



CALTEX AUSTRALIA LIMITED
ACN 004 201 307

ANNUAL GENERAL MEETING – 23 APRIL 2009

2009 AGM – SHAREHOLDER ISSUES LIST

KEY SHAREHOLDER ISSUES

Issue: ***Dividend payout for 2008***

Response: *Note: This response is based on the Chairman's speech to shareholders at the AGM*

A number of shareholders are unhappy with the Board's decision not to declare a final dividend for 2008.

We understand the difficulties and concerns that this presents to those of our shareholders who count on a dependable yield from their investments.

For 2008, Caltex paid out 52% of its earnings (on a replacement cost of sales operating profit basis) in dividends. This is in line with our dividend policy that says we should payout between 40% - 60% replacement cost of sales operating profit in dividends for the full year.

We had quite a good first half result of \$196 million, and paid out 50%. In the second half, we reported a loss of \$10 million. In this current global financial crisis, where credit and capital are both expensive and difficult to raise, the Board did not consider, in having made a loss in the second half, it would be in the best interests of Caltex to pay a final dividend.

Issue: ***Director and executive remuneration***

Response: *Note: This response is based on the Chairman's speech to shareholders at the AGM*

The Board is aware of the need to ensure that Caltex executives are appropriately, but not excessively, remunerated.

Caltex has short-term and long-term incentive plans. These incentive plans closely link employee rewards to company performance and the interests of shareholders.

At a time when our profits and dividends are down, the payments to Caltex executives have fallen.

As a result of the company's performance in 2008, Caltex executives received lower short-term benefits in 2008, compared to those received in 2007.

On average, those executives who were continuously employed throughout 2007 and 2008 received a reduction of about 60% in their short-term incentives in 2008, compared to 2007.

In addition, management's long-term incentive award is impacted by the share price. A lower share price will reduce the long-term incentives of management.

The Board has also decided to freeze directors' fees for 2009.

OTHER SHAREHOLDER ISSUES

Issue: *Refining reliability and unplanned shutdowns in 2008*

Response: *Note: This response is based on the Chairman's speech to shareholders at the AGM*

Caltex experienced poor reliability performance of Kurnell and Lytton refineries in 2008 and we have taken steps to ensure these specific incidents do not happen again.

Although, importantly, the events at both Kurnell and Lytton were handled without safety incidents, unfortunately, they did result in approximately \$100 million of lost profit opportunities.

At Kurnell, a decision was made to extend the time between shutdown maintenance of the cat cracking unit from four years to four and a half years. Unfortunately, the incident at Kurnell occurred within the extended maintenance period and, as a result, we have returned to a maintenance cycle of four years.

At Lytton, the issues with the Diesel Hydrotreater Unit were caused by an obscure form of corrosion, which was discovered after in-depth investigation by both Caltex and Chevron. Once this was discovered, we upgraded the affected metal, and the unit has been operating successfully since.

These reliability issues were disappointing, especially in light of the record refinery reliability we saw in 2007.

We believe our new diesel hydrotreater at Lytton, which we expect to come online by the end of the second quarter, will mitigate the impact of any reliability issues with our existing Lytton diesel hydrotreater.

Issue: *Dividend reinvestment plan*

Response: Caltex does not have a dividend reinvestment plan. However, the Board is mindful of the issue and will keep it on its "radar screen".