outcomes and I appreciate all their efforts.

## Refining Performance Improvement Program

- Total capital spend around \$300 – 350M over 3 years
- Benefits estimated to deliver a simple 2 year cash payback
- Major and minor projects

Breakdown of Minor RPIP Projects by Numbers



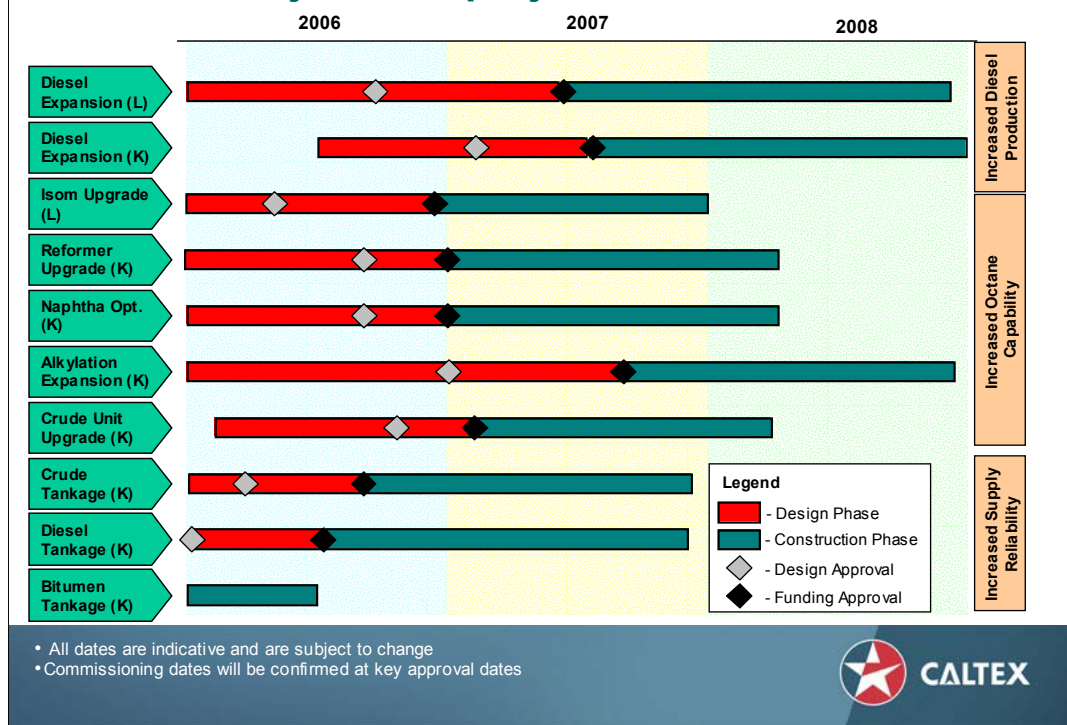
- Minor projects consist of low / no capital initiatives
- Over 25% completed, with another 55% under way
- 22 new projects identified in 2005
- Key benefits through increased production rates and upgrading to higher value products



In 2004, we identified a significant opportunity to improve our refinery operation, to respond to the more favourable industry conditions. The Refining Performance Improvement Program (RPIP) commenced in late 2004, and encompasses a range of ideas from smaller capital and non-capital initiatives through to a major capital program. The total benefits are estimated to provide at least a two year cash payback, and require an investment of approximately \$300 – 350M of capital over the next 3 years.

In 2005, great progress was made on what we call the “Minor” RPIP projects. Over a quarter have been implemented, while another 55% are under development, with a total capex spend of \$9.6M in 2005. A key commitment within RPIP is to continuous improvement – this is exemplified by the investigation of an additional 22 projects in 2005 beyond those identified in the initial program.

# Major RPIP project schedule



The changes in the external environment have created an opportunity for Caltex to increase refinery production to capture the increased margins. The majority of these benefits will be derived from the RPIP major capital program. This program consists of a suite of 10 projects, aimed at increasing diesel production, enhancing our octane capability and improving our supply chain reliability – all of which will increase our refinery production. We expect an increase in production of around 20% over our 2004 production levels.

This slide shows the current schedule for these projects. The key dates here are the two approval gates – at these points the scope and cost of the projects will firm, and the final commissioning dates will be known with more certainty. Of course, projects may not progress if they don't meet the required returns. We will keep you informed as we progress.

## The first half 2006 is impacted by Clean Fuels. The medium term outlook remains strong



As I mentioned earlier, the delay in Clean Fuels Project commissioning will have an adverse impact on our results in the first half of 2006. Additionally a planned shutdown of one of our two catalytic cracking units at Kurnell has just commenced, which will impact our earnings.

Looking further forward, we have updated our view for both the regional and domestic industry for the coming 3 – 5 years. The key points are:

- Australia imported nearly  $\frac{1}{4}$  of its transport fuel volumes in 2005, and our reliance on imports will continue for the foreseeable future.
- The Asian region is still expected to experience strong growth in demand for petroleum products, with China and India providing much of the increase.
- While a number of refinery expansions have been announced, our view is that demand will continue to outstrip the regional supply capabilities for the next several years.

The outcome of this is that we expect margins to be underpinned by a tight supply/demand balance, but with a high degree of volatility. Our challenge is to convert the available margin into value for our shareholders, through strong performance and incident-free operation.

**0 : 1 : 85 : 100**

Our focus remains:

**0** : Safety and incident free operations

**1** : Number 1 in hearts and minds of customers

**85** : Utilisation of refineries

**100** : Full engagement of all our staff



Our customers deserve and expect a reliable supply of transportation fuels, and that is our top priority beyond the safety and security of people. While we take the cycles of the market as we find them, we need to concentrate on the fundamentals that are within our control. 2005 was an extraordinary year for Caltex where we have weathered volatility in pricing, high project workload, a power outage plus many internal changes not visible to the public. Our people delivered great results overall, which is, of course, where my confidence in the future comes from.

Our focus will remain consistent with the strategy we have described over the past 18 months:

**0** : Safety and incident free operations

**1** : Number 1 in hearts and minds of customers

**85** : Utilisation of refineries

**100** : Full engagement of all our staff



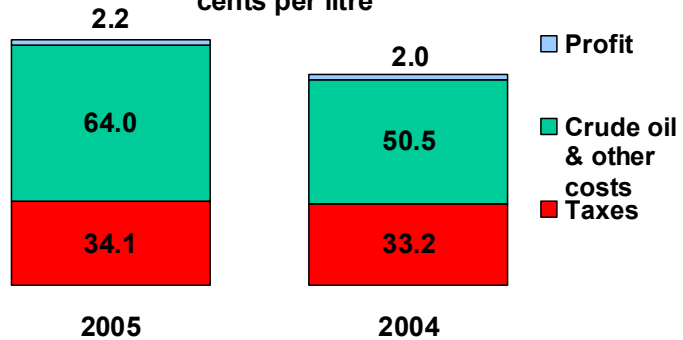
## Key Shareholder Issues

- Whether Caltex profits are linked to the rise in petrol prices
- How the Caltex brand is currently performing against competitors
- Caltex's attitude to alternative fuels



# Crude oil cost was major driver of higher prices in 2005

Price breakdown of Caltex petroleum products  
cents per litre



Average price of all Caltex petroleum products,  
financial data is RCOP basis



# Caltex performance against competitors



## Caltex E10 Unleaded has 10% ethanol



# Running on biodiesel from Caltex



## Item 4: Financial Reports

- The financial report, the directors' report and the auditor's report for Caltex Australia Limited (and the Caltex Australia Group) for the year ended 31 December 2005 are laid before the meeting



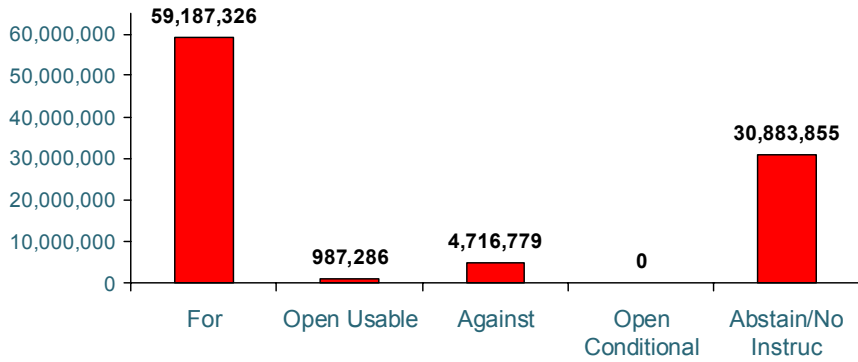
## Item 5: Remuneration Report

- Shareholders will be asked to consider and, if thought fit, to pass an ordinary resolution adopting the remuneration report (which forms part of the directors' report) for the year ended 31 December 2005.
- The vote on this resolution is advisory only and does not bind the directors or Caltex Australia Limited.



# Item 5: Remuneration Report

## Total Proxies



Figures do not include the 50% of votes held by Chevron

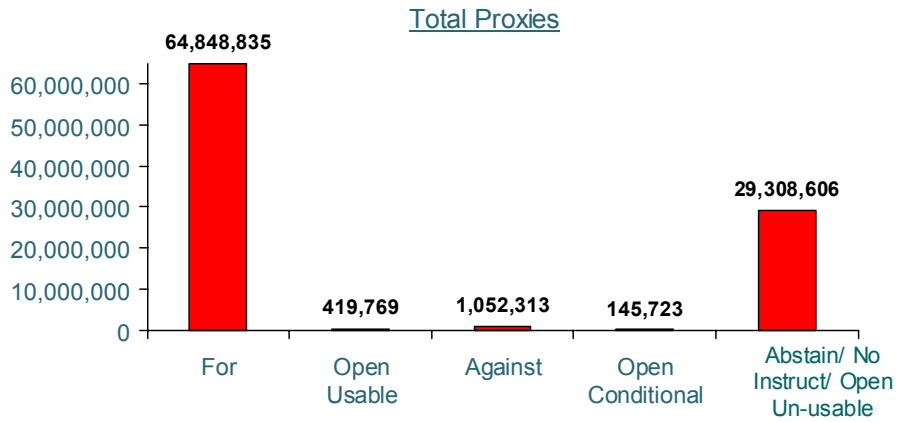


## **Item 6: Board Remuneration Pool for Non Executive Directors**

- Shareholders will be asked to consider and, if thought fit, to pass an ordinary resolution to approve an increase of \$250,000 in the total annual remuneration pool available for Board fees paid to non executive directors of Caltex Australia Limited from \$1,150,000 (inclusive of statutory entitlements) to \$1,400,000 (inclusive of statutory entitlements) with effect from 1 January 2007.
- The votes of the directors are to be disregarded on Item 6



# Item 6: Board Remuneration Pool for Non Executive Directors



Figures do not include the 50% of votes held by Chevron



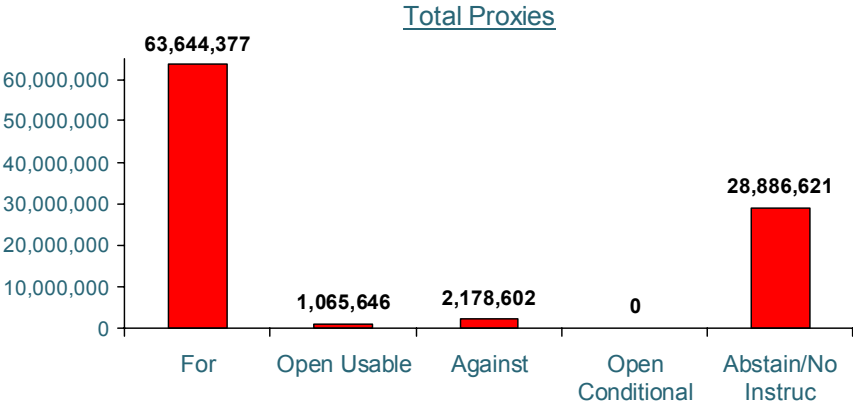
## Item 7.1: Election of Peter Wissel



- Shareholders are asked to consider and, if thought fit, pass an ordinary resolution to elect Peter Wissel as a director of Caltex Australia Limited in accordance with, and on the terms set out in, the company's Constitution.



# Item 7.1: Election of Peter Wissel



Figures do not include the 50% of votes held by Chevron



## Item 7.2: Election of Trevor Bourne

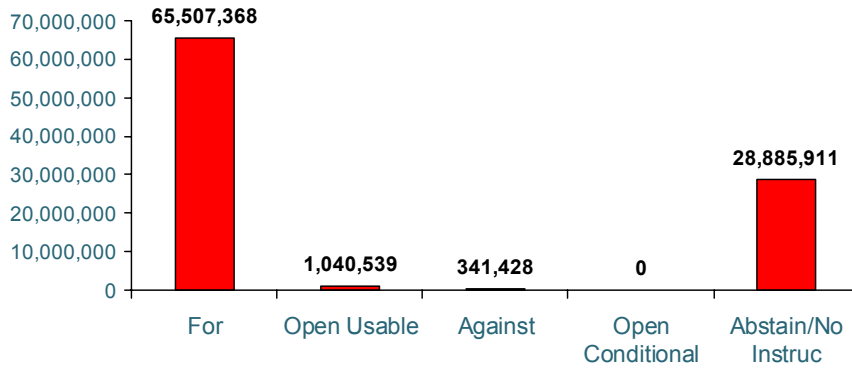


- Shareholders are asked to consider and, if thought fit, pass an ordinary resolution to elect Trevor Bourne as a director of Caltex Australia Limited in accordance with, and on the terms set out in, the company's Constitution



# Item 7.2: Election of Trevor Bourne

Total Proxies



Figures do not include the 50% of votes held by Chevron



## Item 7.3: Re-election of Elizabeth Bryan

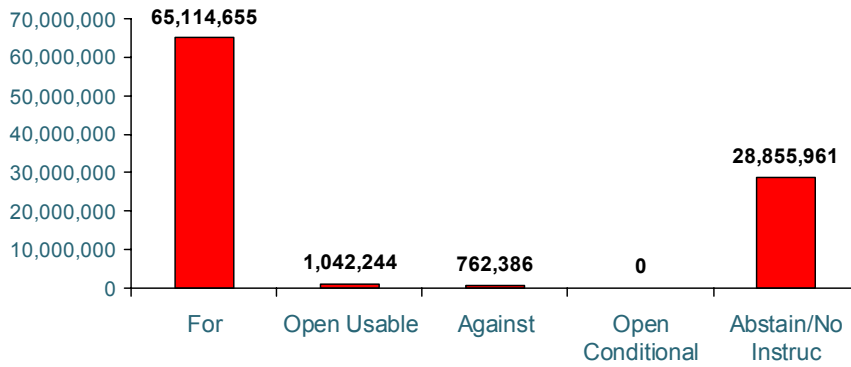


- Shareholders are asked to consider and, if thought fit, pass an ordinary resolution to re-elect Elizabeth Bryan as a director of Caltex Australia Limited in accordance with, and on the terms set out in, the company's constitution



# Item 7.3: Election of Elizabeth Byran

Total Proxies



Figures do not include the 50% of votes held by Chevron



## Item 7

# Forum for shareholder questions and comments



A PASSION FOR EXCELLENCE.



## Important Notice

This presentation for Caltex Australia Limited is designed to provide:

- an overview of the financial and operational highlights for the Caltex Australia Group for the year ended 31 December 2005; and
- a high level overview of aspects of the operations of the Caltex Australia Group, including comments about Caltex's expectations of the outlook for 2006 and future years, as at 27 April 2006.

References in the presentation to assumptions, estimates and outcomes and forward-looking statements about assumptions, estimates and outcomes, which are based on internal business data and external sources, are uncertain given the nature of the industry, business risks, and other factors. Also, they may be affected by internal and external factors that may have a material effect on future business performance and results. No assurance or guarantee is, or should be taken to be, given in relation to the future business performance or results of the Caltex Australia Group or the likelihood that the assumptions, estimates or outcomes will be achieved.

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