



SHAREHOLDER QUESTIONS & RESPONSES

KEY SHAREHOLDER ISSUES

Question: *Are Caltex profits linked to the rise in petrol prices?*

Response: **Included in the Chairman's speech to shareholders at the AGM**

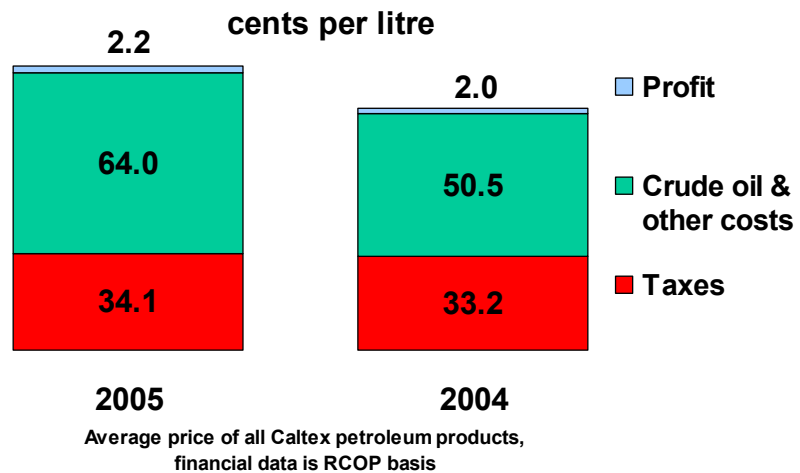
Last year there was a great deal of media comment on the increase in fuel prices, and with even higher crude oil prices today the price of fuel continues to be in the spotlight around the world.

Were these increases due to increased petrol company profits?

The short answer is no, and the chart here tells the story.

Crude oil cost was major driver of higher prices in 2005

Price breakdown of Caltex petroleum products



This chart was published in our 2005 profit announcement in February and shows where the money goes for all petroleum products.

The average price of all petroleum products sold by Caltex increased by **14.6** cents a litre to just over \$1 a litre.

The biggest part of this, around 14 cents a litre, came from higher costs, mainly



the price of crude oil.

The increase in Caltex profit accounted for only 0.2 cents a litre.

Crude oil prices in 2005 averaged US\$57 a barrel, which was \$16 a barrel higher than in 2004 and almost double the average price in 2003.

The oil price situation is not getting any better. So far this year prices have averaged over US\$68 a barrel, Caltex does not have any oil exploration or production interests. We are refiners and marketers and have to purchase crude oil on the international market.

So while costs have risen and continue to rise, Caltex profit accounts for only about, 2 cents per litre.

Question: *How is the Caltex brand currently performing against competitors?*

Response: **Included in the Chairman's speech to shareholders at the AGM**

Caltex is doing very well against its competitors. This can be measured in a number of ways.

Our brand strength has continued to grow, with surveys showing that in 2005 Caltex moved to number 2 position in consumer preference. The latest survey results show that Caltex is continuing to close the gap on our main competitor, Coles Shell.

Our transport fuels sales tell another positive story. We are starting to show our heels to our competitors. In 2005 we again had record sales, increasing our volume by over 4% in a market that grew only around 1%, increasing the gap between us and our competitors.

The other big success measure is our convenience store network which is now Australia's number one convenience retailer with around 30% of the market. We are ahead of Shell, which has 25% of the market and 7 Eleven with 20%, according to the AC Nielsen survey. It's worth noting that our nearest competitor, Shell, has less market share than us but more stores – about 590 Coles Express stores compared with our 496 Star stores.

Question: *Caltex's Attitude to Alternative Fuels*

Response: **Included in the Chairman's speech to shareholders at the AGM**

Caltex is committed to the increased use of biofuels, which are fuels made from organic material. We market this in the form of ethanol blended petrol and biodiesel blends.

We have a number of products already in the market.

Caltex sells its own E10 Unleaded which is 10% blend of ethanol in petrol in selected sites in Queensland. We first launched this in 2003. In addition to this, our 100% owned NSW reseller Access Energy has one of the longest traditions in Australia of selling unleaded petrol containing 10% ethanol,



which it has been selling at Bogas branded sites in central and northern NSW since 1996. These sites are now being rebranded as Caltex sites.

Our biodiesel business is growing, with our sales of B5, a 5% blend of biodiesel in diesel fuel, to two Adelaide bus companies and B20, a 20% blend supplied to customers such as the Newcastle City Council for its garbage truck fleet.

As Australia's leading fuels refiner and marketer, Caltex will play an important role in meeting the Australian Government's national target for 350 megalitres a year of biofuels production by 2010.

Caltex sales of biofuel blends are targeted to exceed 1 billion litres a year by 2010, containing about 100 million litres of ethanol and biodiesel.

OTHER SHAREHOLDER ISSUES

Question: *Fuel Supplied to Woolworths*

Response: Caltex supplies all fuel products to the Woolworths-owned joint-branded sites in Australia. Before any Woolworths site is given its "Caltex Woolworths" dual branding, it must be supplying Caltex fuel products.

Caltex began fuel supply to Woolworths-owned sites in early 2004 and these sites were rebranded from "Woolworths Petrol" to "Caltex Woolworths" shortly after. As Woolworths builds any new sites, they are immediately joint-branded with supply coming from Caltex. Currently there are 351 Woolworths-owned sites which are joint-branded.

We can confirm that the fuel is identical to that supplied by Caltex to its service stations and resellers.

Question: *Reducing Motor Vehicle and Tanker Truck Accidents at Caltex*

Response: Caltex had a significant reduction in the number of vehicle accidents in 2005, with a 10% decrease in motor vehicle accidents and a 20% decrease in the number of tanker truck accidents. However, we consider even one tanker truck or motor vehicle accident to be unacceptable. Our goal is zero accidents, and we are working hard to achieve this through our Drive to Survive safe driving program for employees and focus on operational excellence.

Behind these statistics lies the fact that the introduction of our Loss Prevention System two years ago led to a very marked increase in the number of incidents reported. Our policy is that we now report all incidents, even minor incidents which did not involve any damage to the vehicle. We have also had a decline in the number of incidents that occurred at speed and the severity of accidents has lessened.

In the case of tanker truck accidents, in 2005 there were 17 incidents reported. All but one of these were minor accidents such as scratches to the vehicle's bumper or damage to a mirror. However, there were no injuries to drivers, no damage to tanker barrels resulting in loss of product and, in more than half the incidents reported, our drivers were not at fault but had been struck by a third party.



Question: *Security at Caltex Refineries to protect against Terrorist Attacks*

Response: Caltex has conducted a detailed assessment of the security at its refineries at Kurnell and Lytton and liaised with government and police on the security arrangements at our sites. Caltex is also represented on various industry and government forums examining Australia's security arrangements.

We are satisfied that the security arrangements at Caltex are appropriate. It is not possible to otherwise comment on security arrangements at Caltex sites.