



CALTEX AUSTRALIA LIMITED

ACN 004 201 307

2007 AGM – CHAIRMAN’S SPEECH

WELCOME & OPENING

Ladies and Gentlemen, welcome to the 2007 Annual General Meeting of Caltex Australia Limited.

[SLIDE – KURNELL CLEAN FUEL PLAN]

We have a quorum of shareholders in attendance and, accordingly, I declare the meeting open.

[SLIDE – DICK WARBURTON]

For those of you who are attending your first Caltex AGM, my name is Dick Warburton and, as Chairman of your Board, I will be chairing this meeting of shareholders.

FORMAL MATTERS

There are some formal matters that I would like to bring to your attention at the outset of the meeting:

- If you have a mobile phone, would you please take a minute to check that your phone has been turned off.
- An audio recording is being made of today’s proceedings, so please note that if you speak at the meeting, your comments or questions will be recorded.
- The minutes of last year’s AGM, which was held on 27 April 2006, were approved by the Board and signed by me, as Chairman of the meeting. Copies of the minutes have been made available from the Shareholder Information table.

INTERACTION WITH SHAREHOLDERS

The AGM is an important forum for shareholders to ask questions about, or make comments on, Caltex’s performance and management. To encourage shareholder participation at the AGM, shareholders were invited to submit issues or questions to Caltex prior to the meeting.

As part of my address today, I will discuss three key issues raised by shareholders and then invite questions regarding these key issues. During the meeting, shareholders will also have, of course, an opportunity to ask questions about the items of business that are to be put to shareholders for approval.

At the conclusion of the formal business of the AGM, I will also open the meeting to questions and comments about any other Caltex matter not raised earlier.



Stephen Gatt, the lead partner from KPMG on the Caltex audit, is in attendance at today’s meeting and will respond to any questions that shareholders have in relation to the conduct of KPMG’s external audit, the preparation and content of its audit report, the accounting practices adopted by Caltex, and the independence of KPMG.

If you would like to ask a question or make a comment, I ask that, as a courtesy to the meeting, you hold your question or comment until the meeting is opened up for shareholder discussion. At that time, please make your way to the microphone located at the front of your aisle. Would you please announce your name before asking your question or making your comments. To give all shareholders an opportunity to participate in the discussion, I also ask you to limit your questions on each item of business to two. If there are no further questions from the meeting, you should feel free to ask any additional questions.

VOTING MATTERS

A number of shareholders have appointed me or the other directors as proxy for today’s meeting. Where these proxies are open, votes will be cast in favour of the resolutions to be put before the meeting.

All matters requiring shareholder approval will first be put to the meeting on a show of hands and the voting directions of proxies for each resolution will be displayed on the screen behind me.

If a resolution is not passed on a show of hands, it is my intention to hold a poll on that item. In the event of a poll, Computershare will act as the returning officer and KPMG will act as scrutineer.

If a poll is to be held, instead of interrupting the business of the meeting, I propose to continue with the remaining items of business and, then, at the conclusion of the meeting, I will ask you to vote your shares on the poll.

INTRODUCTION TO PEOPLE ON STAGE

I would now like to introduce the people seated on stage.

Desmond King

[SLIDE – DES KING]

On my left is Des King, Caltex Australia’s Managing Director and Chief Executive Officer.

Des was appointed as Managing Director and Chief Executive Officer with effect from 1 May 2006.

Before joining Caltex Australia, Des was responsible for the management of the 220,000 barrels a day Chevron Pembroke refinery in Wales, UK and was a director of Texaco, UK. He has previously held senior roles in Chevron including General Manager – Strategic Planning, responsible for developing the corporate strategy for both oil and gas exploration and production and refining and marketing for Chevron Corporation.



John Thorn

[SLIDE – JOHN THORN]

John Thorn is seated next to Des.

John was appointed as a director on 2 June 2004 and is the Chair of the Audit Committee.

John is a professional director and had over 37 years of professional experience with PricewaterhouseCoopers, including 21 years of experience at partner level. John was national managing partner of PricewaterhouseCoopers Australia covering the years 2001 to 2003.

Brant Fish

[SLIDE – BRANT FISH]

Brant Fish is seated next to John.

Brant was appointed as a director on 27 July 2006 and is a member of the Human Resources and Nomination Committee.

Since 1 August 2006, Brant has served as the General Manager Joint Venture Refineries with Chevron Global Refining. Prior to that, he was General Manager of Supply and Optimization, Asia Pacific for Chevron U.S.A Inc, where had had accountability for overall refining and marketing earnings, commercial decision making and optimisation across the Asia Pacific fuel supply chain – from refinery crude supply to consumer or export sale.

The Board welcomes Brant to his first AGM at Caltex.

Elizabeth Bryan

[SLIDE – ELIZABETH BRYAN]

Elizabeth Bryan is seated at the end next to Brant.

Elizabeth has served on the Board since 18 July 2002 and is the Chair of the Human Resources and Nomination Committee. Elizabeth has over 30 years experience in the financial services industry, government policy and administration and on the boards of companies and statutory organisations. Prior to becoming a professional director, she served for six years as Managing Director of Deutsche Asset Management.

Helen Conway

[SLIDE – HELEN CONWAY]

Helen Conway, Caltex Australia’s Company Secretary and General Counsel, is seated on my right.

Helen has extensive experience as both a lawyer and company secretary.



Trevor Bourne

[SLIDE – TREVOR BOURNE]

Trevor Bourne is seated next to Helen.

Trevor was appointed as a director on 2 March 2006 and is a member of the Audit Committee.

Trevor is a professional director. In his most recent corporate role, he served as Chief Executive Officer of Tenix Industries from 1999 to 2003. Prior to Tenix, he spent 15 years at Brambles Industries Limited, six as Managing Director of Brambles Australasia.

Peter Wissel

[SLIDE – PETER WISSEL]

Peter Wissel is seated at the end next to Trevor.

Peter was appointed as a director on 23 August 2005 and is a member of the Audit Committee.

Peter is the Regional Finance Officer, Asia Pacific and Africa Pakistan for Chevron's downstream businesses, responsible for financial and management reporting, credit approval, local cash management, local tax matters and risk management in the 33 countries of Asia, Africa and the Middle East where Chevron conducts refining and marketing operations.

Departing Directors and introducing the Caltex Leadership Team

During 2006, Dave Reeves, Bill Hauschildt and Ken Watson also served as directors.

Dave served as Managing Director & Chief Executive Officer from 11 August 2003 to 30 April 2006. Dave was on secondment from Chevron to Caltex and returned to Chevron to take on the most senior crude oil and petroleum product supply and trading role in Chevron.

Bill retired as a director on 22 June 2006 and Ken retired at the conclusion of last year's Annual General Meeting. I thank them all for their contribution to the Board.

I would now like to introduce the members of the Caltex Leadership Team to you, who are seated in the front row, and ask the members of the team to stand up as I introduce you to shareholders:

[SLIDE – CALTEX EMPLOYEES]

- Simon Hepworth – Chief Financial Officer
- Alex Strang – General Manager – Supply & Corporate Services
- Brian Waywell – General Manager – Refining
- Mike McMenamin – Acting General Manager – Marketing



- Richard Beattie – Group Manager – Corporate Affairs
- Andrew Brewer – Acting Group Manager- Strategy & Planning
- Peter Wilkinson –Group Manager – Operational Excellence & Risk, and
- SimonWillshire – Group Manager – Human Resources

NOTICE OF AGM

[SLIDE – LOGO]

I propose to move to the items of business for today’s meeting and move that the Notice of AGM be taken as read. Is this agreed?

INCIDENT-FREE OPERATIONS TOPIC

We always open meetings at Caltex with five or more people with an incident free operations topic. On this occasion, I have chosen the topic of safe driving. But safe driving on a very special journey. It’s the 35,000 kilometre trip around Australia by the Starlight Children’s Foundation’s Starlight van, which has been bringing laughter and fun to children in hospitals in over 100 towns.

The Starlight Foundation is dedicated to brightening the lives of seriously ill children and their families around Australia. Caltex is a leading supporter of the Starlight Foundation and our employees, franchisees and resellers do a great deal of fundraising for it. The van’s journey is one of a number of programs organised by Starlight, but it is their most ambitious project to date.

[SLIDE: VAN AND CAPTAIN STARLIGHTS]

Known as the Fifty Towns in Fifty Weeks tour, it was sponsored by Caltex, which provided the van, fuel and accommodation for two Captain Starlights as they drove around Australia, in a journey that started just under a year ago to help mark our fifty years of refining fuel for Australia.

But before the van hit the road, we also made sure we applied the principles of our Loss Prevention System. We made sure the van was technically sound and the drivers well prepared for their many months of driving under different conditions.

Before they took the wheel, we had the team of Captain Starlights do a defensive driving course at the NSW Driver Education Centre Australia. The emphasis there is on defensive driving techniques rather than racetrack style. The course has both theoretical sessions and practical training, with lessons tailored to suit the individual driver’s style.

The outcome has been very heartening. The Starlight van crew have told us that it made them more observant, defensive and less likely to take risks. And the proof is in the fact that tens of thousands of kilometres and almost twelve months on, the journey was completed without a single incident.



[SLIDE: COLLAGE OF PHOTOS SHOWING THE POSITIVE IMPACT THE VAN’S VISIT]

ADDRESSES

Chairman’s Address

[SLIDE – DICK WARBURTON]

2006 was a year of strong performance in which Caltex recorded higher profits, higher dividends, higher production and increased sales. We maintained our market leadership and delivered robust shareholder returns.

The full year profit after tax in 2006 was \$430 million on a replacement cost of sales operating profit (RCOP) basis, up from \$414 million the previous year.

[SLIDE – CALTEX PROFIT PERFORMANCE]

The profit increase was due to a strong operational performance, particularly in the second half, and stronger refiner margins. These were higher than last year as a result of tight supply and continued regional growth in demand for transport fuels.

Our refineries set new records for production and utilisation and our marketing business achieved increased transport fuels sales and stable margins in a very challenging environment.

We also increased shop sales and strengthened our position as Australia’s number one convenience retailer.

[SLIDE – STAR MAGAZINE COVER ON PETROL PRICES]

Petrol sales were hit hard in the first half of the year because of higher pump prices as world crude oil and petroleum product prices increased. Domestic petrol prices reflect world prices. And when the price of the regional benchmark crude oil (Tapis) rose to over US\$75 and averaged US\$68 in 2006 – \$9 a barrel higher than the previous year – that increase pushed up the price at the pump. Sales recovered when petrol prices eased in the second half of the year.

The profit we made in 2006 equates to 2.2 cents per litre on average for all petroleum products sold. I will comment further on petrol prices later.

It has been another good year for shareholders. We declared record total dividends of 80 cents per share fully franked. This compares with 46 cents per share the previous year.

[SLIDE – CALTEX DIVIDEND HISTORY]

This payment reflects our promise to lift ordinary dividends to 40-60% of profits on an RCOP basis (after tax excluding significant items) once the high capital commitments of the Clean Fuels Project were completed in 2006.



The Caltex share price continued to do well, increasing 18.7% in 2006, opening at \$19.38 and closing at \$23.00. It has maintained or bettered these levels this year.

[SLIDE - SHARE PRICE – 2005 TO DATE]

Caltex is operating in a very competitive environment in which the landscape is constantly changing. As long term shareholders are aware, this is a cyclical business, its fortunes strongly influenced by global trends and events.

In recent years we have seen the very rapid growth in demand for fuels particularly from China and India and the upward pressure this has placed on oil and petrol prices. Australia is increasingly affected by these trends as every year we are meeting more of our fuel needs from imports. Last year the country imported about 25 per cent of its petroleum product needs.

[SLIDE – GROWING DEPENDENCE ON IMPORTS]

In the future, Australian domestic producers like Caltex will be competing with large new Asian refineries that will be dedicated to selling fuels around the world, including here. These refineries are in lower cost economies than Australia and they will be producing fuels to the highest clean fuels standards.

We are aware of the potential threat, but we have the shipping freight advantage – it’s less expensive to ship crude oil than petrol and diesel – and we are located close to our customers. We recognise what we have to do to stay competitive.

[SLIDE-JAMNAGAR REFINERY, INDIA]

So while our results in recent years have been sound, we cannot afford to rest on our laurels. In the areas we can control, we are going to be doing much to lift profitability, control costs and ensure the company is equipped to withstand the impact of volatile global forces.

Our immediate priorities – which are embedded in our business planning – are safety, reliability, cost efficiency, compliance and capital stewardship.

[SLIDE- SAFETY, RELIABILITY, COST EFFICIENCY, CAPITAL STEWARDSHIP AND COMPLIANCE]

These are the stated key performance indicators for the company, its businesses, departments and individual employees.

Behind these words are powerful strategies, action plans and improvement programs. We have much going for us and we are building on our existing strengths and gains of recent years and focusing on areas that require improvement.

A key to the company’s continued success and good long-term future lies in the commitment and competence of our employees and business partners and their willingness to meet challenges. We also pride ourselves on being a company that does what we say we will do.



2006 was another year in which we invested heavily in the business. We spent \$382 million – equivalent to 89% of our 2006 RCOP profit of \$430 million – on strengthening Caltex’s refinery operations, supply chain and marketing network and building the capability of the workforce.

[SLIDE – LYTTON CLEAN FUELS PLANT]

The largest item of capital expenditure in 2006 was \$85 million spent on completing the \$500 million Clean Fuels Project. We are pleased to say that our refineries are now producing some of the cleanest fuels in the world, with petrol with less benzene and diesel with less sulfur which is contributing to cleaner air in our urban centres.

In 2006 we launched a program to improve our supply chain infrastructure. We are upgrading and expanding our safety, storage and shipping facilities at our terminals. This is vital to ensure that we accommodate the growing need for fuel imports and support communities in fast-growing regions.

[SLIDE – GLADSTONE TANK]

During the year we spent \$17 million on terminal facilities in Melbourne, Darwin and North Queensland. This included a maintenance and environmental project at our largest fuels terminal in Newport in Melbourne and construction of a 15 million litre diesel storage tank in Gladstone, Queensland.

We are also seeing benefits from our major improvement projects. There was further progress on the Refining Performance Improvement Program launched two years ago. This is a collection of projects designed to improve throughput and yield and lift production of high octane petrol and diesel.

[SLIDE: KURNELL REFINERY]

The record utilisation and production rates achieved by the refineries in 2006 are testimony to this program’s effectiveness. So far we have spent around \$63 million of an estimated total investment of around \$350 million.

In addition, we are well advanced in a supply chain improvement project which includes refinery operations scheduling, data management and product supply planning.

[SLIDE: STARMAGAZINE COVER ON BIOFUELS]

It was also a year of very strong activity and achievements in biofuels. In 2006 we were proud to establish Australia’s largest network of sites selling biofuels, which we supported with major consumer information campaigns, advertising and special events.

We have been commended by national and state government representatives for meeting our 2006 target to market biofuels as part of the Australian Government’s Biofuels Action Plan.

Caltex has E10 Unleaded petrol, a blend of petrol with 10% ethanol on sale at regional and metropolitan service stations in Queensland, NSW and the ACT. We launched New Generation Diesel in October 2006 which is enhanced with 2% biodiesel and is being



distributed to NSW service stations and direct to major industrial customers like miners and transport firms.

In all, we now have petrol or diesel blended with biofuels on sale at about 250 service stations and we will keep extending the number of sites and this year plan on doubling the volume of biofuel we sold in 2006.

[SLIDE: MYTHBUSTERS TALKINGPOINT]

In August 2006 Caltex made a detailed submission to the petrol pricing inquiry by the Senate Economics Legislation Committee in Canberra.

In our written submission and in the presentation to the committee by Managing Director Des King and other company representatives, we showed that petrol prices closely follow international prices, that prices do not jump because of public holidays, weekly price cycles benefit consumers and that supermarkets operate the largest number of service stations that are aggressive discounters.

I am pleased to say that the report issued by the inquiry supported our points and did not recommend any further regulation of fuel prices.

In 2007, Caltex will continue to invest in strengthening the company and improving the way we do things. This includes a major focus on safety and reliability and operational excellence.

[SLIDE – CONVENIENCE STORE]

The outlook is for refiner margins to remain robust and volatile. The fuels market will see continued growth in diesel demand, particularly from the mining and transport sectors. Petrol sales are expected to remain flat.

We are the largest refiner and marketer of fuels in Australia and we operate the leading convenience store network. But we recognise the need to punch above our weight and “box clever” in meeting the pressures and challenges of the changing market and international environment in which we operate.

I am confident that we are positioned to succeed. We thank our employees, shareholders, business partners and customers for their support and contribution last year.

End of speech:

I will now hand over to Des King to present his Managing Director’s address and talk about some of our key strategies that will underpin our performance going forward.

Managing Director’s Address

MANAGING DIRECTORS ADDRESS

[SLIDE – PHOTO OF DICK WARBURTON AND DES KING]



At the end of Des’s speech:

Thank you Des.

[SLIDE – PHOTO OF DICK WARBURTON AND DES KING]

KEY SHAREHOLDER ISSUES

[SLIDE – KEY SHAREHOLDER ISSUES]

In seeking to address some key issues that have been raised by shareholders before the AGM, I will respond on the following subjects:

- What do we say to the accusations by motorists’ organisations that we are profiteering on petrol prices?
- What is Caltex doing about climate change?
- How does Caltex compare with other oil companies on meeting national biofuels targets?

PETROL PRICES

[SLIDE – MEDIA RELEASE]

We have said quite a lot, particularly this month in the lead up to Easter. Instead of waiting and responding to the usual accusations about raising petrol prices for holidays, this time we took the initiative. We put out a media release that predicted there would be false allegations of petrol price gouging before the Easter holiday period.

We explained how price rises were the result of weekly price cycles. We also reminded everyone that the myth of holiday prices was debunked by both Caltex and the Australian Competition and Consumer Commission in submissions to the Senate inquiry last year into petrol pricing.

Our media release stated:

"Despite this, we are sure to see the same old claims of price gouging and profiteering ahead of the Easter holidays, and unsubstantiated calls for yet more price investigations.

The groups making these claims never produce any data to back them up. They simply fade away after their attacks before repeating them at the next holiday period."

During Easter and afterwards, we put out two further media releases pointing out that prices had risen in accordance with normal price cycles.

We are also very proactive on other fronts. For example, as shareholders you should have received our *Talking Point* brochure on Petrol Pricing Mythbusters. This was also widely circulated – including to a large number of politicians and journalists - as an insert in the Caltex *Star* magazine.



We have copies available for you here today at the registration table.

CLIMATE CHANGE

[SLIDE – GREATER FUEL EFFICIENCY, MORE ALTERNATIVE FUELS, CARBON TAXES]

Caltex is taking a stand on climate change, and the Board has approved a policy on climate change. We know our employees, customers and shareholders want to know what can be done about climate changes and what we can do to contribute to the solution.

Caltex accepts that burning of fossil fuels produces carbon dioxide which contributes to greenhouse gas emissions. This is a serious problem and Caltex is contributing to the solutions.

To put it in perspective, Australia’s annual greenhouse emissions were 565 million tonnes in 2004. As a company we emit about 1.8 million tonnes. Our products, once sold, emit another 35 million tonnes, mainly from vehicles.

Our policy is to support the setting of a national goal for reducing greenhouse gas emissions by 2050. We also support the introduction of a national pricing mechanism for controlling carbon emissions in the next decade. Carbon pricing for road transport should be in the form of a carbon tax per litre of fuel sold, though markets, not regulation, should drive this as much as possible.

Our action plans include updating the inventory of greenhouse gas emissions from Caltex refineries and other operations and preparing an emissions reduction plan.

We will also be working to raise awareness and understanding of emissions from customers' use of petrol, diesel and other fuels and looking for opportunities associated with climate change.

We are already selling biofuels which reduce life-cycle greenhouse gas emissions and we will be evaluating opportunities such as offering 'carbon neutral' petrol and diesel that are bundled with carbon credits.

The bottom line is that we are aware that transport produces a big share – 76 million tonnes or about 13 per cent – of Australia’s greenhouse gas emissions. For this figure to be constrained Australia will probably require a combination of vehicles with greater fuel efficiency, more alternative fuels and carbon taxes.

BIOFUELS

[SLIDE – BIOFUELS CAR]

Caltex certainly met its biofuels supply commitment for 2006 as part of the Government’s plan for Australia, and we have been commended for this.

Caltex is the only company to have announced it achieved its 2006 biofuels sales volume target, and as I mentioned earlier we are on track to double our biofuels sales volume this year in order to ensure that we continue to meet our annual targets through to 2010 and make a significant contribution to Australia’s use of biofuels.



CALTEX

CALTEX AUSTRALIA LIMITED
ACN 004 201 307

AGM – CHAIRMAN’S SPEECH

A full list of the issues raised by shareholders prior to the meeting, and Caltex’s response, is available from the Shareholder Information table.

I would now like to open the meeting to questions and discussion on the three key issues. If you would like to ask a question or make a comment on these key issues, please make your way to the microphone located at the front of your aisle. Please then announce your name before asking your question or making your comments. To give all shareholders an opportunity to participate in the discussion, I also ask you to initially limit your questions to two.

If you have a question or comment on other matters, would you please hold your question or comments until later in the meeting, when the AGM is opened for discussion on the items of business for consideration at today’s AGM or until the shareholder forum for questions and comments at the end of the formal business of the meeting.