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ASX ANNOUNCEMENT



CALTEX AUSTRALIA LIMITED
ACN 004 201 307

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SYDNEY NSW 2000 AUSTRALIA

31 July 2012

Company Announcements Office
Australian Securities Exchange

CALTEX AUSTRALIA LIMITED
CALTEX TO RAISE \$300 MILLION THROUGH AN ASX-LISTED NOTES ISSUE

An *ASX Release* titled "Caltex to raise \$300 million through an ASX-listed notes issue" is attached for immediate release to the market.



Peter Lim
Company Secretary

Contact number: (02) 9250 5562 / 0414 815 732

Attach.

ASX/Media release
For immediate release
Tuesday 31 July 2012

Caltex to raise \$300 million through an ASX-listed notes issue

Caltex Australia Limited (“Caltex”) today announced an offer of Caltex Subordinated Notes (“Notes”) to raise \$300 million, with the ability to raise more or less (the “Offer”). The Notes are dated, direct, unsecured, subordinated, and cumulative in nature. Caltex today lodged a Prospectus with the Australian Securities and Investments Commission (“ASIC”).

Capitalised terms in this release have the meaning given to them in the Prospectus.

The Offer of Notes forms part of Caltex’s ongoing capital management strategy. The proceeds will be used for general corporate purposes and for the refinancing of existing indebtedness.

Caltex’s Chief Financial Officer, Mr Simon Hepworth said, “The Notes represent Caltex’s first retail targeted capital markets transaction since listing on the ASX, and provides investors with a new investment opportunity in Caltex. The Offer will be open to retail and institutional investors, including Caltex’s Australian shareholders.

“The Offer will provide a number of benefits to Caltex, including increased funding flexibility and diversification as the company seeks to implement a number of strategic initiatives. These include continued investment in Caltex’s supply chain and Marketing operations to maintain growth momentum. The most significant investment is the closure and conversion of the Kurnell Refinery in Sydney to a major import terminal.

“The Offer highlights Caltex’s pro-active and prudent approach towards implementing its capital management strategy and is consistent with our objective of maintaining a prudent credit profile. Caltex expects that the Notes will provide an amount of equity credit from Standard & Poor’s.” Mr Hepworth said.

Key features of Notes:

- Notes will be issued by Caltex and are dated, direct, unsecured, subordinated and cumulative in nature;
- The Notes will have a Face Value and Issue Price of \$100 per Note;
- Notes have a first call date of 15 September 2017 and a final maturity date of 15 September 2037;
- Notes entitle holders to receive floating rate, cumulative interest payments quarterly in arrears, subject to deferral;
- Interest payments will be calculated on a quarterly basis as the sum of the three month Bank Bill Rate plus the Margin;
- The Margin will be determined following the Bookbuild and is expected to be in the range of 4.50% to 4.75% per annum. This equates to an initial yield of approximately 8.00% to 8.25% per annum¹;
- If Notes are not redeemed by 15 September 2017, the Margin will increase by 0.25% per annum;
- Notes are intended to be quoted on the Australian Securities Exchange (“ASX”) under the code ‘CTXHA’; and
- Notes are not convertible into ordinary shares or any other securities.

¹ Based on an illustrative Bank Bill Rate of 3.50%

Citigroup and UBS have been appointed as Joint Structuring Advisers and Joint Lead Managers for the Offer. National Australia Bank and Westpac Institutional Bank have also been appointed as Joint Lead Managers.

The Offer comprises:

- Institutional Offer - an offer to Institutional Investors;
- Broker Firm Offer - an offer to eligible retail clients of Syndicate Brokers;
- Shareholder Offer - an offer to Eligible Shareholders²; and
- General Offer - an offer to members of the general public who are resident in Australia.

Set out below are the key dates for the Offer.

Key dates for the Offer	Date
Lodgement of the original Prospectus with ASIC	31 July 2012
Bookbuild to determine the Margin commenced	8 August 2012
Announcement of the Margin	9 August 2012
Lodgement of replacement Prospectus with ASIC	9 August 2012
Opening Date for the Offer	9 August 2012
Closing Date for the Shareholder Offer and General Offer	5:00pm Sydney time on 28 August 2012
Closing Date for the Broker Firm Offer	10:00am Sydney time on 4 September 2012
Issue Date	5 September 2012
Notes begin trading on ASX (on a deferred settlement basis)	6 September 2012
Holding Statements despatched by	10 September 2012
Notes begin trading on ASX (on a normal settlement basis)	11 September 2012

The key dates and times for the Offer are indicative only and may change without notice.

Caltex reserves the right to withdraw the Offer, extend the offer, close the Offer early without notice or to scale back applications depending on investor demand. The total amount raised will depend on the outcome of the bookbuild process and demand from other investors, including Eligible Shareholders, during the Offer Period.

Attached to this ASX/Media release is the Prospectus and broker presentation for the Offer. The Prospectus has been lodged with ASIC and is available for download within Australia at www.caltex.com.au/notes or by calling the Caltex Offer Information Line on 1300 638 671 (Australia) or +61 3 9415 4659 (international) Monday to Friday – 8:30am to 5:30pm (Sydney time).

A replacement Prospectus, containing the Margin and Application Forms, will be made available from the Opening Date of the Offer, expected to be on Thursday 9 August 2012. Investors should consider the Prospectus in deciding whether to apply for Notes. Applications may be made using the Application Form attached to, or accompanying, the Replacement Prospectus, or online through the offer website at www.caltex.com.au/notes.

² Eligible Shareholders are holders of Caltex Australia Limited Ordinary Shares on the register at 7.00pm (Sydney time) on 27 July 2012 with a registered address in Australia.



CALTEX

Caltex Australia

Not for distribution in the United States of America

This release does not constitute an offer to sell, or a solicitation of an offer to buy, any securities in the United States of America. This release may not be distributed or released in the United States of America. Notes have not been, and will not be, registered under the U.S. Securities Act of 1933, as amended (the U.S. Securities Act) or the securities laws of any state or other jurisdiction of the United States and may not be offered or sold in the United States except in accordance with an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and any other applicable securities laws.

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Ends

Issuer

Caltex Australia Limited (ABN 40 004 201 307)

Prospectus

Caltex Subordinated Notes

Prospectus for the issue of Caltex Subordinated Notes to be listed on ASX

**Joint Structuring Advisers
and Joint Lead Managers**

Citi
UBS

Joint Lead Managers

National Australia Bank
Westpac

Co-Managers

Bell Potter
JBWere
Morgan Stanley Smith Barney

Important notices

Lodgement and listing

This Prospectus is issued by Caltex Australia Limited (ABN 40 004 201 307) (Caltex or Issuer). It is an invitation to apply for Caltex Subordinated Notes (the Notes) to raise \$300 million, with the ability to raise more or less (Offer).

This Prospectus is dated 31 July 2012 and was lodged with the Australian Securities and Investments Commission (ASIC) on that date. This Prospectus expires on the date which is 13 months after 31 July 2012 and no Notes will be issued on the basis of this Prospectus after that date.

The Issuer will apply for quotation of the Notes on the ASX within seven days following the lodgement of this Prospectus with ASIC. If ASIC does not grant permission for the Notes to be quoted within three months after the date of this Prospectus (or any longer period permitted by law), the Notes will not be issued and all Application Payments will be refunded (without interest) to Applicants as soon as practicable.

Neither ASIC nor ASX take responsibility for the contents of this Prospectus or the merits of the investment to which it relates. This Prospectus is important and requires your immediate attention.

Not investment or financial product advice

The information provided in this Prospectus is not investment or financial product advice and has been prepared without taking into account your particular objectives, financial situation or needs (including tax issues) as an investor. You should carefully read the whole of this Prospectus and consider all of the risk factors that could affect the performance of the Notes or the Issuer in light of your own particular objectives, financial situation and needs before deciding whether to invest in the Notes and whether to complete and lodge an Application Form. If you have any questions, you should contact your financial or other professional adviser for advice before deciding whether to invest in the Notes. Some of the risk factors that you should consider are set out in Section 6 of this Prospectus. There may be additional risk factors in addition to these that should be considered in light of your personal circumstances.

This Prospectus is only relevant for investors or potential investors in the Notes and should not be used for any other purpose.

ASIC has published a guide for retail investors who are considering investing in corporate bonds called 'Investing in corporate bonds?' (ASIC Guide). A free copy of the ASIC Guide can be obtained from ASIC's website at <https://www.moneysmart.gov.au/media/132057/investing-in-corporate-bonds.pdf> or by calling ASIC on 1300 300 630 (from inside Australia) or +61 3 5177 3988 (from outside Australia). The ASIC Guide describes, in general terms, potential features of corporate bonds. ASIC has also prepared a webpage regarding hybrid securities and notes (ASIC Webpage). The ASIC Webpage can be accessed at <https://www.moneysmart.gov.au/investing/complex-investments/hybrid-securities-and-notes>. Investors should carefully assess the specific terms of Notes as described in this Prospectus, which may differ from the general terms described in the ASIC Guide or on the ASIC Webpage.

Exposure period

The Corporations Act 2001 (Cth) (Corporations Act) prohibits the Issuer from processing applications in the seven day period after the date of lodgement of this Prospectus with ASIC. This period may be extended by ASIC by up to a further seven days. This period is an exposure period to enable the Prospectus to be examined by market participants prior to the commencement of the Offer. Application Forms will not be made available during the Exposure Period.

No representations other than this Prospectus

No person is authorised to give any information or to make any representation in connection with the Offer which is not contained in this Prospectus. You should rely only on information in this Prospectus. Any information or representation that is not in this Prospectus may not be relied on as having been authorised by the Issuer in connection with the Offer.

Restrictions on distribution

This Prospectus does not constitute an offer of the Notes or invitation to apply for the Notes in any place in which, or to any person to whom, it would not be lawful to make such offer or invitation. For details of the selling restrictions that apply to the Notes in foreign jurisdictions, see Section 9.7.

Electronic Prospectus

The Prospectus will be available electronically during the Offer Period at www.caltex.com.au/notes. The electronic version of this Prospectus is available only to persons accessing it within Australia and is not available to persons in any other jurisdictions (including the United States) without the prior approval of Caltex and the Joint Lead Managers.

Persons who access the electronic version of this Prospectus must ensure that they download and read the entire Prospectus.

Persons within Australia having received a copy of this Prospectus in its electronic form may, during the Offer Period, obtain a paper copy of the Prospectus, free of charge, by contacting the Caltex Offer Information Line on 1300 638 671 (within Australia) or +61 3 9415 4659 (outside Australia).

The Corporations Act prohibits any person from passing on to another person the Application Form unless it is attached to, or accompanied by, the complete and unaltered version of this Prospectus.

The following conditions apply if this Prospectus is accessed electronically:

- you must download the entire Prospectus;
- your Application will only be considered where you have applied on an Application Form that was attached to or accompanied by a copy of this Prospectus; and
- the Prospectus is available to you electronically if you are accessing and downloading or printing the electronic copy of the Prospectus in Australia.

Applications for the Notes

Applications for the Notes under this Prospectus may only be made during the Offer Period (although Caltex reserves the right to accept late Applications) and pursuant to an Application Form attached to or accompanying this Prospectus.

Please see Section 3.5 for information on who is eligible to apply for the Notes under the Offer and how to make an Application.

Financial amounts

The Caltex Subordinated Notes are denominated in Australian dollars. All financial amounts contained in this Prospectus are expressed in Australian dollars unless otherwise stated. Any discrepancies between totals and the sum of components in tables contained in this Prospectus are due to rounding.

Caltex basis of reporting

Caltex reports its results for statutory purposes on a historical cost basis (as presented in Section 5.2). Caltex also provides financial results on a Replacement Cost of Sales Operating Profit (RCOP) basis (as presented in Section 5.3). The RCOP result removes the impact of fluctuations in the US dollar price of crude and foreign exchange on cost of sales, which is separately identified as inventory gains/ (losses) in the statutory income statement. Such impacts constitute a major external influence on Caltex profits. The Caltex RCOP methodology is consistent with the basis of reporting commonly used within the global refining industry. RCOP results are a measurement basis for Caltex used by the Rating Agency and bank covenants. The RCOP measure (excluding significant items) is consistent with the presentation of RCOP disclosed in Caltex's Annual Report for the year ended 31 December 2011.

As a general rule, an increase in crude prices on an Australian dollar basis will create an earnings gain for Caltex (but working capital requirements will also increase). Conversely, a drop in crude prices on an Australian dollar basis will create an earnings loss. This is a direct consequence of the first in first out (FIFO) costing process used by Caltex in adherence with accounting standards

to produce the statutory financial result on a historical cost basis. With Caltex holding approximately 45 to 60 days of inventory, revenues reflect current prices in Singapore whereas FIFO costings reflect costs approximately 45 to 60 days earlier. The timing difference creates these inventory gains and losses.

To remove the impact of this factor on earnings and to better reflect the underlying performance of the business, the RCOP Net Profit After Tax methodology calculates the cost of goods sold on the basis of theoretical new purchases instead of actual costs from inventory. The cost of these theoretical new purchases is calculated as the average monthly cost of cargoes received during the month of those sales.

Forward looking statements

Certain statements in this Prospectus relate to the future. These forward looking statements, which are identified by words such as "may", "could", "believes", "estimates", "expects", "intends" and other similar words, involve known and unknown risks, uncertainties, assumptions and other important factors that could cause the actual results, performance or achievements of Caltex or other members of the Caltex Group to be materially different from future results, performance or achievements expressed or implied by such statements.

Such forward looking statements are based on numerous assumptions regarding present and future business strategies and the environment in which members of the Caltex Group will operate in the future.

Certain important factors that could cause actual results, performance or achievements to differ materially from those in the forward looking statements include, among others, the risk factors described in this Prospectus in Section 6, and other unknown risks and uncertainties.

Forward looking statements should, therefore, be construed in light of such risk factors and reliance should not be placed on forward looking statements. Unless otherwise indicated, forward looking statements relate to the beliefs, expectations or intentions of the Issuer (and no other person) as at the date of this Prospectus, and there is no assurance that any such beliefs, expectations, or intentions will not change in the future.

Disclaimer

Except as required by law, and only to the extent so required, neither Caltex nor any other person warrants the future performance of Caltex or any members of the Caltex Group or any return on any investment made under this Prospectus.

Privacy

You will be asked to provide personal information to Caltex (directly or via its agents) if you apply for Notes. Please read the privacy statement located at Section 9.10 of this Prospectus. By submitting the Application Form accompanying this Prospectus, you consent to the matters outlined in that statement.

Photographs and diagrams

Some of the assets depicted in photographs and diagrams in this Prospectus may not be assets of the Issuer or products or services sold by the Issuer. Diagrams in this Prospectus are illustrative only and may not be drawn to scale.

Defined terms and glossary

Some words and expressions used in this Prospectus have defined meanings, which are in the glossary in Appendix B.

The definitions specific to the Notes are contained in Clause 13.3 of the Terms in Appendix A. If there is any inconsistency in definitions between this Prospectus and the Terms, the definitions in the Terms prevail. A reference to time in this Prospectus is to Sydney time unless otherwise stated.

Questions

If you have questions in relation to the Offer, please contact your financial or other professional adviser. If you have questions in relation to how to complete the Application Form, please call the Issuer on the Caltex Offer Information Line on 1300 638 671 (within Australia) or +61 3 9415 4659 (outside Australia).



CALTEX



Vortex
Premium fuels

Coffee

ATM

Table of Contents

Key Dates	2
Chairman's letter	3
1. Investment overview	5
2. About Caltex Subordinated Notes	25
3. About the Offer	39
4. Information about Caltex	51
5. Financial information	59
6. Investment risks	69
7. Australian taxation summary	81
8. Key people, interests and benefits	85
9. Additional information	93
Appendix A: Terms of Issue	103
Appendix B: Glossary	119
Corporate directory	IBC



Key dates

KEY DATES FOR THE OFFER	DATE
Lodgement of this Prospectus with ASIC	31 July 2012
Bookbuild to determine the Margin	8 August 2012
Announcement of the Margin	9 August 2012
Lodgement of replacement Prospectus with ASIC	9 August 2012
Opening Date for the Offer	9 August 2012
Closing Date for the Shareholder Offer and General Offer	28 August 2012, at 5.00pm Sydney time
Closing Date for the Broker Firm Offer	4 September 2012, at 10.00am Sydney time
Settlement Date	4 September 2012
Issue Date	5 September 2012
Notes begin trading on the ASX (on a deferred settlement basis)	6 September 2012
Holding Statements despatched	10 September 2012
Notes begin trading on the ASX (on a normal settlement basis)	11 September 2012

KEY DATES FOR CALTEX SUBORDINATED NOTES	DATE
First Interest Payment Date ¹	15 December 2012
First Call Date	15 September 2017
Maturity Date	15 September 2037

Dates may change

The key dates for the Offer are indicative only and may change without notice.

Caltex, in consultation with the Joint Lead Managers, may vary the timetable, including extending any Closing Date, closing the Offer early without notice or accepting late Applications, whether generally or in particular cases, or withdrawing the Offer at any time before the Notes are issued.

You are encouraged to lodge your Application as soon as possible after the Opening Date.

Note that if the Closing Date is varied, subsequent dates may also be varied accordingly.

¹ Interest is payable quarterly in arrears. Quarterly payments are scheduled to be paid on 15 March, 15 June, 15 September and 15 December each year, with the first Interest Payment Date scheduled to be 15 December 2012. If an Interest Payment Date is not a Business Day (as is the case with the first Interest Payment Date), then the payment will be made on the next Business Day unless that falls in the next calendar month in which case that date will be the first preceding day that is a Business Day. If a payment is postponed until the next Business Day, there will be no adjustment to the amount of the Interest Payment. Refer to Section 2.2 for further information.

Chairman's letter

Dear investor,

On behalf of the Board, I am pleased to present you with an opportunity to invest in Caltex Subordinated Notes.

The Notes are dated, direct, unsecured, subordinated, cumulative notes to be issued by Caltex and are intended to be listed on the ASX.

Holders will be entitled to receive quarterly Interest Payments, unless deferred, based on a floating rate of interest plus a fixed Margin. The Notes will mature on 15 September 2037 unless redeemed earlier. Caltex has the right to redeem the Notes from 15 September 2017, or earlier in certain circumstances, but is not obliged to do so.

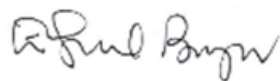
Caltex intends to raise \$300 million through the Offer of the Notes, with the ability to raise more or less. The Offer of the Notes forms part of Caltex's ongoing capital management strategy, and the proceeds will be used for general corporate purposes including the repayment of existing indebtedness. The capital raised will provide Caltex with additional capital support as it executes its growth plans and implements its recently announced supply chain restructure, including the conversion of the Kurnell refinery to an import terminal. You should refer to Section 4 for more information about our business, strategy and the proposed supply chain restructure.

This Prospectus contains information about Caltex and the Offer. You should read this Prospectus carefully before deciding whether to invest in Notes and, in particular, you should consider the risk factors set out in Section 6 before deciding whether to apply for Notes.

If, after reading this Prospectus, you have any questions about the Offer or how to apply for Notes, please call the Caltex Offer Information Line on 1300 638 671 or +61 3 9415 4659 Monday to Friday – 8.30am to 5.30pm (Sydney time). If you intend to apply through a broker or other professional adviser, you may contact them directly.

On behalf of the Board, I invite you to consider this investment opportunity.

Yours faithfully,



Elizabeth Bryan
Chairman
Caltex Australia Limited



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1

Investment overview

- 1.1 Key features of the Offer
- 1.2 Key terms of Caltex Subordinated Notes
- 1.3 Comparison between Ordinary Shares, Caltex Subordinated Notes and senior bonds
- 1.4 Overview of Caltex
- 1.5 Key risks associated with Caltex
- 1.6 Key risks associated with Caltex Subordinated Notes
- 1.7 Additional information about the Offer
- 1.8 Key information about people, interests and benefits
- 1.9 What should you do?

1. Investment overview

1.1 Key features of the Offer

TOPIC	SUMMARY	FURTHER INFORMATION
1.1.1 Who is the Issuer?	<ul style="list-style-type: none">The Issuer is Caltex.	Section 4
1.1.2 What are the Notes?	<ul style="list-style-type: none">The Notes are dated, direct, unsecured, subordinated, cumulative notes to be issued by Caltex, which will mature on 15 September 2037 unless redeemed before that date.	Section 2
1.1.3 What are the key Offer details?	<ul style="list-style-type: none">The Offer size is \$300 million, with the ability to raise more or less.The Issue Price is \$100 per Note. This is also the Face Value.Applications must be for a minimum of 50 Notes (\$5,000).If your Application is for more than 50 Notes, then you must apply in incremental multiples of 10 Notes – that is incremental multiples of \$1,000.	Section 2
1.1.4 What is the purpose of the Offer?	<ul style="list-style-type: none">The Offer of the Notes forms part of Caltex's ongoing capital management strategy, and the proceeds will be used for general corporate purposes including the repayment of existing indebtedness. The capital raised will provide Caltex with additional capital support as it executes its growth plans and implements its recently announced supply chain restructure, including the conversion of the Kurnell refinery to an import terminal.	Section 2.1.5
1.1.5 Listing	<ul style="list-style-type: none">Application will be made for the Notes to be quoted on the ASX under the code "CTXHA".	Section 3.7
1.1.6 Important matters to be aware of	<p><i>25 year term:</i></p> <ul style="list-style-type: none">While Caltex may redeem the Notes in certain circumstances before their Maturity Date in 25 years, it is not obliged to do so (except in limited circumstances).Caltex intends to utilise hybrid securities that are ascribed equity credit by the Rating Agency (such as Notes) as a key feature of its capital structure going forward. Holders have no rights to request early Redemption of Notes except in limited circumstances. Holders may seek to sell Notes on ASX but there is no guarantee they will be able to do so at an acceptable price, or at all. This may particularly be the case where the Notes remain outstanding for a long period and Caltex's financial condition or performance, or broader economic or market conditions, materially deteriorate. <p><i>ASX listed:</i></p> <ul style="list-style-type: none"> Holders may seek to sell the Notes on the ASX but there is no guarantee they will be able to do so, or do so at an acceptable price. This may particularly be the case if the Notes remain outstanding for a long period and Caltex's financial position or performance, or broader economic or market conditions, materially deteriorate.	Sections 1.6 and 6

TOPIC	SUMMARY	FURTHER INFORMATION
<p>1.1.6 Important matters to be aware of <i>continued</i></p>	<p><i>Deferrable Interest Payments:</i></p> <ul style="list-style-type: none"> • Caltex may defer all or any part of an Interest Payment at its sole discretion. • All Deferred Interest Payments are cumulative and compounding, and must be paid within five years of the deferral of the then longest outstanding Deferred Interest Payment (or earlier in certain circumstances). • Except in limited circumstances, while any Deferred Interest Payments are outstanding (unless they are paid in full within 20 Business Days of being deferred), Caltex is restricted from paying dividends, interest or distributions on, or redeeming, reducing, cancelling, purchasing or buying-back, any Equal Ranking Obligations, Shares or other Junior Ranking Obligations. <p><i>No conversion or voting rights:</i></p> <ul style="list-style-type: none"> • The Notes are not convertible into Ordinary Shares (or any other securities) and have no rights to vote at any meeting of shareholders of Caltex. <p><i>Seek professional advice:</i></p> <ul style="list-style-type: none"> • If you do not understand any part of this Prospectus, or are in any doubt as to whether to invest in the Notes or not, you should seek professional investment advice from your financial or other professional adviser before deciding whether to invest. 	<p>Sections 1.6 and 6</p>

1.2 Key terms of Caltex Subordinated Notes

TOPIC	SUMMARY	FURTHER INFORMATION
1.2.1 Interest Payments	<ul style="list-style-type: none"> Floating interest rate equal to the sum of the Bank Bill Rate plus the Margin. The Margin is to be determined under the Bookbuild and is expected to be in the range of 4.5% and 4.75% per annum. Interest may be paid in any manner in which Caltex decides, including by direct credit or by cheque. Interest payments will not have any franking credits attached to them. 	<p>Section 2.2</p> <p>Clause 2 of the Terms</p>
1.2.2 Interest Payment Dates	<ul style="list-style-type: none"> Interest is payable quarterly in arrears on 15 March, 15 June, 15 September and 15 December each year, commencing on 15 December 2012 until the Maturity Date or any Redemption Date. 	<p>Section 2.2</p> <p>Clause 2 of the Terms</p>
1.2.3 Deferrable and cumulative Interest Payments	<ul style="list-style-type: none"> Caltex may defer all or any part of any Interest Payment at its sole discretion. All Deferred Interest Payments are cumulative and compounding and may be paid by Caltex at any time (provided that the Deferred Interest Payment must be paid in certain circumstances). Caltex must pay all Deferred Interest Payments within five years after the deferral of the then longest outstanding Deferred Interest Payment (or earlier in certain circumstances). If Caltex defers all or some of an Interest Payment and the Interest Payment has not been paid in full within 20 Business Days after the relevant Interest Payment Date on which it would otherwise have been due, Caltex must not, unless approved by a Special Resolution of Holders (and other than in respect of employee share plans): <ul style="list-style-type: none"> declare or pay any dividend, interest or distribution on any Equal Ranking Obligations, Junior Ranking Obligations or any Shares (other than a payment made pro-rata on Notes and Equal Ranking Obligations in relation to that payment); or redeem, reduce, cancel, purchase or buy-back any of its Equal Ranking Obligations, Junior Ranking Obligations or any Shares (other than a redemption, reduction, cancellation, purchase or buy-back of the Notes and Equal Ranking Obligations or a pro-rata basis), unless all Deferred Interest Payments that then remain outstanding are paid in full. 	<p>Section 2.3</p> <p>Clauses 2.6, 2.7 and 2.8 of the Terms</p>
1.2.4 Maturity Date	<ul style="list-style-type: none"> 15 September 2037 (approximately 25 years after the Issue Date). 	<p>Section 2.4.4</p>
1.2.5 Margin step-up on First Call Date	<ul style="list-style-type: none"> If Caltex does not elect to redeem Notes on 15 September 2017 (i.e. the First Call Date), the Margin will increase by 0.25% per annum. 	<p>Clause 2.2 of the Terms</p>

TOPIC	SUMMARY	FURTHER INFORMATION
1.2.6 Caltex's Redemption rights	<ul style="list-style-type: none"> • Redeemable at the option of Caltex on 15 September 2017 (approximately five years after the Issue Date), or on any quarterly Interest Payment Date thereafter. • Redeemable at the option of Caltex at any time if a Capital Event, Tax Event, Clean-up Event or Change of Control Event occurs (subject to certain notice and time period requirements). • While Caltex may redeem the Notes in the above circumstances, it is not obliged to do so except as set out below. 	<p>Section 2.4</p> <p>Clauses 3.2 and 3.3 of the Terms</p>
1.2.7 Holders' Redemption rights	<ul style="list-style-type: none"> • Holders may request Redemption before the Maturity Date only if a Change of Control Event occurs and Caltex does not elect to redeem the Notes or Caltex does not give notice of the Change of Control Event. • If an Event of Default occurs the Trustee may declare the Notes immediately due and payable (and the Trustee must do so if directed to do so by a Special Resolution or by Holders of at least 25% of the total Face Value of the Notes then outstanding). 	<p>Section 2.4.5</p> <p>Clauses 3.4 and 5 of the Terms</p>
1.2.8 Unsecured Notes	<ul style="list-style-type: none"> • Payments are not secured by a mortgage, charge or other security interest over any asset of Caltex or any other entity. • The Notes are "unsecured notes" for the purposes of the Corporations Act (section 283BH). 	<p>Section 2.5.1</p> <p>Clause 4.1 of the Terms</p>
1.2.9 Ranking	<ul style="list-style-type: none"> • In an Event of Insolvency (for example, if a liquidator is appointed to wind-up Caltex) the Notes will rank: <ul style="list-style-type: none"> – behind all creditors of Caltex, except those mentioned below (i.e. behind all Senior Obligations); – equally amongst themselves and with Equal Ranking Obligations, being any subordinated debt obligations of Caltex which rank or are expressed to rank equally with the Notes; and – ahead of Junior Ranking Obligations, which includes Shares, as well as any subordinated debt which ranks junior to the Notes. • If at any time an Event of Insolvency occurs in relation to Caltex, the amount payable to Holders will only be paid (on a pro-rata basis with all other Equal Ranking Obligations) after amounts owing to all other creditors of Caltex that rank ahead of the Notes have been paid in full. 	<p>Sections 2.5.2 and 2.5.3</p> <p>Clause 4 of the Terms</p>

TOPIC	SUMMARY	FURTHER INFORMATION
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1.2.10 Illustration of ranking of Caltex's obligations in respect of existing debt instruments and equity upon a liquidation

- The table below illustrates how the Notes would rank upon a liquidation of Caltex against Caltex's obligations in respect of existing debt facilities, debt instruments and equity. This is a simplified capital structure and does not specifically identify every type of security issued or which may be issued by Caltex or every potential claim against Caltex in a liquidation.

	TYPE	EXISTING DEBT AND EQUITY	AMOUNT AS AT 31 DEC 2011
Higher Ranking	Debt/Bonds	Bank loans, facilities and other unsubordinated notes and bonds	\$619 million
↕	Hybrid	Caltex Subordinated Notes	\$300 million ¹
Lower Ranking	Equity	Ordinary Shares	\$2,218 million

1. Assumes \$300 million is raised through the Offer as at 31 December 2011.

1.3 Comparison between Ordinary Shares, Caltex Subordinated Notes and senior bonds

There are differences between Ordinary Shares, Caltex Subordinated Notes and senior bonds that may be issued by corporate issuers. You should consider these differences in light of your investment objectives, financial situation and particular needs (including financial and taxation issues) before deciding to invest in the Notes.

The following comparison is a summary only, and does not encompass all of Caltex's existing or potential funding sources. For further information about Caltex's funding sources and capital management strategy, refer to Section 5.8.

	ORDINARY SHARES	CALTEX SUBORDINATED NOTES	OTHER SENIOR BONDS OR NOTES
1.3.1 Legal form	<ul style="list-style-type: none"> • Shares. 	<ul style="list-style-type: none"> • Debt obligation. 	<ul style="list-style-type: none"> • Debt obligation.
1.3.2 Security	<ul style="list-style-type: none"> • Not applicable. 	<ul style="list-style-type: none"> • Unsecured. • Any payment or repayment in respect of the Notes is not secured by any mortgage, charge or other security interest over any asset. 	<ul style="list-style-type: none"> • Typically unsecured.
1.3.3 Ranking in the event of a Winding-Up of Caltex	<ul style="list-style-type: none"> • Ordinary Shares rank behind all other securities and obligations. 	<ul style="list-style-type: none"> • Notes rank ahead of Ordinary Shares and Junior Ranking Obligations (if any), equally with Equal Ranking Obligations and all other Holders and behind all other creditors and all other classes of securities. 	<ul style="list-style-type: none"> • Rank ahead of all subordinated creditors including the Notes and all classes of Shares.
1.3.4 Term	<ul style="list-style-type: none"> • Perpetual (unless bought back). 	<ul style="list-style-type: none"> • 25 years, unless redeemed earlier, or repurchased by or on behalf of Caltex and cancelled. 	<ul style="list-style-type: none"> • Typically three to 15 years.
1.3.5 Call date(s)	<ul style="list-style-type: none"> • Not applicable. 	<ul style="list-style-type: none"> • On 15 September 2017 or on any Interest Payment Date thereafter (or earlier in certain circumstances). 	<ul style="list-style-type: none"> • Typically none, although longer dated instruments may have call or prepayment rights which may be subject to payment of a make-whole amount.
1.3.6 Payments	<ul style="list-style-type: none"> • Dividends, payable at the absolute discretion of the Board, subject to the Corporations Act. • Dividends can have franking credits attached to them. 	<ul style="list-style-type: none"> • Interest Payments, due quarterly but may be deferred for a period of up to five years at Caltex's sole discretion. • Interest Payments will not have franking credits attached to them. 	<ul style="list-style-type: none"> • Interest payments payable on a compulsory basis with no provision for deferral. • Interest payments typically do not have franking credits attached to them.
1.3.7 Payment amounts	<ul style="list-style-type: none"> • Based on Caltex's level of profitability and the Board's prevailing dividend policy (though ultimately at the absolute discretion of the Board), subject to the Corporations Act. 	<ul style="list-style-type: none"> • Based on a floating interest rate equal to the sum of the Bank Bill Rate plus the Margin. 	<ul style="list-style-type: none"> • Typically based on a floating or fixed interest rate.

	ORDINARY SHARES	CALTEX SUBORDINATED NOTES	OTHER SENIOR BONDS OR NOTES
1.3.8 Payment accumulation	<ul style="list-style-type: none"> None. 	<ul style="list-style-type: none"> Any Deferred Interest Payments are cumulative and compounding. 	<ul style="list-style-type: none"> Any unpaid interest payments are typically cumulative and compounding.
1.3.9 Participation in Caltex's profits	<ul style="list-style-type: none"> Yes. 	<ul style="list-style-type: none"> No. 	<ul style="list-style-type: none"> No.
1.3.10 Rights to be repaid at end of term	<ul style="list-style-type: none"> Not applicable. 	<ul style="list-style-type: none"> Yes, subject to the subordination of the Notes in an Event of Insolvency in respect of Caltex. 	<ul style="list-style-type: none"> Yes.
1.3.11 Voting rights at general meetings of Caltex shareholders	<ul style="list-style-type: none"> Yes. 	<ul style="list-style-type: none"> No. 	<ul style="list-style-type: none"> No.
1.3.12 Transferability	<ul style="list-style-type: none"> Quoted and can be traded on the ASX under the code "CTX". 	<ul style="list-style-type: none"> Expected to be quoted on the ASX under the code "CTXHA" and, if so, may be able to be traded. 	<ul style="list-style-type: none"> Yes, although typically not quoted on the ASX.
1.3.13 Liquidity	<ul style="list-style-type: none"> Market capitalisation of approximately \$3.8 billion as of 27 July 2012. Likely to be more liquid than the Notes and typical senior corporate bonds. 	<ul style="list-style-type: none"> Offer size of \$300 million, with the ability to raise more or less. Likely to be less liquid than Ordinary Shares with a possibility that no liquid market develops. 	<ul style="list-style-type: none"> Likely to be less liquid than Ordinary Shares and the Notes with a possibility that no liquid market exists.

1.4 Overview of Caltex

TOPIC	SUMMARY	FURTHER INFORMATION
1.4.1 Overview	<ul style="list-style-type: none"> • Caltex is Australia's largest supplier of petroleum products and the number one convenience retailer. • Listed on ASX and a S&P/ASX 100 company by market capitalisation (approximately \$3.8 billion as at 27 July 2012). • Operated in Australia for more than 70 years, focused on providing safe and reliable production, procurement and distribution of transport fuel. 	Section 4
1.4.2 Australia's leading transport fuels supplier	<ul style="list-style-type: none"> • Supplies around one in every three litres of petrol, diesel and jet fuel consumed in Australia. • Leading market share by volume sold: 36% in petrol; 32% in diesel; 32% in jet fuel and 22% in lubricants. • Record Caltex Marketing sale volumes of 15.7 billion litres were achieved for transport fuels in 2011. 	Section 4.2
1.4.3 Strong infrastructure position	<ul style="list-style-type: none"> • Underpinning Caltex's offer to customers is a national distribution network of refineries, terminals, pipelines and depots. • Strong retail network of approximately 2,000 Caltex branded sites. • Continued investment to strengthen and expand this network to enhance Caltex's competitive position. 	Section 4.2
1.4.4 Supply chain restructure	<ul style="list-style-type: none"> • On 26 July 2012, Caltex announced a restructure of its business following a major review of its operations. • A key component of the supply chain restructure is the proposed conversion of Kurnell refinery in Sydney NSW to an import terminal, to be underpinned by a long-term product supply agreement with Chevron. • The restructure is expected to position Caltex for continued financial and operational success and reduce the potential for earnings volatility and asset concentration risk associated with refining. 	Section 4.3
1.4.5 Strong Marketing performance	<ul style="list-style-type: none"> • The Marketing segment achieved a 20% increase in RCOP EBIT in 2011, with RCOP EBIT of \$697 million in that year. 	Section 4.2
1.4.6 Positioned for continued growth	<ul style="list-style-type: none"> • Significant work undertaken to position Caltex to capture growth in the resources, transportation and other commercial sectors. • Initiatives include: <ul style="list-style-type: none"> – terminal capacity expansion in North Queensland servicing the Bowen Basin, completed in 2011; and – significant expansion of the Western Australia Port Hedland terminal to service the Pilbara resources region, completed in 2011. 	Section 4.2
1.4.7 Experienced management team	<ul style="list-style-type: none"> • Experienced management team with strong strategic, operational and financial management skills and proven track record 	Section 8.2

TOPIC	SUMMARY	FURTHER INFORMATION
1.4.8 Key financial information	<ul style="list-style-type: none"> • Caltex recorded statutory profit after tax and before significant items of \$333 million for the year ended 31 December 2010 and \$402 million for the year ended 31 December 2011. This is calculated on a historical cost basis. • On a RCOP basis, Caltex achieved profit after tax before significant items of \$318 million and \$264 million in those years respectively. The difference between historical cost and RCOP is discussed further in Section 5. • Caltex expects Net Debt to be approximately \$750 million at 30 June 2012 (provided as part of its half year profit outlook published on 28 June 2012). • Caltex expects to release results for the half year ended 30 June 2012 on 27 August 2012. 	Section 5
1.4.9 Relationship with Chevron	<ul style="list-style-type: none"> • Chevron has a 50% interest in Caltex. • Chevron is one of the world's largest integrated energy companies. It is listed on the New York Stock Exchange, with a market capitalisation of approximately US\$215 billion as at 27 July 2012. 	Section 4.4

1.5 Key risks associated with Caltex

TOPIC	SUMMARY	FURTHER INFORMATION
1.5.1 Caltex Refiner Margin (CRM)	<ul style="list-style-type: none"> The Caltex Refiner Margin (CRM) is a key metric which drives the profitability of Caltex's refineries. The CRM represents the difference between the cost of importing a standard Caltex basket of products to eastern Australia and the cost of importing the crude oil required to make that product basket. CRM is impacted by a range of factors. A low CRM will adversely impact Caltex's refining earnings and cash flows. 	Section 6.3.1
1.5.2 Commodity price risk	<ul style="list-style-type: none"> Caltex is exposed to the risk of both crude and finished product price movements as this impacts Caltex's refining earnings and cash flows. 	Section 6.3.2
1.5.3 Competitive risk	<ul style="list-style-type: none"> Caltex operates in a highly competitive market space, and could be adversely impacted by new entrants to the market or increased competition from existing competitors, or loss of a major customer. 	Section 6.3.3
1.5.4 Foreign exchange risk	<ul style="list-style-type: none"> Caltex is exposed to the effect of changes in exchange rates on crude and product payables, refiner margin, capital expenditure and foreign borrowings. As Caltex purchases crude and products in US dollars, a decrease in the AUD:USD exchange rate between the time Caltex assumes liability for the crude and subsequently pays for that crude will negatively impact Caltex's payables, earnings and cash flows. Additionally, the CRM is determined principally with reference to the US dollar Singapore spot product price relative to the US dollar Brent crude price. An increase in the AUD:USD exchange rate will adversely impact Caltex's Australian dollar refiner margin and therefore refining earnings. 	Section 6.3.4
1.5.5 Liquidity risk	<ul style="list-style-type: none"> Due to the nature of the underlying business, Caltex must maintain sufficient cash and adequate committed credit facilities to meet the forecast requirements of the business. From time to time, Caltex will be required to refinance its debt facilities. There is no certainty as to the availability of debt facilities or the terms on which such facilities may be provided to Caltex in the future. 	Section 6.3.5
1.5.6 Operational risk	<ul style="list-style-type: none"> The nature of many of Caltex's operations are inherently risky. Major hazards may cause injury or damage to people and/or property. Major incidents may cause a suspension of certain operations and/or financial loss. 	Section 6.3.6
1.5.7 Risks associated with proposed Kurnell refinery closure and conversion	<ul style="list-style-type: none"> The closure of the Kurnell refinery and conversion to an import terminal is a complex and costly project, and will be completed over a number of years. There are a number of major risks associated with the project including delays and cost overruns, unplanned shutdowns, regulatory approvals and changes in the quantum and timing of closure and conversion cashflows. Caltex's reliance on imported transport fuels will also increase following the Kurnell refinery closure. 	Section 6.3.7

TOPIC	SUMMARY	FURTHER INFORMATION
1.5.8 Environmental risk	<ul style="list-style-type: none"> Caltex imports, refines, stores, transports and sells petroleum products. As such, it is exposed to the risk of environmental spills and incidents. It is also responsible for contaminated sites which it operates or has previously operated. 	Section 6.3.8
1.5.9 Demand for Caltex's products	<ul style="list-style-type: none"> Caltex's operating and financial performance is influenced by a variety of general economic and business conditions, including economic growth and development, the level of inflation and government fiscal, monetary and regulatory policies. In a global economic downturn, demand for Caltex's products and services may be reduced, which may negatively impact Caltex's financial performance. 	Section 6.3.9
1.5.10 Labour shortages and industrial disputes	<ul style="list-style-type: none"> There is a risk Caltex may not be able to acquire or retain the necessary labour for operations and development projects. This may disrupt operations or lead to financial loss. The risk of industrial dispute is heightened following the announced conversion of Kurnell refinery to an import terminal. 	Section 6.3.10
1.5.11 Other	<ul style="list-style-type: none"> There are a number of other risks that Caltex faces, which are discussed in more detail in Section 6. 	Section 6

1.6 Key risks associated with Caltex Subordinated Notes

TOPIC	SUMMARY	FURTHER INFORMATION
1.6.1 The Notes are subordinated obligations	<ul style="list-style-type: none">• Notes will rank in an Event of Insolvency (for example, if a liquidator is appointed to wind-up Caltex):<ul style="list-style-type: none">– behind all creditors of Caltex, except those mentioned below (i.e. behind all Senior Obligations);– equally amongst themselves and with Equal Ranking Obligations, being any subordinated debt obligations of Caltex which rank or are expressed to rank equally with the Notes; and– ahead of Junior Ranking Obligations, which includes Shares, as well as any subordinated debt which ranks junior to the Notes.• There may be a shortfall of funds to pay all amounts ranking senior to and equally with the Notes if a winding-up of Caltex occurs. This would result in Holders receiving no payment, or only partial payment, of any amounts due on the Notes.	Section 6.1.1 Clause 4 of the Terms
1.6.2 Interest Payments may be deferred for a period of five years	<ul style="list-style-type: none">• Caltex may determine, in its sole discretion, not to pay all or any part of an Interest Payment falling due on a particular Interest Payment Date for a period of up to five years from the deferral of the then longest outstanding Deferred Interest Payment.• Deferral of Interest Payments, if it occurs, will occur at the sole discretion of Caltex and may have an adverse effect on the market price of the Notes. Deferral will mean that Holders will not receive an amount of Interest on a scheduled Interest Payment Date which may also be disadvantageous to Holders from the perspective of the timing of cash flows.• As a result, the market price of Notes may be more volatile than the market price of other debt securities that are not subject to such a payment deferral risk.• Where Interest Payments are deferred, Holders may be required to include the Deferred Interest Payments (and interest compounding on such amounts) in their assessable income as they accrue.	Section 6.1.2 Clauses 2.6, 2.7 and 2.8 of the Terms

TOPIC	SUMMARY	FURTHER INFORMATION
1.6.3 The Notes are long-dated securities	<ul style="list-style-type: none"> The Notes will mature on 15 September 2037 (the Maturity Date). Although Caltex may redeem the Notes or purchase and cancel Notes from 15 September 2017, and in certain circumstances may redeem Notes prior to this date, Caltex is under no obligation to do so except in limited circumstances. In particular, Caltex intends (without thereby assuming a legal obligation) to retain Notes in its capital structure in circumstances where Caltex's credit profile is materially worse than as at the date of this Prospectus, unless it elects to replace Notes with a new issue of hybrid or other securities which are ascribed at least an equal equity credit from the Rating Agency. Holder have limited rights to request Redemption of the Notes, as described in Section 1.6.5. Holder may seek to sell the Notes on the ASX but there is no guarantee they will be able to do so, or do so at a price acceptable to the Holder, particularly if Notes remain outstanding for a long period of time and Caltex's financial position or performance, or broader economic or market conditions, materially deteriorate. Holding a Note for a long period may result in the real value of the proceeds received on Redemption decreasing as a result of inflation. 	Sections 6.1.3 and 9.5
1.6.4 Caltex may redeem the Notes under certain circumstances	<ul style="list-style-type: none"> The Notes may be redeemed by Caltex in certain circumstances. There is a risk that the relevant Redemption Amount may differ from the market price of the Notes at the time of a Redemption or the timing of such Redemption may not accord with a Holder's preferences in light of its individual financial circumstances or tax position. 	Section 6.1.4
1.6.5 Limited right for Holders to request Redemption before the Maturity Date (15 September 2037)	<ul style="list-style-type: none"> Holder have no right to request Redemption of the Notes prior to 15 September 2037 (i.e. the Maturity Date) unless a Change of Control Event occurs and Caltex does not elect to redeem the Notes or does not give notice of the Change of Control Event. If an Event of Default occurs and is continuing, the Trustee may give notice to Caltex that the total Redemption Amount is due and payable (and the Trustee must do so if directed to do so by a Special Resolution or by Holders of at least 25% of the total Face Value of the Notes then outstanding). An Event of Default in respect of the Notes may trigger a cross-default in Caltex's other contracts and debt facilities and instruments, which may result in the acceleration of Senior Obligations which rank ahead of the Notes in an Event of Insolvency. If none of these events occur, Holders have no right to require Caltex to redeem their Notes before the Maturity Date and Holders can only realise their investment in the Notes prior to Redemption by a sale on the ASX or a private sale. 	Section 6.1.5

TOPIC	SUMMARY	FURTHER INFORMATION
1.6.6 Changes in Interest Rate	<ul style="list-style-type: none"> The Interest Rate is calculated by reference to the Bank Bill Rate, which is influenced by a number of factors and may fluctuate over time. The Interest Rate may become less attractive compared to rates of return available on other securities or alternative investments. 	Section 6.1.7
1.6.7 Tax consequences for the Holders	<ul style="list-style-type: none"> A general description of the Australian taxation consequences of investing in the Notes is set out in Section 7. Investors should seek independent advice in relation to their individual tax position. Holders should also be aware that future changes in Australian taxation, law including changes in interpretation or application of the law by the courts or taxation authorities in Australia, may affect the taxation treatment of an investment in the Notes. 	Section 6.1.9
1.6.8 No minimum aggregate subscription	<ul style="list-style-type: none"> Caltex intends to raise approximately \$300 million through the issue of the Notes under the Offer, with the ability to raise more or less. However, there is no minimum aggregate subscription for the Offer and the Offer is not underwritten. If the Offer is not fully subscribed, this may have an adverse impact on the market price and liquidity of the Notes. 	Section 6.1.10
1.6.9 Risks associated with the market for the Notes generally	<p><i>Market price</i></p> <ul style="list-style-type: none"> The market price of the Notes may fluctuate and the Notes may trade below the Issue Price due to various factors, including investor perceptions, global economic conditions, interest rates, credit spreads, movements in the market price of Shares or senior or other subordinated debt. Furthermore, other factors may affect the financial position and trading results of Caltex, including factors beyond the control of Caltex and its Directors. <p><i>Liquidity</i></p> <ul style="list-style-type: none"> Caltex will apply for the Notes to be listed on the ASX. However, the Notes will have no established trading market when issued and a trading market may never develop. Insufficient liquidity may have an adverse effect on a Holder's ability to sell its Notes and the Notes may trade at a market price below their Issue Price. The market for the Notes is likely to be less liquid than the market for Ordinary Shares and Holders who wish to sell their Notes may be unable to do so at an acceptable price, if at all. 	Section 6.2

1.7 Additional information about the Offer

TOPIC	SUMMARY	FURTHER INFORMATION
1.7.1 When is the Offer Period?	<ul style="list-style-type: none"> The key dates, including details of the Offer Period, are set out on page 2. 	Key Dates
1.7.2 Is there a minimum amount to be raised?	<ul style="list-style-type: none"> No. The Offer is to raise \$300 million, with the ability to raise more or less. The Offer is not underwritten. 	Section 3.1
1.7.3 Is there a minimum application size?	<ul style="list-style-type: none"> Your Application must be for a minimum of 50 Notes (\$5,000). If your Application is for more than 50 Notes, then you must apply in incremental multiples of 10 Notes (\$1,000). 	Section 3.5
1.7.4 How is the Offer structured and who can apply?	<ul style="list-style-type: none"> The Offer comprises: <ul style="list-style-type: none"> – an Institutional Offer to Institutional Investors; – a Broker Firm Offer made to eligible retail clients of Syndicate Brokers; – a Shareholder Offer made to Eligible Shareholders; and – a General Offer made to members of the general public who are resident in Australia. 	Sections 3.3 and 3.5
1.7.5 Who is an Eligible Shareholder?	<ul style="list-style-type: none"> A registered holder of Ordinary Shares with a registered address in Australia at 7.00pm (Sydney time) on 27 July 2012. 	Section 3.5
1.7.6 How can I apply?	<ul style="list-style-type: none"> Broker Firm Applicants should contact their Syndicate Broker. Shareholder Applicants and General Applicants should complete and submit an electronic or paper copy of the Application Form and pay the Application Payment. 	Section 3.5
1.7.7 Is brokerage, commission or stamp duty payable?	<ul style="list-style-type: none"> No brokerage, commission or stamp duty is payable by you on your Application. You may be required to pay brokerage if you sell your Notes on the ASX after the Notes have been quoted on the ASX. 	Section 3.5.1
1.7.8 What is the allocation policy?	<ul style="list-style-type: none"> The allocation policy for Broker Firm Applicants will be determined by the relevant Syndicate Broker. Allocations for Shareholder Applicants and General Applicants will be determined by Caltex and the Joint Lead Managers after the Closing Date. There is no guarantee that you will be allocated all or any of the Notes that you apply for. Caltex will endeavour to provide Shareholder Applicants with an allocation under the Shareholder Offer of at least 50 Notes. However, Caltex does not guarantee any minimum allocation under the Shareholder Offer and the extent of any allocation will ultimately depend on the total level of Applications under the Offer. 	Section 3.6
1.7.9 What are the tax implications of investing in the Notes?	<ul style="list-style-type: none"> A general description of the Australian taxation consequences of investing in the Notes is set out in Section 7. That discussion is in general terms and is not intended to provide specific advice in relation to the circumstances of any particular investor. Accordingly, investors should seek independent advice in relation to their tax position. 	Section 7

TOPIC	SUMMARY	FURTHER INFORMATION
1.7.10 When will I receive confirmation if my Application has been successful?	<ul style="list-style-type: none"> If you are an Applicant in the Shareholder Offer and General Offer you will be able to call the Caltex Offer Information Line on 1300 638 671 (inside Australia) or +61 3 9415 4659 (outside Australia), Monday to Friday – 8.30am to 5.30pm (Sydney time) from 5 September 2012 to confirm your allocation. Applicants under the Broker Firm Offer will be able to confirm their allocation through the Syndicate Broker to whom they made their Application. 	Section 3.5
1.7.11 When will the Notes be issued?	<ul style="list-style-type: none"> Caltex expects that the Notes will be issued on 5 September 2012. 	Key Dates
1.7.12 When will the Notes begin trading?	<ul style="list-style-type: none"> Caltex expects that the Notes will begin trading on 6 September 2012 on the ASX on a deferred settlement basis and on 11 September 2012 on a normal settlement basis. 	Key Dates
1.7.13 When will Holding Statements be despatched?	<ul style="list-style-type: none"> Caltex expects that Holding Statements will be despatched by 10 September 2012. 	Key Dates
1.7.14 Where can I find more information about this Prospectus or the Offer?	<ul style="list-style-type: none"> If you are a Broker Firm Applicant, you should contact your Syndicate Broker. If you have any questions in relation to the Offer, please call the Caltex Offer Information Line on 1300 638 671 (inside Australia) or +61 3 9415 4659 (outside Australia), Monday to Friday – 8.30am to 5.30pm (Sydney time). 	Section 3

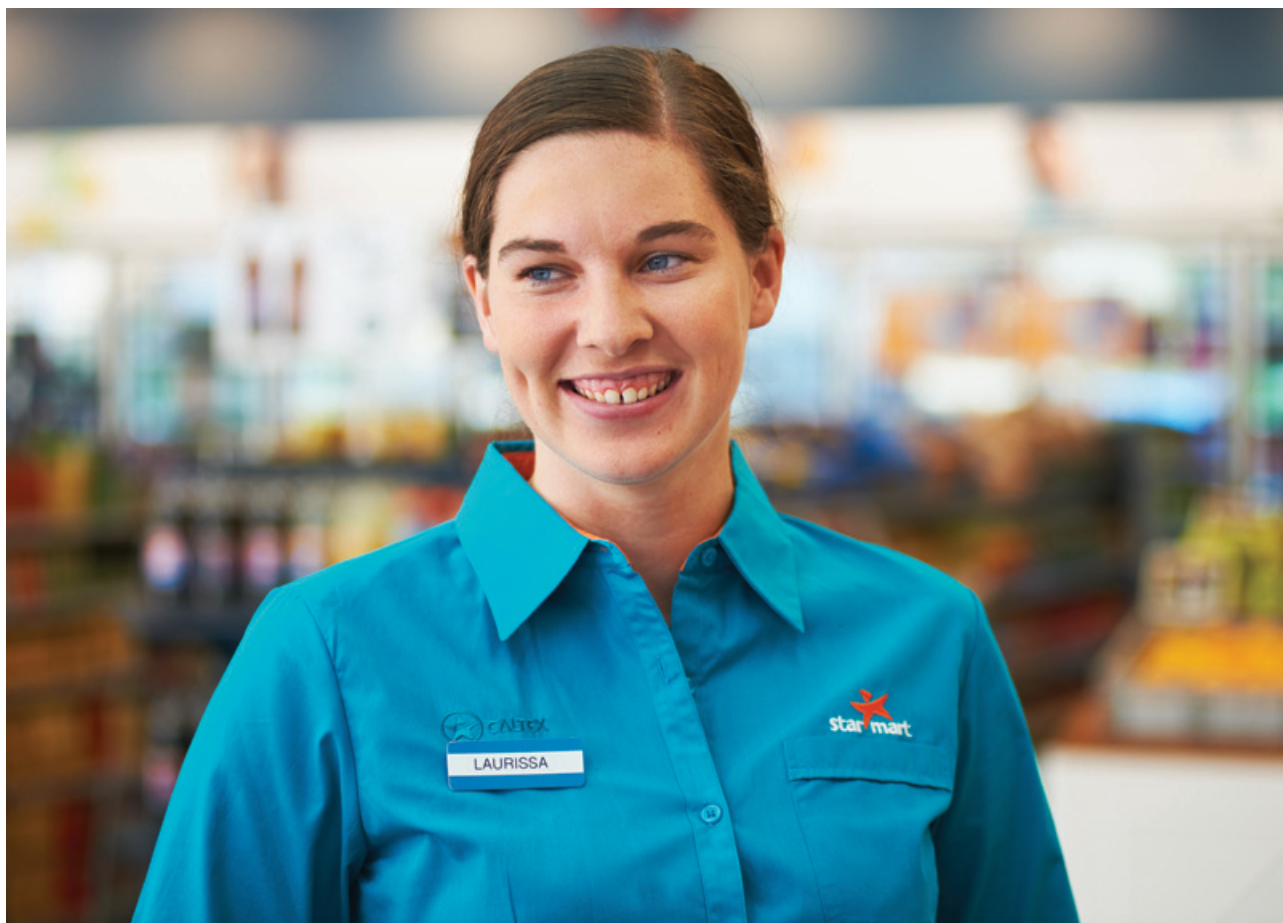
1.8 Key information about people, interests and benefits

TOPIC	SUMMARY	FURTHER INFORMATION
1.8.1 Who are the Directors?	<ul style="list-style-type: none">• Elizabeth Bryan (Chairman)• Julian Segal• Trevor Bourne• Richard Brown• Barbara Burger• Greig Gailey• Ryan Krogmeier• John Thorn	Section 8.1
1.8.2 Who is in the senior management team?	<ul style="list-style-type: none">• Julian Segal (Managing Director & CEO)• Simon Hepworth (Chief Financial Officer)• Andy Walz (General Manager – Marketing)• Gary Smith (General Manager – Refining and Supply)• Peter Lim (Company Secretary and General Counsel)• Mike McMenamin (General Manager – Strategy, Planning and Development)• Simon Willshire (General Manager – Human Resources)• Sarah Brisbane (General Manager – Corporate Affairs)	Section 8.2
1.8.3 What significant benefits and interests are payable to Directors and other persons associated with the Offer or Caltex?	<ul style="list-style-type: none">• Directors – Director’s fees• Advisers and other service providers – Fees for services	Section 8.3
1.8.4 How will the expenses of the Offer be paid?	<ul style="list-style-type: none">• The total expenses of the Offer will be paid out of the proceeds of the Offer.	Section 8.4

1.9 What should you do?

TOPIC	SUMMARY
1.9.1 Read this Prospectus in full	<ul style="list-style-type: none">• If you are considering applying for the Notes under the Offer, this Prospectus is important and should be read in its entirety.
1.9.2 Determine if you are eligible to apply	<ul style="list-style-type: none">• The Offer is being made to:<ul style="list-style-type: none">– Institutional Investors, who may apply under the Institutional Offer;– Eligible retail clients of a Syndicate Broker invited to apply under the Broker Firm Offer;– Eligible Shareholders, who may apply under the Shareholder Offer; and– members of the general public who are resident in Australia, who may apply under the General Offer.
1.9.3 Consider and consult	<ul style="list-style-type: none">• In considering whether to apply for the Notes, it is important that you:<ul style="list-style-type: none">– consider the risk factors set out in Section 6 as well as other information in this Prospectus in light of your particular investment objectives, financial situation and particular needs (including financial and tax issues); and– seek professional investment advice from your financial or other professional adviser before deciding whether to apply for the Notes.
1.9.4 Complete and submit your Application Form	<ul style="list-style-type: none">• The application process varies depending on whether you participate in the Broker Firm Offer, Shareholder Offer, General Offer or Institutional Offer.• See Section 3.5 for more details.• The Offer may close early so if you wish to apply for the Notes you are encouraged to consider submitting your Application as soon as possible after the Opening Date.

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2

About Caltex Subordinated Notes

- 2.1 General
- 2.2 Interest Payments
- 2.3 Deferral of Interest Payments
- 2.4 Redemption
- 2.5 Security and ranking
- 2.6 Taxation
- 2.7 Fees and costs
- 2.8 Other

2. About Caltex Subordinated Notes

This Section provides information about the Notes.

2.1 General

TOPIC	SUMMARY	FURTHER INFORMATION
2.1.1 What is the Offer?	<ul style="list-style-type: none">Caltex is seeking to raise \$300 million through the Offer of the Notes with the ability to raise more or less.	Section 3.1
2.1.2 Who is the Issuer?	<ul style="list-style-type: none">Caltex is the Issuer of the Notes.	Section 4
2.1.3 What are the Notes?	<ul style="list-style-type: none">The Notes are dated, direct, unsecured, subordinated, cumulative notes, which will mature on 15 September 2037 unless redeemed earlier or otherwise repurchased by or on behalf of Caltex and cancelled earlier.The Notes entitle Holders to receive floating rate, cumulative interest payments payable quarterly in arrears, subject to deferral.The Notes are not convertible into Ordinary Shares or any other securities and have no rights to vote at any meeting of shareholders of Caltex.	Appendix A
2.1.4 What am I required to pay?	<ul style="list-style-type: none">The Issue Price is \$100 per Note. This is also the Face Value.Applications must be for a minimum of 50 Notes (\$5,000).If your Application is for more than 50 Notes, then you must apply in incremental multiples of 10 Notes – that is, incremental multiples of \$1,000.	Section 3.5
2.1.5 Why is Caltex issuing Notes of this nature?	<ul style="list-style-type: none">The Offer of the Notes forms part of Caltex's ongoing capital management strategy, and the proceeds will be used for general corporate purposes including the repayment of existing indebtedness.The capital raised will provide Caltex with additional capital support as it executes its growth plans and implements its recently announced supply chain restructure, including the conversion of the Kurnell refinery to an import terminal.Caltex expects that the Notes will provide an amount of equity credit for quantitative purposes from the Rating Agency until 15 September 2017 (being 20 years prior to the Maturity Date). After that date, Caltex expects that Notes will continue to provide some qualitative support in the Rating Agency's assessment of Caltex's credit profile until Redemption, having regard to the Notes' subordinated ranking, long tenor and coupon deferral features.The equity credit classification of an instrument provides an indication of the extent to which a rating agency treats an instrument as equity rather than as debt when evaluating the quantitative aspects of an issuer's corporate credit rating. An equity credit classification is not a credit rating.Caltex believes that hybrid securities that are ascribed equity credit by the Rating Agency (such as the Notes) are an effective capital management tool and intends to utilise such instruments as a key feature of its capital structure going forward. The issue of Notes will help support Caltex's credit profile by optimising its cost of capital, diversifying its funding sources, improving financial flexibility and extending its debt maturity profile.	

TOPIC	SUMMARY	FURTHER INFORMATION
2.1.6 How will the Notes be classified in Caltex's financial statements?	<ul style="list-style-type: none"> The Notes will be classified as interest bearing liabilities in Caltex's financial statements, until Redemption. Interest Payments will be classified as finance costs on Caltex's consolidated income statement, until Redemption. 	Section 5.5
2.1.7 What is Intermediate Equity Content?	<ul style="list-style-type: none"> Caltex expects the Rating Agency to initially ascribe an Intermediate Equity Content classification to the Notes. This represents the amount of equity credit ascribed to the Notes by the Rating Agency and provides an indication of the extent to which the Rating Agency treats an instrument as partially or wholly as equity rather than entirely as debt, when evaluating the quantitative aspects of the credit profile of Caltex. Under the Rating Agency's methodology, instruments that are ascribed an Intermediate Equity Content classification are treated 50% as equity and 50% as debt in the Rating Agency's assessment of the credit profile of Caltex. 	
2.1.8 What is the term and maturity of the Notes?	<ul style="list-style-type: none"> Approximately 25 years (maturing on 15 September 2037), unless redeemed before that date or purchased by or on behalf of Caltex and cancelled before that date. The circumstances in which Caltex may redeem the Notes before 15 September 2037 are described in Section 2.4. In particular, Caltex may elect to redeem Notes at its option on 15 September 2017 or on any quarterly Interest Payment Date thereafter, but is not obliged to do so. Caltex intends (without thereby assuming a legal obligation) to retain Notes in its capital structure in circumstances where Caltex's credit profile is materially worse than as at the date of this Prospectus, unless it elects to replace Notes with a new issue of hybrid or other securities which are ascribed at least an equal equity credit from the Rating Agency. Holders may not request Redemption of Notes before the Maturity Date unless there is a Change of Control Event and Caltex does not elect to redeem the Notes or does not give notice of the Change of Control Event. However, if an Event of Default occurs, the Trustee may notify Caltex that the Redemption Amount on the Notes is immediately due and payable (and must do so if directed to do so by a Special Resolution or by Holders of at least 25% of the total Face Value of Notes then outstanding). The Notes are described as "dated" because they have a maturity date (15 September 2037). 	Section 9.5 Clauses 3 and 5 of the Terms
2.1.9 Will the Notes be quoted on the ASX?	<ul style="list-style-type: none"> Caltex has applied for the Notes to be quoted on the ASX and the Notes are expected to trade under the ASX code "CTXHA". 	Sections 3.7 and 3.8

TOPIC	SUMMARY	FURTHER INFORMATION
2.1.10 What are the key dates of the Offer?	<ul style="list-style-type: none"> The Offer opens on 9 August 2012. The Shareholder Offer and General Offer close at 5.00pm (Sydney time) on 28 August 2012. The Broker Firm Offer closes at 10.00am (Sydney time) on 4 September 2012. The Notes issued under the Offer will be issued on 5 September 2012. The Notes are expected to commence deferred settlement trading on the ASX on 6 September 2012 and normal settlement trading on 11 September 2012. These dates are indicative and may be varied. 	Key Dates
2.1.11 Are there any circumstances where the Offer will not proceed?	<ul style="list-style-type: none"> The Offer is subject to quotation approval by the ASX. Caltex reserves the right, subject to the Corporations Act and the Listing Rules, to withdraw the Offer at any time without prior notice. If the Offer does not proceed for any reason, all Application Payments will be refunded (without interest) to Applicants as soon as practicable. 	

2.2 Interest Payments

TOPIC	SUMMARY	FURTHER INFORMATION
2.2.1 What are Interest Payments?	<ul style="list-style-type: none"> Interest Payments are floating rate, cumulative interest payments payable quarterly in arrears, subject to deferral at the sole discretion of Caltex. 	Clause 2 of the Terms
2.2.2 Will Interest Payments be franked?	<ul style="list-style-type: none"> Interest Payments will not have any franking credits attached to them. 	Section 7
2.2.3 How will the Interest Rate be determined?	<ul style="list-style-type: none"> The Interest Rate for an Interest Period will be set on the first Business Day for that Interest Period as follows: Interest Rate = Bank Bill Rate + Margin where: <ul style="list-style-type: none"> Bank Bill Rate means the three month Bank Bill Rate on the first Business Day of the Interest Period; and Margin will be a rate determined following the Bookbuild and is expected to be in the range of 4.5% to 4.75% per annum. 	Clause 2 of the Terms

TOPIC	SUMMARY	FURTHER INFORMATION
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2.2.3 How will the Interest Rate be determined?
continued

Example

Clause 2 of the Terms

- As an example, assuming the three month Bank Bill Rate for the first Interest Period is 3.50% per annum and the Margin following the Bookbuild is 4.50% per annum, the illustrative Interest Rate would be:

Bank Bill Rate	3.50% per annum
Margin	4.50% per annum
Illustrative Interest Rate	8.00% per annum

- The above example is for illustrative purposes only and does not indicate, guarantee or forecast the actual Interest Payment for the first or any subsequent Interest Period. Actual Interest Payments may be higher or lower than this example. The Interest Rate for the first Interest Period will be set on the Issue Date and will include the Margin to be determined under the Bookbuild.
- The Margin will increase by 0.25% per annum from the First Call Date (15 September 2017) if the Notes have not been redeemed (or purchased by or on behalf of Caltex and cancelled) on or before that date.

2.2.4 What is the Bank Bill Rate?

- The Bank Bill Rate is a benchmark interest rate for the Australian money market commonly used by major Australian financial institutions to lend short-term cash to each other over a three month period. This rate changes reflecting, amongst other things, the supply and demand within the cash market.
- The graph below illustrates the movement in the three month Bank Bill Rate over the past 10 years. The rate on 27 July 2012 was 3.57% per annum.

Clause 2.2 of the Terms

Bank Bill Rate



- The graph above is for illustrative purposes only and does not indicate, guarantee or forecast the actual Bank Bill Rate. The actual Bank Bill Rate for the first and subsequent Interest Periods may be higher or lower than the rates in the graph above.

TOPIC	SUMMARY	FURTHER INFORMATION										
2.2.5 How will Interest Payments be calculated for each Interest Period?	<ul style="list-style-type: none"> Interest Payments due on each Note scheduled to be paid on each Interest Payment Date (subject to deferral) will be calculated using the following formula: $\frac{\text{Face Value} \times \text{Interest Rate} \times N}{365}$ <p>where:</p> <p>Face Value means \$100 per Note;</p> <p>Interest Rate means the rate (expressed as a percentage per annum) calculated as set out in Section 2.2.3; and</p> <p>N means the number of days in the Interest Period calculated as set out in the Terms.</p> Following the example in Section 2.2.3 above, if the Interest Rate for the first Interest Period was 8.00% per annum, then the Interest Payment on each Note for the first Interest Period (if the Interest Period was for 91 days) would be calculated as follows: <table border="1" data-bbox="496 902 1150 1160"> <tbody> <tr> <td>Illustrative Interest Rate</td> <td>8.00% per annum</td> </tr> <tr> <td>Multiplied by the Face Value</td> <td>x \$100.00</td> </tr> <tr> <td>Multiplied by the number of days in the Interest Period</td> <td>x 91</td> </tr> <tr> <td>Divided by 365</td> <td>÷ 365</td> </tr> <tr> <td>Illustrative Interest Payment for the first Interest Period per Note</td> <td>\$1.99</td> </tr> </tbody> </table> The above example is for illustrative purposes only and does not indicate, guarantee or forecast the actual Interest Payment for the first or any subsequent Interest Period. Actual Interest Payments may be higher or lower than this example. The Interest Rate for the first Interest Period will be set on the Issue Date and will include the Margin to be determined under the Bookbuild. 	Illustrative Interest Rate	8.00% per annum	Multiplied by the Face Value	x \$100.00	Multiplied by the number of days in the Interest Period	x 91	Divided by 365	÷ 365	Illustrative Interest Payment for the first Interest Period per Note	\$1.99	Clause 2.3 of the Terms
Illustrative Interest Rate	8.00% per annum											
Multiplied by the Face Value	x \$100.00											
Multiplied by the number of days in the Interest Period	x 91											
Divided by 365	÷ 365											
Illustrative Interest Payment for the first Interest Period per Note	\$1.99											
2.2.6 When are Interest Payments scheduled to be paid?	<ul style="list-style-type: none"> Interest is payable quarterly in arrears. Quarterly payments are scheduled to be paid on 15 March, 15 June, 15 September and 15 December each year, with the first Interest Payment Date scheduled to be 15 December 2012. If the Interest Payment Date is not a Business Day (as is the case with the first Interest Payment Date), then the payment will be made on the next Business Day unless that day falls in the next calendar month, in which case that date will be the first preceding day that is a Business Day. If a payment is postponed until the next Business Day, there will be no adjustment to the amount of the Interest Payment. Interest payments are paid to Holders who are recorded on the Register on the relevant Record Date for the Interest Payment (or, if paid on Redemption, to Holders recorded on the Register on the Redemption Date). 	Clause 2.1 of the Terms										

2.3 Deferral of Interest Payments

TOPIC	SUMMARY	FURTHER INFORMATION
2.3.1 Is Caltex permitted to defer Interest Payments at its discretion?	<ul style="list-style-type: none"> • Yes. Caltex may, at its discretion, defer all or part of an Interest Payment. If any Deferred Interest Payments remain outstanding five years after the deferral of the then longest outstanding Deferred Interest Payment, the Issuer must make all outstanding Deferred Interest Payments on that Interest Payment Date. 	Clauses 2.6 and 2.8 of the Terms
2.3.2 Is Caltex permitted to pay any outstanding Deferred Interest Payments at its discretion at any time before they finally become payable?	<ul style="list-style-type: none"> • Yes. Caltex may at its discretion elect to pay any Deferred Interest Payment at any time. 	Clause 2.8 of the Terms
2.3.3 When is Caltex required to pay Deferred Interest Payments?	<ul style="list-style-type: none"> • Caltex will be required to pay any Deferred Interest Payments upon the earliest of: <ul style="list-style-type: none"> – the date on which any dividend, distribution or interest payment is paid on, or any redemption, purchase or buy-back is made of, or any capital return is made in relation to, any Equal Ranking Obligations, Junior Ranking Obligations or Shares (other than payments made pro-rata on Notes and Equal Ranking Obligations in relation to that payment or in respect of employee incentive plans or as otherwise approved by Holders by way of a Special Resolution); – the date which is the fifth anniversary of the Interest Payment Date on which any of the then outstanding Deferred Interest Payments was initially deferred (i.e. five years after the deferral of any Interest Payment all outstanding Deferred Interest Payments (including those that have not been outstanding for five years) must be paid); – the Maturity Date; – the date on which all Notes are otherwise redeemed; and – the date on which the Trustee serves a notice of Event of Default which results from an order being made or a resolution being passed by the shareholders of Caltex for the winding-up of Caltex (other than for the purpose of a Solvent Reorganisation of Caltex). 	Clause 2.8 of the Terms

TOPIC	SUMMARY	FURTHER INFORMATION
2.3.4 What are the consequences of deferring an Interest Payment?	<ul style="list-style-type: none"> • If Caltex defers all or some of an Interest Payment and the Interest Payment has not been paid in full within 20 Business Days after the relevant Interest Payment Date on which it would otherwise have been due, Caltex must not unless approved by a Special Resolution of Holders (and other than in respect of employee share plans): <ul style="list-style-type: none"> – declare or pay any dividend, interest or distribution on any Equal Ranking Obligations, Junior Ranking Obligations or any Shares (other than a payment made pro-rata on Notes and Equal Ranking Obligations in relation to that payment); or – redeem, reduce, cancel, purchase or buy-back any of its Equal Ranking Obligations, Junior Ranking Obligations or any Shares (other than a redemption, reduction, cancellation, purchase or buy-back of the Notes and Equal Ranking Obligations on a pro-rata basis), unless all Deferred Interest Payments that then remain outstanding are paid in full. 	Clause 2.7 of the Terms
2.3.5 Are Deferred Interest Payments cumulative and compounding?	<ul style="list-style-type: none"> • Yes. Deferred Interest Payments are cumulative and compounding. • Deferred Interest Payments will accrue interest at the prevailing Interest Rate up to but excluding the date of actual payment of that Deferred Interest Payment. This amount will be calculated in accordance with the formula in Section 2.2.5 and compound quarterly. 	Clause 2.6 of the Terms

2.4 Redemption

TOPIC	SUMMARY	FURTHER INFORMATION
2.4.1 When can Caltex redeem the Notes?	<ul style="list-style-type: none">• Caltex may at its option redeem all the Notes on 15 September 2017 (i.e. the First Call Date) or on any Interest Payment Date thereafter.• Caltex may also redeem all the Notes at their Redemption Amount before the Maturity Date following the occurrence of:<ul style="list-style-type: none">– a Change of Control Event;– a Capital Event;– a Clean-up Event; or– a Tax Event,subject to the notice and time period requirements set out in Clause 3 of the Terms.• Unless redeemed (or purchased by or on behalf of Caltex and cancelled) earlier, the Notes will be redeemed on the Maturity Date for their Redemption Amount.• Caltex believes that hybrid securities that are ascribed equity credit by the Rating Agency (such as the Notes) are an effective capital management tool and intends to utilise such instruments as a key feature of its capital structure going forward. Accordingly, in the event that Caltex elects to redeem or repurchase and cancel Notes prior to the Maturity Date under Clause 3.2 of the Terms as set out in Appendix A, the company intends to support its credit profile by funding such Redemption or repurchase and cancellation out of the proceeds of another hybrid or securities offering, on the terms set out below.• Caltex intends (without thereby assuming a legal obligation) that while the Notes are ascribed a level of equity credit by the Rating Agency, Caltex will redeem or repurchase and cancel Notes under Clause 3.2 of the Terms as set out in Appendix A only to the extent the aggregate Face Value of Notes to be redeemed or repurchased and cancelled does not exceed the net proceeds received by Caltex or any subsidiary, during the 360 day period prior to such Redemption or repurchase and cancellation, from certain securities offerings. Such offerings must involve the sale or issuance by Caltex or any subsidiary to third party purchasers of securities which are ascribed by the Rating Agency a level of equity credit that is equal to or greater than the equity credit the Rating Agency ascribed to Notes to be redeemed or repurchased and cancelled at the time of their issuance (but taking into account any changes in hybrid capital methodology or the interpretation thereof since the issuance of Notes).• The intention described above does not apply where Caltex believes that its credit profile is substantially the same or better than at the date of this Prospectus, and Caltex believes that its credit profile would not be materially adversely affected as a result of any such Redemption or repurchase and cancellation.	Clause 3 of the Terms

TOPIC	SUMMARY	FURTHER INFORMATION
2.4.2 What will happen on the First Call Date?	<ul style="list-style-type: none"> • Caltex may, but is not obliged to, redeem the Notes on 15 September 2017 (i.e. the First Call Date). At this time, Caltex can either: <ul style="list-style-type: none"> – redeem Notes, in which case Holders will receive the Redemption Amount; or – elect not to redeem the Notes, in which case the Step-up Margin will apply. • If Caltex elects not to redeem the Notes, it may redeem the Notes on any Interest Payment Date after the First Call Date. • Caltex expects the Notes to be ascribed an Intermediate Equity Content from the Rating Agency until 15 December 2017, being 20 years before the Maturity Date. After that date, Caltex expects that the Notes will continue to provide some qualitative support in the Rating Agency's assessment of Caltex credit profile until Redemption, having regard to the Notes' subordinated ranking, long tenor and coupon deferral features. • Caltex will consider a broad range of factors when evaluating the role of Notes in its ongoing capital management strategy, including whether to redeem Notes on the First Call Date or at any other time prior to the Maturity Date. Such factors may include the level of equity credit support provided by Notes, as well as Caltex's financial position, strategic initiatives, operational performance, funding requirements and access to capital in the financial markets from time to time. • In particular, Caltex intends (without thereby assuming a legal obligation) to retain Notes in its capital structure in circumstances where Caltex's credit profile is materially worse than as at the date of this Prospectus, unless it elects to replace Notes with a new issue of hybrid or other securities which are ascribed at least an equal equity content from the Rating Agency. 	<p>Section 9.5</p> <p>Clauses 2.2 and 3 of the Terms</p>
2.4.3 What will I receive on Redemption of the Notes?	<ul style="list-style-type: none"> • On Redemption, Holders are entitled to receive the sum of: <ul style="list-style-type: none"> – 100% of the Face Value of the Note being redeemed (i.e. \$100 per Note) in all cases except where the Notes are being redeemed before the First Call Date pursuant to the occurrence of a Capital Event in which case Holders will receive 101% of the Face Value of the Note being redeemed (i.e. \$101 per Note); plus – all Deferred Interest Payments in respect of that Note that remain unpaid at the Redemption Date or the Maturity Date; and – any accrued but unpaid Interest Payment for the Interest Period in which the Redemption Date or Maturity Date falls. <p>The aggregate of those amounts is called the Redemption Amount.</p> • Refer to Section 2.5.3 for information on what may be received in a winding-up of Caltex. 	<p>Clauses 3 and 13 of the Terms</p>
2.4.4 When is the Maturity Date?	<ul style="list-style-type: none"> • The Maturity Date is 15 September 2037. • Caltex must redeem the Notes on this date unless they have already been redeemed or purchased by or on behalf of Caltex and cancelled. 	<p>Clause 3.1 of the Terms</p>

TOPIC	SUMMARY	FURTHER INFORMATION
2.4.5 Can Holders request Redemption before the Maturity Date?	<ul style="list-style-type: none"> • Holders cannot request Redemption of the Notes before the Maturity Date except if there is an occurrence of a Change of Control Event and Caltex does not elect to redeem the Notes or does not give notice of the Change of Control Event. • If an Event of Default occurs the Trustee may declare the Notes immediately due and payable (and the Trustee must do so if directed to do so by a Special Resolution or by Holders of at least 25% of the total Face Value of the Notes then outstanding). 	Clauses 3.4 and 5 of the Terms
2.4.6 What is a Capital Event, Tax Event or Clean-up Event?	<ul style="list-style-type: none"> • A Capital Event, Tax Event or Clean-up Event is an event which gives Caltex the right to redeem the Notes early, summarised as follows: <ul style="list-style-type: none"> – a Capital Event will occur if the Notes will no longer be eligible for the same or higher category of equity credit from the Rating Agency as was initially attributed to the Notes at the time of issue by the Rating Agency, as a result of a change in the Rating Agency's assessment criteria. Equity credit is explained in Section 2.1.5; – a Tax Event will occur if, as a result of a change in law or its interpretation or application, any Interest Payment is not, or will cease to be, deductible for income tax purposes or that Caltex will become required to pay an additional amount in respect of an Interest Payment which is equal to or greater than the prevailing corporate tax rate applicable to Caltex, and such non-deductibility or payment of the additional amount cannot be avoided by Caltex taking reasonable measures available to it; and – a Clean-up Event will occur if Caltex or any Related Body Corporate has, individually or in aggregate, purchased (and cancelled) or redeemed Notes equal to or in excess of 80% of the aggregate Face Value of Notes issued on the Issue Date. 	Clause 13 of the Terms
2.4.7 What is a Change of Control Event?	<ul style="list-style-type: none"> • A Change of Control Event will occur if a person together with its associates (other than Chevron and any of its associates) have a relevant interest (other than a relevant interest pursuant to a conditional arrangement or agreement or understanding) in more than 50% of the voting shares of Caltex having had a relevant interest in less than 50% of the voting shares of Caltex, other than where the event which would otherwise constitute a Change of Control Event occurs as part of a Solvent Reorganisation of Caltex. 	Clause 13 of the Terms
2.4.8 Can Caltex buy the Notes on the ASX?	<ul style="list-style-type: none"> • Caltex or a Related Body Corporate of Caltex may at any time on or after the First Call Date (i.e. 15 September 2017) purchase the Notes in any manner and at any price subject to any applicable laws and Listing Rules. 	Clause 3.6 of the Terms

2.5 Security and ranking

TOPIC	SUMMARY	FURTHER INFORMATION
2.5.1 The Notes are described as “unsecured”. What does this mean?	<ul style="list-style-type: none"> • Repayment of the Face Value or other money owing in respect of the Notes is not secured by a mortgage, charge or other security interest over any assets of Caltex or any other member of the Caltex Group or any other person. The Notes are “unsecured notes” for the purposes of the Corporations Act (section 283BH). 	Clause 4.1 of the Terms
2.5.2 The Notes are described as “subordinated”. What does this mean?	<ul style="list-style-type: none"> • Notes will rank in an Event of Insolvency (for example, if a liquidator is appointed to wind-up Caltex): <ul style="list-style-type: none"> – behind all creditors of Caltex, except those mentioned below (i.e. behind all Senior Obligations); – equally amongst themselves and with Equal Ranking Obligations, being any subordinated debt obligations of Caltex which rank or are expressed to rank equally with the Notes; and – ahead of Junior Ranking Obligations, which includes Shares (such as Ordinary Shares), as well as any subordinated debt which ranks junior to the Notes. • If at any time an Event of Insolvency occurs in relation to Caltex, the amount payable to Holders will only be paid (on a pro-rata basis with all other Equal Ranking Obligations) after amounts owing to all other creditors of Caltex that rank ahead of the Notes have been paid in full. • Where an Event of Insolvency occurs, the amount payable to a Holder in respect of a Note may not be the Redemption Amount but a lesser amount. 	Clauses 4.2 and 4.3 of the Terms
2.5.3 What will Holders receive in a winding-up?	<ul style="list-style-type: none"> • Holders are entitled to be paid the Redemption Amount on an equal ranking basis with all other Holders of Notes and all Equal Ranking Obligations after all creditors ranking in priority to Holders and Equal Ranking Obligations have been paid in full. • In the event of a shortfall of funds in a winding-up, there is a risk that Holders will not receive the Redemption Amount in full or at all. 	Clauses 4.2 and 4.3 of the Terms
2.5.4 What is an Event of Default?	<ul style="list-style-type: none"> • An Event of Default will occur if: <ul style="list-style-type: none"> – Caltex fails to pay any Redemption Amount, Interest Payment or Deferred Interest Payment within 30 days of it becoming due and payable under the Notes (except in certain limited circumstances, including non-payment in order to comply with any fiscal or other law or regulation applicable to such payment); or – an order is made or a resolution passed for the winding-up of Caltex other than an order appealed or permanently stayed within 60 days or for the purposes of a Solvent Reorganisation. • Deferral of an Interest Payment in accordance with the Terms will not be an Event of Default. 	Clause 5.1 of the Terms

TOPIC	SUMMARY	FURTHER INFORMATION
2.5.5 What will happen if an Event of Default occurs?	<ul style="list-style-type: none"> If an Event of Default occurs and while it is subsisting, the Trustee may (and must if so directed by a Special Resolution of the Holders or by the Holders of at least 25% of the total Face Value of Notes then outstanding) notify Caltex that the Redemption Amount on the Notes is immediately due and payable and, subject to the subordination provisions in Clause 4 of the Terms, institute proceedings for the winding-up of Caltex, prove in the winding-up of Caltex, or claim in the liquidation of Caltex, for the amount payable under the Terms. The obligations of the Trustee to take this or other action to enforce the Notes are limited as provided in the Trust Deed. Generally, only the Trustee (and not a Holder) has the right to enforce any right or remedy under or in respect of the Notes. Holders may take action available to the Trustee to enforce a right or remedy under or in respect of the Notes in certain circumstances where the Trustee has become bound to take that action but has failed to do so within a reasonable period. An Event of Default may also trigger cross-default provisions in Caltex's other contracts and debt facilities and instruments, which may result in the acceleration of Senior Obligations which rank ahead of the Notes in an Event of Insolvency. 	Clause 5.2 of the Terms

2.6 Taxation

TOPIC	SUMMARY	FURTHER INFORMATION
2.6.1 What are the taxation implications for Holders?	<ul style="list-style-type: none"> Interest Payments will not be franked and should generally not be subject to withholding or deduction on account of Australian tax provided the Holder provides Caltex with their applicable tax details. The taxation implications for Holders depend on Holders' individual circumstances. A general description of the Australian taxation consequences of investing in the Notes is set out in Section 7. That discussion is in general terms and is not intended to provide specific advice in relation to the circumstances of any particular investor. Accordingly, investors should seek independent advice in relation to their individual tax position. 	Section 7

2.7 Fees and costs

TOPIC	SUMMARY	FURTHER INFORMATION
2.7.1 Who pays the fees and costs of the Offer?	<ul style="list-style-type: none"> An Applicant is only required to pay an Issue Price of \$100 per Note. All fees and costs of the Offer will be paid by Caltex. 	Section 8.4

2.8 Other

TOPIC	SUMMARY	FURTHER INFORMATION
2.8.1 Can Caltex issue further Notes, or other instruments?	<ul style="list-style-type: none"> • Yes. Subject to applicable law and Caltex's existing debt documentation, there are no restrictions under the Terms on Caltex incurring any debt obligations, whether subordinated or not or ranking in priority ahead of, equal with or behind the claims of Holders in respect of the Notes. • The Notes do not confer on Holders any right to subscribe for new securities in Caltex, or to participate in any bonus issues of Caltex Shares. 	Clauses 1.9 and 9 of the Terms
2.8.2 What voting rights do the Notes carry at meetings of holders of Ordinary Shares?	<ul style="list-style-type: none"> • Holders have no voting rights at meetings of holders of Shares in Caltex. 	Clause 1.9 of the Terms
2.8.3 Can Caltex amend the Terms of the Notes?	<ul style="list-style-type: none"> • Subject to complying with applicable laws, the Trust Deed and the Terms, Caltex may amend the Terms without the consent of Holders or, (if the amendment would not alter the rights and obligations of the Trustee other than in respect of the claims of the Holders in respect of Notes), the Trustee if (in the opinion of Caltex) the amendment is: <ul style="list-style-type: none"> – of a formal, minor or technical nature; – made to cure any ambiguity or correct any manifest error; – necessary or expedient in connection with the listing on any stock exchange of the Notes or offering in any place of the Notes and not materially prejudicial to the interests of Holders as a whole; – necessary to comply with any law or the Listing Rules and not materially prejudicial to the interests of Holders as a whole; or – is not, and is not likely to become (taken as a whole and in conjunction with all other amendments to be made contemporaneously with that amendment), materially prejudicial to the interests of Holders as a whole. • Caltex may amend the terms of the Trust Deed, with the consent of the Trustee, if the amendment falls within one of the first four of the above-mentioned categories. • Caltex may also amend the Terms or the Trust Deed in certain circumstances with the consent of the Trustee if the amendment is approved by a Holder Resolution or a Special Resolution of Holders, as required by the Terms and the Trust Deed. 	Clause 12 of the Terms



3

About the Offer

- 3.1 The Offer
- 3.2 Use of Offer proceeds
- 3.3 Structure of the Offer
- 3.4 Obtaining a Prospectus and Application Form
- 3.5 How to apply
- 3.6 Bookbuild and allocation policy
- 3.7 ASX quotation
- 3.8 Trading on the ASX
- 3.9 CHES and issuer sponsored holdings
- 3.10 Foreign jurisdictions
- 3.11 Other information relevant to your Application
- 3.12 Enquiries

3. About the Offer

3.1 The Offer

The Offer is for the issue of Caltex Subordinated Notes with a Face Value of \$100 each to raise \$300 million, with the ability to raise more or less. The Issue Price is \$100 per Note.

All the Notes will be issued under, and subject to the disclosures made in, this Prospectus.

Caltex reserves the right, subject to the Corporations Act and the Listing Rules, to close the Offer early, to extend the latest date for receipt of Application Forms either generally or in particular cases, or to delay or withdraw the Offer at any time without prior notice, in which case all Application Payments for the Notes which have not been issued will be refunded (without interest) as soon as practicable.

3.2 Use of Offer proceeds

The Offer of the Notes forms part of Caltex's ongoing capital management strategy, and the proceeds will be used for general corporate purposes including the repayment of existing indebtedness. The capital raised will provide Caltex with additional capital support as it executes its growth plans and implements its recently announced supply chain restructure, including the conversion of the Kurnell refinery to an import terminal.

3.3 Structure of the Offer

The Offer comprises:

- an Institutional Offer made to certain Institutional Investors invited to participate in the Bookbuild by the Joint Lead Managers;
- a Broker Firm Offer made to eligible retail clients of Syndicate Brokers (Broker Firm Applicants);
- a Shareholder Offer made to Eligible Shareholders (Shareholder Applicants); and
- a General Offer made to members of the general public who are resident in Australia (General Applicants).

The allocation of the Notes between the Broker Firm Offer, the Shareholder Offer, the General Offer and the Institutional Offer will be determined by agreement between Caltex and the Joint Lead Managers. See Section 3.6.2 for further information on the allocation policy in respect of each component of the Offer.

3.4 Obtaining a Prospectus and Application Form

During the Exposure Period, an electronic version of this Prospectus (without an Application Form) will be available at www.caltex.com.au/notes. Application Forms will not be made available until after the Exposure Period has expired. During the Offer Period, an electronic version of this Prospectus with an Application Form will be available at www.caltex.com.au/notes and may be available through your Syndicate Broker.

The following conditions apply if this Prospectus is accessed electronically:

- you must download the entire Prospectus;
- your Application will only be considered where you have applied on an Application Form that was attached to or accompanied by a copy of this Prospectus; and
- the Prospectus is available to you electronically if you are accessing and downloading or printing the electronic copy of the Prospectus in Australia.

During the Offer Period, you may request a paper copy of the Prospectus and Application Form, free of charge, by contacting the Caltex Offer Information Line on 1300 638 671 (within Australia) or +61 3 9415 4659 (outside Australia) (Monday to Friday – 8.30am to 5.30pm Sydney time).

The Corporations Act prohibits any person from passing the Application Form on to another person unless it is attached to, or accompanied by, a printed copy of this Prospectus or the complete and unaltered electronic version of this Prospectus.

Your Application will only be considered where you have applied pursuant to an Application Form (either electronic or paper) that was attached to, or accompanied by, a copy of the Prospectus and have provided your Application Payment.

3.5 How to apply

	INSTITUTIONAL OFFER	BROKER FIRM OFFER	SHAREHOLDER OFFER	GENERAL OFFER
Who can apply?	<p>Institutional Investor</p> <ul style="list-style-type: none"> an investor who is invited by the Joint Lead Managers to bid for the Notes in the Bookbuild, who is applying through the Institutional Offer¹. 	<p>Broker Firm Applicant</p> <ul style="list-style-type: none"> an eligible retail client of a Syndicate Broker invited to participate through the Broker Firm Offer. 	<p>Shareholder Applicant</p> <ul style="list-style-type: none"> a holder of Ordinary Shares at 5.00pm (Sydney time) on 27 July 2012 who is resident in Australia applying through the Shareholder Offer. 	<p>General Applicant</p> <ul style="list-style-type: none"> a member of the general public who is resident in Australia applying through the General Offer.
How many Notes can be applied for?	<ul style="list-style-type: none"> Your Application must be for a minimum of 50 Notes (\$5,000). If your Application is for more than 50 Notes, then you must apply in incremental multiples of 10 Notes – that is, for incremental multiples of at least \$1,000. Applications by Institutional Investors are subject to the terms and conditions of the Bookbuild and this Prospectus. 	<ul style="list-style-type: none"> Your Application must be for a minimum of 50 Notes (\$5,000). If your Application is for more than 50 Notes, then you must apply in incremental multiples of 10 Notes – that is, for incremental multiples of at least \$1,000. Your Syndicate Broker will inform you of your allocation. 	<ul style="list-style-type: none"> Your Application must be for a minimum of 50 Notes (\$5,000). If your Application is for more than 50 Notes, then you must apply in incremental multiples of 10 Notes – that is, for incremental multiples of at least \$1,000. 	<ul style="list-style-type: none"> Your Application must be for a minimum of 50 Notes (\$5,000). If your Application is for more than 50 Notes, then you must apply in incremental multiples of 10 Notes – that is, for incremental multiples of at least \$1,000.
How to apply?	<ul style="list-style-type: none"> Application and settlement procedures for Institutional Investors will be advised by the Joint Lead Managers 	<p><i>Online</i></p> <ul style="list-style-type: none"> You must contact your Syndicate Broker 	<p><i>Online</i></p> <ul style="list-style-type: none"> You can apply online at www.caltex.com.au/notes. Instructions on how to complete your Application are provided online. You will be asked to provide your SRN or HIN which can be found on your holding statement or payment advice. You will be required to pay for the Notes using BPAY®. 	<p><i>Online</i></p> <ul style="list-style-type: none"> You can apply online at www.caltex.com.au/notes. Instructions on how to complete your Application are provided online. You will be required to pay for Notes using BPAY®.

¹ Notes may be offered in a jurisdiction outside Australia under the Institutional Offer where such offer is made in accordance with the laws of that jurisdiction – see Section 9.7.

INSTITUTIONAL OFFER	BROKER FIRM OFFER	SHAREHOLDER OFFER	GENERAL OFFER
<p>How to apply? <i>continued</i></p>	<p><i>Paper</i></p> <ul style="list-style-type: none"> • There will be paper Application Forms in the back of the Prospectus (that is expected to be available from 9 August 2012) that should be used by Broker Firm Applicants. • General instructions on how to complete the paper Application Form are set out on the Application Form. • You must contact your Syndicate Broker for their specific instructions on how to submit your paper Application Form and your Application Payment to your Syndicate Broker. • You must NOT return your paper Application Form to the Registry or to Caltex. • Your Syndicate Broker must have received your completed paper Application Form and Application Payment in time to arrange settlement on your behalf by the Closing Date for the Broker Firm Offer – which is 10.00am (Sydney time) on 4 September 2012. • Your Syndicate Broker will act as your agent in processing your Application Form and providing your Application details and Application Payment to Caltex. 	<p><i>Paper</i></p> <ul style="list-style-type: none"> • You can request a paper copy of the Prospectus and your personalised paper Shareholder Offer Application Form by calling the Caltex Offer Information Line on 1300 638 671 (within Australia) or +61 3 9415 4659 (outside Australia) (Monday to Friday – 8.30am to 5.30pm Sydney time). • Instructions on how to complete your personalised paper Shareholder Offer Application Form are set out on the Application Form. You will be required to pay for Notes by 5.00pm (Sydney time), 28 August 2012 by cheque(s) and/or money order(s). If you wish to pay by BPAY®, you need to make an online Application or use the BPAY® instructions on the personalised paper Shareholder Offer Application Form sent to you. • You will be required to post your completed personalised paper Shareholder Offer Application Form to the Registry. 	<p><i>Paper</i></p> <ul style="list-style-type: none"> • There will be paper Application Forms in the back of the Prospectus (that is expected to be available from 9 August 2012) that should be used by General Applicants. • You can request a paper copy of the Prospectus and paper Application Form by calling the Caltex Offer Information Line on 1300 638 671 (within Australia) or +61 3 9415 4659 (outside Australia) (Monday to Friday – 8.30am to 5.30pm Sydney time). • Instructions on how to complete your paper Application Form are set out on the paper Application Form. You will be required to pay for Notes by 5.00pm (Sydney time), 28 August 2012 by cheque(s) and/or money order(s). If you wish to pay by BPAY®, you need to make an online Application. • You will be required to post your completed paper Application Form to the Registry.

	INSTITUTIONAL OFFER	BROKER FIRM OFFER	SHAREHOLDER OFFER	GENERAL OFFER
When to apply^{1,2}	<ul style="list-style-type: none"> The Bookbuild is expected to be conducted on 8 August 2012. 	<ul style="list-style-type: none"> Applications will only be accepted during the Offer Period, which is expected to open on 9 August 2012. The Closing Date for the Broker Firm Offer is 4 September 2012. Your completed Application Form and Application Payment must be received by your Syndicate Broker in accordance with arrangements made between you and your Syndicate Broker. 	<ul style="list-style-type: none"> Applications will only be accepted during the Offer Period, which is expected to open on 9 August 2012. The Closing Date for the Shareholder Offer is 5.00pm (Sydney time) on 28 August 2012. Your completed personalised paper Shareholder Offer Application Form or online Application Form and your Application Payment must be received by the Registry by the Closing Date. 	<ul style="list-style-type: none"> Applications will only be accepted during the Offer Period, which is expected to open on 9 August 2012. The Closing Date for the General Offer is 5.00pm (Sydney time) on 28 August 2012. Your completed paper Application Form or online Application Form and your Application Payment must be received by the Registry by the Closing Date.
How to make your Application Payment	N/A	<ul style="list-style-type: none"> You must contact your Syndicate Broker for information on how to submit the paper Application Form and your Application Payment to your Syndicate Broker. Depending on the arrangements you have with your Syndicate Broker, you may be able to apply for the Notes under the Broker Firm Offer using an online Application and payment facility. 	<p><i>Paper</i></p> <ul style="list-style-type: none"> If you apply under the Shareholder Offer using a personalised paper Shareholder Offer Application Form, your completed Application Form must be accompanied by your Application Payment in the form of cheque(s) and/or money order(s) drawn on an Australian dollar account of a financial institution and made payable to "Caltex Offer". Cheque(s) should be crossed "Not Negotiable". Cash payments will not be accepted. If you wish to pay by BPAY®, follow the instructions on the personalised paper Shareholder Offer Application Form or make an online Application. 	<p><i>Paper</i></p> <ul style="list-style-type: none"> If you apply under the General Offer using a paper Application Form, your completed Application Form must be accompanied by your Application Payment in the form of cheque(s) and/or money order(s) drawn on an Australian dollar account of a financial institution and made payable to "Caltex Offer". Cheque(s) should be crossed "Not Negotiable". Cash payments will not be accepted. You cannot pay by BPAY® if you apply under the General Offer using a paper Application Form. If you wish to pay by BPAY®, you need to make an online Application.

1 The key dates for the Offer are indicative only and may change. Caltex and the Joint Lead Managers reserve the right to close the Offer or any part of it early, extend the Offer or any part of it and accept late Applications or bids either generally or in particular cases.
2 The Shareholder Offer and General Offer have a different Closing Date to the Broker Firm Offer to allow sufficient time for the processing of cheques received with Applications made under the Shareholder Offer and General Offer.

INSTITUTIONAL OFFER	BROKER FIRM OFFER	SHAREHOLDER OFFER	GENERAL OFFER
<p>How to make your Application Payment <i>continued</i></p>		<ul style="list-style-type: none"> Your completed personalised paper Shareholder Offer Application Form and your Application Payment must be received by the Registry by the Closing Date 	<ul style="list-style-type: none"> Your completed paper Application Form and your Application Payment must be received by the Registry by the Closing Date. <p><i>Online</i></p> <ul style="list-style-type: none"> You must apply using an online Application Form (available at www.caltex.com.au/notes) and complete your Application by making a BPAY® payment. Once you have completed your online Application Form, you will be given a BPAY® biller code and unique Customer Reference Number for that Application. Follow the BPAY® instructions below to complete your Application. If you do not make a BPAY® payment, your Application will be incomplete and will not be accepted by Caltex. <p>Using the BPAY® details provided, you need to:</p> <ul style="list-style-type: none"> access your participating BPAY® financial institution either through telephone banking or internet banking; select BPAY® and follow prompts; enter the biller code supplied; enter the unique Customer Reference Number supplied for each Application; enter the total amount to be paid which corresponds to the number of the Notes you wish to apply for under each Application (that is, a minimum of \$5,000 – 50 Notes, and incremental multiples of \$1,000 – 10 Notes). Note that your financial institution may apply limits on your use of BPAY® and that you should enquire about the limits that apply in your own personal situation; select the account you wish your payment to be made from; schedule your payment for the same day that you complete your online Application Form since Applications without payment cannot be accepted; and record your BPAY® receipt number and date paid. <p>BPAY® payments must be made from an Australian dollar account of an Australian financial institution.</p>

3.5.1 Brokerage and stamp duty

No brokerage, commission or stamp duty is payable by you on Application. You may be required to pay brokerage if you sell your Notes on the ASX after the Notes have been quoted on the ASX.

3.5.2 Application Payments held on trust

All Application Payments received by Caltex before the Notes are issued will be held by Caltex on trust in an account established solely for the purpose of depositing Application Payments received. After the Notes are issued to successful Applicants, the Application Payments held on trust and referable to the Notes issued to successful Applicants will be payable to Caltex.

Any interest that accrues on Application Payments prior to the issue of the Notes will be, and will remain, the property of Caltex.

3.5.3 Refunds

If you are not allotted any Notes or you are allotted fewer Notes than the number that you applied and paid for as a result of a scale back, all or some of your Application Payment (as applicable) will be refunded to you (without interest) as soon as practicable after the Issue Date.

If the Offer does not proceed for any reason, all Applicants will have their Application Payment refunded (without interest) as soon as practicable.

3.6 Bookbuild and allocation policy

3.6.1 Bookbuild

The Bookbuild is a process that is conducted by the Joint Lead Managers in consultation with Caltex before the Opening Date to determine the Margin and firm allocations of the Notes to Bookbuild participants. In this process, the Bookbuild participants are invited to lodge bids for a number of Notes. On the basis of those bids, the Joint Lead Managers and Caltex will determine the Margin and the firm allocations to Syndicate Brokers and Institutional Investors. Notes allocated during the Bookbuild will be issued pursuant to this Prospectus. The Bookbuild will be conducted in the manner contemplated in this Prospectus and otherwise on the terms and conditions agreed to by Caltex and the Joint Lead Managers in the Offer Management Agreement – see Section 9.4. The Bookbuild is expected to be completed by 8 August 2012 and the Margin set by the Bookbuild is expected to be announced on 9 August 2012.

3.6.2 Allocation policy

Institutional Offer	<ul style="list-style-type: none">• Allocations to Institutional Investors will be agreed between the Joint Lead Managers and Caltex.
Broker Firm Offer	<ul style="list-style-type: none">• Allocations to Syndicate Brokers will be agreed between the Joint Lead Managers and Caltex.• Allocations to Broker Firm Applicants by a Syndicate Broker are at the discretion of that Syndicate Broker.• Applicants under the Broker Firm Offer will be able to confirm their allocation through the Syndicate Broker from whom they received their allocation.• If you sell Notes before receiving a Holding Statement, you do so at your own risk, even if you confirmed your firm allocation through a Syndicate Broker.
Shareholder Offer and General Offer	<ul style="list-style-type: none">• Allocations for the Shareholder Offer and General Offer will be determined by Caltex and the Joint Lead Managers after the Closing Date.• Caltex does not guarantee any minimum allocation under the Shareholder Offer or General Offer and the extent of any allocation will ultimately depend on the total level of Applications.• Caltex (at its discretion) reserves the right to scale back applications from Shareholder Applicants and General Applicants. Any scale back will be announced on the ASX on the day the Notes commence trading on a deferred settlement basis – expected to be 6 September 2012.• Caltex will endeavour to provide Shareholder Applicants with an allocation under the Shareholder Offer of at least 50 Notes. No assurance is given that any Shareholder Applicant or General Applicant will receive an allocation.• Caltex has an absolute discretion to determine the method and extent of the allocation under the Shareholder Offer and General Offer. Caltex reserves the right to preferentially allocate to Applicants under the Shareholder Offer.• Caltex (at its discretion) reserves the right to:<ul style="list-style-type: none">– allocate to any Shareholder Applicant or General Applicant all the Notes for which they have applied;– reject any Application by a Shareholder Applicant or a General Applicant; or– allocate to any Shareholder Applicant or a General Applicant a lesser number of Notes than that applied for, including less than the minimum application for Notes or none at all.• If you are a Shareholder Applicant or General Applicant, you will be able to call the Caltex Offer Information Line on 1300 638 671 (within Australia) or +61 3 9415 4659 (outside Australia) (Monday to Friday – 8.30am to 5.30pm Sydney time) to confirm your allocation of the Notes. It is expected that this information will be advertised in the Australian Financial Review on or around 5 September 2012.• If you sell Notes before receiving a Holding Statement, you do so at your own risk, even if you obtained details of your holding from the Caltex Offer Information Line on 1300 638 671 (within Australia) or +61 3 9415 4659 (outside Australia) (Monday to Friday – 8.30am to 5.30pm Sydney time) or from the advertisement in the Australian Financial Review.

3.6.3 Settlement

Under the Offer Management Agreement, the Joint Lead Managers have agreed to provide settlement support for the Institutional Offer and the Broker Firm Offer. The Offer Management Agreement may be terminated by the Joint Lead Managers in certain circumstances, see Section 9.4. For details of the fees payable under the Offer Management Agreement, see Section 9.4.

3.7 ASX quotation

Caltex will apply for quotation of the Notes on the ASX within seven days following the lodgement of this Prospectus with ASIC. ASX takes no responsibility for this Prospectus or the investment to which it relates. The fact that the ASX may quote the Notes is not to be taken as an indication of the merits of the Notes offered for subscription.

If the ASX does not grant permission for the Notes to be quoted within three months after the date of this Prospectus (or any longer period permitted by law), the Notes will not be issued and all Application Payments will be refunded (without interest) to Applicants as soon as practicable.

3.8 Trading on the ASX

Subject to quotation being granted, Caltex expects that the Notes will commence trading on the ASX on a deferred settlement basis on 6 September 2012 under the ASX code "CTXHA". Trading on a deferred settlement basis will continue until Caltex has advised the ASX that Holding Statements have been despatched to successful Applicants. Normal settlement trading is expected to commence on or about 11 September 2012.

You are responsible for confirming your noteholding before trading in the Notes. If you are a successful Applicant and you sell your Notes before you receive your Holding Statement, you do so at your own risk. Caltex, the Joint Lead Managers and the Registry disclaim all liability if you sell the Notes before receiving your Holding Statement.

If you are a Shareholder Applicant, you may visit www.caltex.com.au/notes or call the Caltex Offer Information Line on 1300 638 671 (within Australia) or +61 3 9415 4659 (outside Australia) (Monday to Friday – 8.30am to 5.30pm Sydney time) to confirm your allocation of the Notes after the Issue Date. Broker Firm Applicants should contact their Syndicate Broker to enquire about their allocation of the Notes.

3.9 CHESS and issuer sponsored holdings

Caltex will apply to the ASX for the Notes to participate in the use of Securities Clearing House Electronic Sub-register System (CHESS). CHESS is an electronic transfer and settlement system for transaction in securities quoted on the ASX under which transfers are effected and in an electronic form. Under CHESS, Caltex will not issue certificates to Holders.

When Notes become approved financial products (as defined in the ASX Settlement Operating Rules), holdings of Notes will be registered in one of two sub-registers, an electronic CHESS sub-register or an issuer sponsored sub-register. For all successful Applicants, Notes of a Holder who is a participant in CHESS or a Holder sponsored by a participant in CHESS will be registered on the CHESS sub-register. All other Notes will be registered on the Caltex sponsored sub-register.

After the allotment of the Notes, successful Applicants will receive a Holding Statement that sets out the number of Notes allocated to that Applicant. The statement will also provide details of the Applicants' HIN (for Notes held on CHESS) or SRN (for Notes held on the Caltex sponsored sub-register). Holders will be required to quote a HIN or SRN, as applicable, in all dealings with a stockbroker or the Registry. Further CHESS statements will be provided to Holders, which reflect any changes in the number of the Notes held by them during a particular month. Additional statements may be requested at any time, although Caltex reserves the right to charge a fee. Caltex expects that Holding Statements will be despatched to successful Applicants by 10 September 2012. If you sell your Notes before you receive your Holding Statement, you do so at your own risk.

3.10 Foreign jurisdictions

This Prospectus does not constitute an offer of the Notes or invitation in any place in which, or to any person to whom, it would not be lawful to make such offer or invitation. For details of the selling restrictions that apply to the Notes in foreign jurisdictions, see Section 9.7.

3.11 Other information relevant to your Application

3.11.1 Discretion regarding the Offer

Caltex reserves the right not to proceed with the Offer at any time before the issue of the Notes to successful Applicants.

Caltex may withdraw the Offer at any time before the issue of the Notes to successful Applicants. If the Offer, or any part of it, does not proceed, all relevant Application Payments will be refunded (without interest).

Caltex and the Joint Lead Managers also reserve the right to close the Offer or any part of it early, extend the Offer or any part of it, accept late Applications or bids either generally or in particular cases, reject any Application or bid, or allocate to any Applicant or bidder fewer Notes than applied or bid for.

Investors should also note that no cooling off rights (whether by law or otherwise) apply to an investment in the Notes. This means that, in most circumstances, Applicants may not withdraw their Applications once submitted.

3.11.2 Provision of bank account details for Interest Payments

Caltex may pay your Interest Payments in any manner it decides, including by direct credit or by cheque.

If you are an Eligible Shareholder and you are allocated the Notes under the Shareholder Offer, your Interest Payments will be paid to you into the same account nominated by you for the payment of dividends on your Ordinary Shares. If you want your Interest paid into a different account, you will need to provide these details to the Registry.

If you do not provide your relevant details to the Registry, or the transfer of any Interest Payment does not complete, a notice will be sent to your email address, or if no email address has been supplied, will be posted to the address notified by you advising you of the amount of the Interest. In that case the funds will be held in a special purpose account maintained by Caltex as a non-interest bearing deposit or paid by Caltex under legislation relating to unclaimed monies.

3.11.3 Provision of Tax File Number or Australian Business Number for Australian tax residents

If you are issued any Notes, when you are sent your Holding Statement you will be advised to go to Caltex's website www.caltex.com.au to update your details including your Tax File Number (TFN) or Australian Business Number (ABN), or alternatively to call the Registry to obtain a copy of a form in relation to the provision of your TFN or ABN.

The collection and quotation of TFNs and ABNs is authorised, and their use and disclosure is strictly regulated, by tax laws and the Privacy Act.

You do not have to provide your TFN or ABN and it is not an offence if you fail to do so. However, Caltex may be required to withhold Australian tax at the maximum marginal tax rate plus the Medicare levy on the amount of any interest payment unless you provide one of the following:

- TFN;
- TFN exemption number (if applicable); or
- ABN (if the Notes are held in the course of an enterprise carried on by you).

3.11.4 Provision of personal information

The information about you included on an Application Form is used for the purposes of processing the Application and, if it is successful, to administer your Notes holding and may be used for other purposes as required by applicable law. For information about the acknowledgements and privacy statement in relation to personal information that you provide by completing an Application Form, see the Important Notices Section at the front of this Prospectus and on the Application Form.

3.11.5 Shareholder Applicants and General Applicants

You can call the Caltex Offer Information Line on 1300 638 671 (within Australia) or +61 3 9415 4659 (outside Australia) (Monday to Friday – 8.30am to 5.30pm Sydney time) if you:

- have further questions on how to apply for the Notes;
- require assistance to complete your Application Form; or
- have any questions about the Offer.

If you are unclear in relation to any matter, or uncertain if the Notes are a suitable investment, you should seek professional advice from your financial or other professional adviser before deciding whether to invest.

3.11.6 Broker Firm Applicants

If you have any further questions about the Offer or your Broker Firm Application, please call your Syndicate Broker.

If you are unclear in relation to any matter, or uncertain if the Notes are a suitable investment, you should seek professional advice from your financial or other professional adviser before deciding whether to invest.

3.12 Enquiries

You should read the whole of this Prospectus and consider all of the risk factors that could affect the performance of the Notes, Caltex and other information concerning the Notes in light of your own particular objectives, financial situation and needs (including financial and taxation issues) before deciding whether or not to invest in the Notes. Some of the risk factors that should be considered are set out in Section 6.

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4

Information about Caltex

- 4.1 About Caltex
- 4.2 Caltex's strategy and business model
- 4.3 Announcement of supply chain restructure
- 4.4 Caltex's relationship with Chevron

4. Information about Caltex

4.1 About Caltex

Caltex is listed on the Australian Securities Exchange and is an S&P/ASX 100 company by market capitalisation (approximately \$3.8 billion as at 27 July 2012). Caltex's largest shareholder is Chevron, a global integrated energy company listed on the New York Stock Exchange (NYSE). Chevron has a 50% interest in Caltex. Caltex operates independently of Chevron, with all decisions made in Australia by the Caltex Board and management.

Caltex is Australia's largest supplier of petroleum products and number one convenience retailer. Caltex has operated in Australia for more than 70 years, and is focused on providing safe and reliable production, procurement and distribution of transport fuel to our customers. Today, Caltex is Australia's leading transport fuels supplier, and supplies around one in every three litres of petrol, diesel and jet fuel consumed in Australia. Caltex's service station network comprises approximately 2,000 Caltex branded sites across Australia.

As part of its operations, Caltex currently operates two oil refineries – Kurnell refinery in Sydney and Lytton refinery in Brisbane. These refineries produce petrol, diesel, jet fuel, along with small amounts of fuel oil, waxes and lubricants, bitumen, sulphur, LPG and other gases. Caltex also buys refined products on the open market, and along with those products Caltex refines, markets those products across retail and commercial channels. These products are supplied to customers via a network of pipelines, terminals, depots and company-owned and contracted transport fleets.

4.2 Caltex's strategy and business model

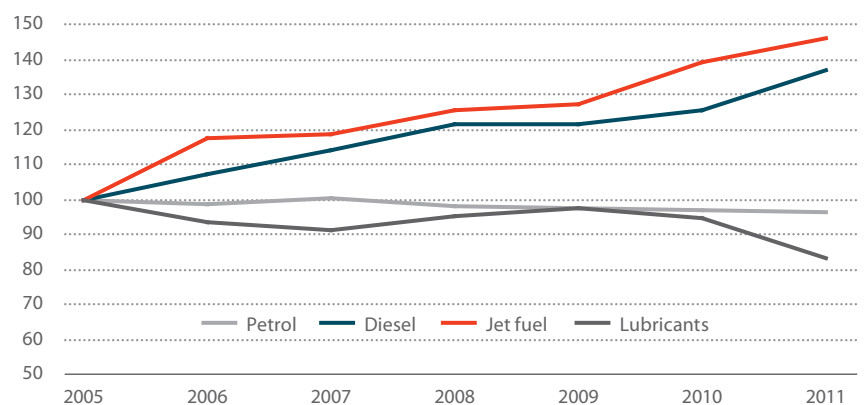
Caltex's objective is to be the outright leader in transport fuels in Australia.

To achieve this objective, Caltex's strategy consists of two key pillars:

- 1) "Superior supply chain to market"; and
- 2) "Comprehensive targeted offer to customers".

Caltex's strategy reflects historical and current demand in Australia for diesel, jet fuel and petrol (historical growth rates in these products is shown in the chart below) and is focused on ensuring Caltex is well positioned to benefit from those markets that are growing, including jet fuel, diesel and premium petrol (a segment within the petrol market).

Australian Transport Fuel Consumption Index (2005 = 100)



TOPIC	SUMMARY
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4.2.1 Pillar 1: Superior supply chain to market

Caltex's supply chain is designed to safely and reliably deliver fuel products to the Australian market via its own refinery production and by procuring product from overseas and domestic refiners. Caltex then distributes these products to its customers via an extensive terminal, pipeline and depot system.

As the transport fuel industry evolves, Caltex recognises that it needs to build additional competitive supply chain infrastructure. To achieve this, Caltex intends to:

Optimise its long term supply and infrastructure position, from source to customer, in each key geographic region, taking into account:

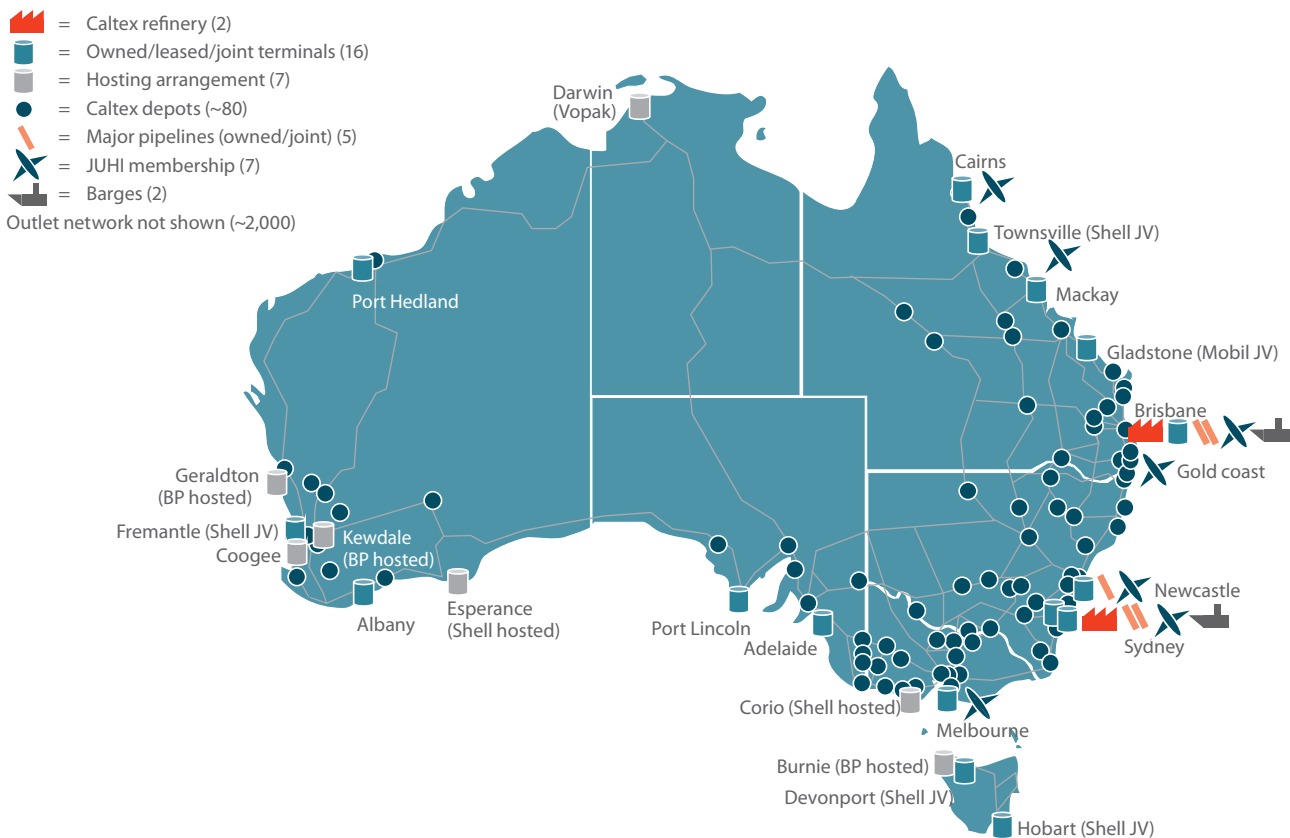
- the evolving domestic refinery production environment;
- buying and selling arrangements with other domestic refineries;
- product import supply environment; and
- current and possible future supply and distribution infrastructure.

Safely and reliably:

- close Kurnell refinery and convert to an import terminal (see Section 4.3); and
- continue to operate Lytton refinery, whilst implementing a range of initiatives to improve its operations.

Caltex's two refineries, which have been part of the supply chain for over 50 years, now supply approximately 55% of Caltex's total transport fuel sales by volume. Caltex recently announced a restructure of its supply chain following a strategic review of the company, and the decision has been made to convert the Kurnell refinery in Sydney to an import facility and for it to cease manufacturing in late 2014. This decision is explained further in Section 4.3.

Strong supply chain and infrastructure position



Note: As at 31 December 2011.
 JUHI = joint user hydrant installation.
 Fremantle terminal no longer operational.

Underpinning Caltex’s offer to customers is a national distribution network of refineries, terminals, pipelines and depots. Caltex owns and operates or has access to product supply at terminals at key locations throughout Australia.

Caltex delivers product from terminals to service stations, distribution depots and commercial customers via its own truck fleet of road tankers and fleets of approved and accredited third party contractors. Caltex also has a fleet of dedicated rail tank cars. Caltex owns most of its fuel storage depots that are licensed to company and independent distributors.

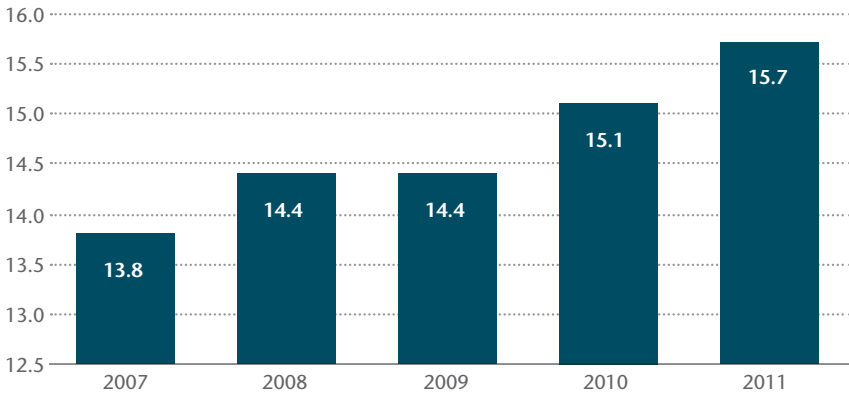
Caltex has undertaken significant work to position itself to capture growth in the resources, transportation, aviation and other commercial sectors. In 2011, Caltex completed terminal capacity expansions in North Queensland, servicing customers in the Bowen Basin. A significant expansion of the Western Australia Port Hedland terminal was completed in December 2011 to service the Pilbara resources area. A major upgrade of the jet fuel pipeline from Kurnell to the Sydney Airport has recently been completed in 2012.

TOPIC	SUMMARY
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**4.2.2
Pillar 2:
Comprehensive
targeted offer
to customers**

Caltex is committed to ensuring it has a comprehensive targeted offer to our customers across a variety of products, channels and locations in Australia. Caltex’s annual transport fuel sales have grown from 13.8 billion litres in 2007 to 15.7 billion litres in 2011. These sales have been achieved across a wide variety of products, channels and locations.

Annual transport fuel sales (billion litres)



Caltex leverages its supply chain capability to present this product offering to a broad cross-section of commercial, wholesale and consumer customers across all states and territories. The supply chain is currently anchored by a wide portfolio of commercial, wholesale and consumer customers.

There are two key channels through which Caltex reaches its customers, a retail channel, and a commercial channel.

Retail channel

The service station network comprises approximately 2,000 Caltex branded sites operating under varying models including franchise, company owned and operated, reseller, and Woolworths joint-branded sites. This underpins a major portion of the company’s fuel sales and supports a comprehensive StarCard fuel offering.

The Caltex branded network includes approximately 600 Caltex controlled sites, many of which have convenience stores. These stores sell a wide range of products and services. These stores generate more than \$1.0 billion in annual shop revenue selling 2,200 product lines to over 3 million customers per week. Caltex is the number one convenience retailer in Australia.











TOPIC	SUMMARY
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Commercial channel

Caltex's commercial operations primarily cover diesel, jet fuel and lubricant sales. These products are sold, either directly or through independent resellers, to business customers, ranging from major national organisations in mining and transport, to smaller enterprises and farmers in rural Australia.

Commercial sales volumes have continued to grow through reliably supplying customers in the mining, automotive, industrial, specialties, transport, aviation, farming and marine industries. In particular, Caltex has undertaken significant work to position itself to capture growth in the resources, transportation and other commercial sectors. Initiatives that Caltex has taken include expanding terminal capacity in North Queensland which services the businesses operating in the Bowen Basin (completed in 2011) and the significant expansion of the Western Australia Port Hedland terminal to service the Pilbara resources area (completed in 2011).

Key products

PRODUCT	ESTIMATED CALTEX SHARE
<p>Diesel</p> 	 <ul style="list-style-type: none"> ■ Caltex ■ Other
<p>Petrol</p> 	 <ul style="list-style-type: none"> ■ Caltex ■ Other
<p>Jet fuel</p> 	 <ul style="list-style-type: none"> ■ Caltex ■ Other
<p>Lubricants</p> 	 <ul style="list-style-type: none"> ■ Caltex ■ Other
<p>Convenience</p> 	 <ul style="list-style-type: none"> ■ Caltex ■ Other

Note: Indicative 2011 share of volume and share of revenue (convenience). Excludes buy/sell and hosting.

In summary, Caltex's strategy is based upon...

- large-scale, cost competitive supply and distribution infrastructure in most key regions and a comprehensive network of outlets;
- leading positions (number 1 or 2) across most transport fuel products, channels and geographies; and
- strong skills in product procurement, storage and distribution, commercial sales, customer service, convenience retailing and franchise management.

... With a strong track record of performance ...

- improving operational reliability and safety performance;
- 13% p.a. RCOP EBIT growth delivered on the Marketing business over the last five years;
- consistent above cost-of-capital returns for the Marketing business; and
- robust diversified portfolio of future growth opportunities.

4.3 Announcement of supply chain restructure

On 26 July 2012, Caltex announced a restructuring of its supply chain following a strategic review of its operations with particular focus on the company's refineries. The major components of the supply chain restructuring include:

- the continued investment in the development of Caltex's supply chain and Marketing operations to position Caltex as the outright leader in transport fuels across Australia;
- the proposed closure of Kurnell refinery in Sydney, New South Wales and its conversion to a major import terminal to enable the continued supply of transport fuels to its customers;
- continued operation of the company's Lytton refinery in Brisbane, Queensland with a focus on necessary operational and financial performance improvements; and
- an agreement with Chevron for the procurement and supply of transport fuels (petrol, diesel and jet fuel) with associated shipping services to provide a reliable and efficient supply of imported product.

Background and key details of the proposed conversion of the Kurnell refinery to an import terminal are described below.

Caltex's refineries are relatively small and, in their current configuration, are disadvantaged when compared to the modern, larger scale, more efficient refineries in the Asian region against which we compete. This, combined with the challenging business environment, including the ongoing strength of the Australian dollar, increasing costs and a lower Caltex Refiner Margin, has meant that Caltex's refineries have been generating significant losses. Without intervention, these losses would be expected to continue into the future. In 2011, Refining and Supply generated combined losses of \$208 million at a RCOP EBIT level (see Section 5.3 for further explanation of RCOP).

The review concluded that the Kurnell refinery will cease operation with the existing storage and associated facilities then being converted to a major transport fuel import facility. Key to the success of the change will be the:

- sourcing of imported product;
- successful conversion of the facilities; and
- necessary regulatory approvals.

The Kurnell refinery currently supplies Caltex with approximately 33% of its transport fuel sales. The transition from a refinery to a major import facility is anticipated to take approximately two years, at which point imported product will replace Kurnell production. Conversion activity includes upgrading tank and line systems, from their current crude oil and refinery intermediate product storage to finished product storage. This will be accompanied by a separate project to upgrade the marine facilities.

There are a number of one-off costs and benefits that impact cash flows on closure of the refinery and conversion to a terminal.

Caltex will invest approximately \$250 million of capital associated with conversion and expansion of current import facilities at Kurnell. Caltex will raise provisions in 2012 of approximately \$430 million (on a discounted basis), reflecting the expected costs of closure and remediation costs in the years post the closure. These provisions are explained further in Section 5.5.1.

In the period 2012-2016, based on current estimates, it is expected that a significant proportion of the cash outflows relating to closure and conversion, including employee entitlements, remediation costs, and conversion to a major import terminal, will be offset by cash inflows from the closure due to expected tax benefits and working capital release. The working capital requirements of operating an oil refinery are greater than the working capital requirements of operating a refined product import facility, and therefore Caltex expects working capital to be released following the closure and conversion of Kurnell. The actual amount of working capital to be released will depend on a number of factors existing at the date of closure, including the price and source of crude oil and refined products, and the US dollar exchange rate. As a result, while there may be individually significant cash inflows and outflows relating to closure and conversion, Caltex does not expect the cumulative net cash flows relating to closure and conversion over this period to have a significant impact on its Net Debt balance.

Caltex also expects the closure to result in medium and long-term benefits, including cessation of Kurnell refinery operating losses, a reduction in Kurnell maintenance capital expenditure, and lower earnings volatility due to reduced exposure to refining margins. Caltex expects that the large majority of closure and conversion costs (other than remediation) will be incurred in the period 2012-2016, and that remediation costs relating to closure will be incurred over a significantly longer period, with the majority of expenditure after 2016.

Caltex refined product will continue to be sourced from its own refinery production in Lytton and purchases from other refiners in Australia and overseas. To provide certainty of product supply and to meet the shortfall following Kurnell refinery's conversion to an import terminal and growing demand, Caltex has recently entered into an arm's length product supply agreement with Chevron to reliably and efficiently source imported product at market based prices. Chevron will also provide marine transportation services in relation to this imported product.

Caltex is now going through a consultation process regarding the Kurnell refinery with its employees and affected stakeholders, including customers, unions, contractors, suppliers, governments and local communities.

For information regarding the key risks involved in the proposed supply chain restructure, please refer to Section 6.3.7.

4.4 Caltex's relationship with Chevron

Chevron is the largest shareholder in Caltex with a 50% interest and three members of the Caltex Board are Chevron executives. Chevron is a global integrated energy company, listed on the NYSE. On 27 July 2012, Chevron had a market capitalisation of approximately US\$215 billion.

Caltex operates independently of Chevron, with all decisions made in Australia by the Caltex Board and management. There are currently eight Directors on the Caltex Board. The Board's policy on composition is to have at least four independent, non-executive Directors and up to three Directors who are Chevron executives. Additionally, the CEO serves as the Managing Director. All decisions to appoint a new Director are made by the Caltex Board.

Through a number of agreements, Caltex accesses significant technical and research capabilities which Chevron possesses due to its scale and its position as one of the world's leading global energy companies. Chevron also assists Caltex with a broad range of business activities undertaken by Caltex in the ordinary course. Caltex purchases crude, other refinery feedstocks and petroleum products from Chevron. These purchases and sales are in the ordinary course of business and on normal commercial terms and conditions. Caltex licenses its brand from Chevron. Chevron and Caltex provide each other with certain technical services, certain insurance products, and from time to time, Chevron may second certain specialist employees to Caltex.

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5

Financial information

- 5.1 Introduction
- 5.2 Caltex Consolidated Historical Income Statements
- 5.3 RCOP basis of accounting
- 5.4 Trading update for the half year ended 30 June 2012
- 5.5 Caltex Consolidated Historical Balance Sheet and Pro Forma Historical Balance Sheet
- 5.6 Caltex Consolidated Historical Statements of Cash Flows
- 5.7 Financial ratios
- 5.8 Caltex's debt structure and capital management

5. Financial information

5.1 Introduction

The summary historical financial information presented in Section 5 (the **Historical Financial Information**) comprises the following:

- Caltex Consolidated Historical Income Statements for the years ended 31 December 2010 and 31 December 2011 (see Section 5.2);
- Caltex Consolidated Historical Balance Sheet as at 31 December 2011 (see Section 5.5); and
- Caltex Consolidated Historical Statements of Cash Flows for the years ended 31 December 2010 and 31 December 2011 (see Section 5.6).

The Historical Financial Information has been extracted from the audited Consolidated Financial Statements of Caltex and its controlled entities for the years ended 31 December 2010 and 31 December 2011.

Section 5.5 also presents the pro forma Consolidated Historical Balance Sheet as at 31 December 2011, after adjusting for certain transactions and adjustments described in Section 5.5 (the **Pro Forma Historical Balance Sheet**).

The Historical Financial Information and Pro Forma Historical Balance Sheet have, except as otherwise noted, been prepared in accordance with the measurement and recognition principles prescribed in the Australian Accounting Standards (including the Australian Accounting Interpretations). The Historical Financial Information and Pro Forma Historical Balance Sheet are presented in an abbreviated form insofar as they do not include all of the disclosures required by the Australian Accounting Standards applicable to annual financial reports prepared in accordance with the Corporations Act.

In addition, Section 5.3 presents the RCOP in respect of the financial results for the years ended 31 December 2010 and 31 December 2011. This RCOP measure is consistent with the presentation of RCOP disclosed in Caltex's Annual Report for the year ended 31 December 2011 (see Section 5.3 for further details).

Caltex has lodged its audited Consolidated Financial Statements for the years ended 31 December 2010 and 31 December 2011 with ASIC. These audited Consolidated Financial Statements can be obtained from www.caltex.com.au during the Offer Period and after the Issue Date. Caltex will provide, to those who request them, a copy of these audited Consolidated Financial Statements free of charge to potential investors during the period until the Issue Date and thereafter to Holders of the Notes.

The following information should be read together with the other information contained in this Prospectus, including the investment risks in Section 6. Investors should note that past performance is not a reliable indicator of future performance.

5.2 Caltex Consolidated Historical Income Statements

The following table sets out Caltex's Consolidated Historical Income Statements for the financial years ended 31 December 2010 and 31 December 2011.

A\$M	ACTUAL 2010	ACTUAL 2011
Revenue from sale of goods	18,672	22,105
Replacement cost of goods sold ⁽¹⁾	(12,730)	(16,055)
Product duties and taxes	(4,892)	(5,046)
Inventory gains ⁽²⁾	21	197
Cost of goods sold – historical cost	(17,601)	(20,904)
Gross profit	1,071	1,201
Other income	261	297
Refining and Supply expenses	(163)	(195)
Marketing expenses	(588)	(622)
Net foreign exchange (losses)/gains	27	(10)
Impairment of non-current assets ⁽³⁾	–	(1,553)
Finance costs	(59)	(69)
Other expenses	(111)	(73)
Share of net profit of entities accounted for using the equity method	4	2
(Loss)/profit before income tax benefit/(expense)	442	(1,022)
Income tax benefit/(expense)	(124)	309
Net (loss)/profit after tax	318	(713)
Non-controlling interest	(1)	(1)
Statutory (loss)/profit attributable to Caltex shareholders	317	(714)

(1) Excluding product duties and taxes, and inventory gains.

(2) Inventory gain/(loss) is calculated as the cost of goods sold on the basis of theoretical new purchases instead of actual costs from inventory. The cost of these theoretical new purchases is calculated as the average monthly cost of cargoes received during the month of those sales.

(3) Impairment of non-current assets totalling \$1,553 million was recognised in the income statement in the year ended 31 December 2011 comprising the refining asset impairment (\$1,500 million) relating to a non-cash reduction in the refinery fixed asset carrying value and the decision to cease operation of two process plants at the Kurnell refinery (impairment of \$56 million) net of a reversal of prior year impairments (\$3 million).

5.3 RCOP basis of accounting

Caltex reports its results for statutory purposes on an historical cost basis (as presented in Section 5.2). Caltex also provides financial results on a RCOP basis. RCOP results remove the impact of fluctuations in the US\$ price of crude and foreign exchange on cost of sales, which is separately identified as inventory gains/(losses) in the statutory version of the income statement. Such impacts constitute a major external influence on Caltex profits. Caltex's RCOP methodology is consistent with the basis of reporting commonly used within the global refining industry. RCOP results are a measurement basis for Caltex used by the Rating Agency and bank covenants.

The following table presents RCOP after tax excluding significant items (related to asset impairment and restructuring expenses) for the years ended 31 December 2010 and 31 December 2011, reconciled to the statutory results presented in Section 5.2. This RCOP measure (excluding significant items) is consistent with the presentation of RCOP disclosed in Caltex's Annual Report for the year ended 31 December 2011. RCOP EBIT and RCOP EBITDA are also presented (excluding significant items) in the table below.

A\$M	ACTUAL 2010	ACTUAL 2011
Statutory (loss)/profit attributable to Caltex shareholders	317	(714)
Add back: Significant items net of tax ⁽¹⁾	16	1,116
Statutory (loss)/profit attributable to Caltex shareholders (excluding significant items)	333	402
Deduct: Inventory gains net of tax ⁽²⁾	(15)	(138)
RCOP after tax (excluding significant items)	318	264
Add back: Net Finance Costs	57	68
Add back: Income tax expense (excluding tax impact of inventory gains and significant items)	125	110
RCOP EBIT (excluding significant items)	500	442
Add back: Depreciation and Amortisation	209	219
RCOP EBITDA (excluding significant items)	709	661

(1) Caltex incurred significant items of \$1,594 million (\$1,116 million net of tax) that were recognised in the income statement for the year ended 31 December 2011. These items comprise the impairment of non-current assets totalling \$1,553 million (as presented in the statutory income statement and described in note 3 to the table in Section 5.2), #1 Fluidised Catalytic Cracking Unit (FCCU) and the Propane De-Asphalting Unit (PDU) restructuring costs (\$22 million) in relation to ceasing operations of two process plants at the Kurnell refinery, and other employment benefits and related costs (\$19 million). In the year ended 31 December 2010, Caltex incurred significant items of \$23 million (\$16 million net of tax) that were recognised in the income statement. These items relate to refining and supply restructuring expenses (\$15 million), Marketing restructuring expenses (\$6 million) and corporate restructuring expenses (\$2 million).

(2) Inventory gains net of tax represents inventory gains presented in the statutory income statement, net of income tax expense.

5.4 Trading update for the half year ended 30 June 2012

On 28 June 2012, Caltex released a statement on Caltex's outlook for 2012 half year profit to the ASX. As at the date of this Prospectus, Caltex continues to expect the results for the half year ended 30 June 2012 to be consistent with the outlook released on 28 June 2012.

Caltex expects net profit after tax (on a statutory historical cost basis) in the range of \$150 million to \$170 million for the half year ended 30 June 2012. This compares with net profit after tax of \$270 million for the half year ended 30 June 2011. RCOP (after tax) is expected to be in the range of \$185 million to \$205 million, compared with RCOP (after tax) of \$113 million for the half year ended 30 June 2011. Net Debt as at 30 June 2012 is forecast to be approximately \$750 million.

The improved RCOP result expected in the half year ended 30 June 2012 is largely attributable to improved transport fuel margins combined with increased refinery production volumes. The marketing business continues to grow, with strong results underpinned by strong commercial diesel sales, retail premium fuel sales and jet fuel sales. Total transport fuel sales volume is expected to be 7.8 billion litres for the first half of 2012 (first half 2011: 7.7 billion litres). Refining benefited from a higher weighted average margin, partially offset by higher unit freight costs as Caltex accessed more West African crude.

Caltex expects to release results for the half year ended 30 June 2012 on 27 August 2012.

5.5 Caltex Consolidated Historical Balance Sheet and Pro Forma Historical Balance Sheet

The following table sets out the Pro Forma Historical Balance Sheet, derived from Caltex's audited Consolidated Historical Balance Sheet as at 31 December 2011, after adjusting for the following transactions and adjustments:

- \$76 million decrease in cash and a corresponding decrease in retained earnings from the final dividend for 2011 which was paid in April 2012;
- \$430 million increase to provisions with a corresponding \$129 million increase to deferred tax assets and a net \$301 million decrease to retained earnings as a result of the Kurnell refinery closure obligations. These are discussed in more detail in Section 5.5.1; and
- \$300 million raised from the Offer less transaction costs of \$9 million. The \$291 million in net proceeds raised from the Offer is assumed to be used to repay \$88 million in floating maturity debt (\$38 million within current interest bearing liabilities and \$50 million within non-current interest bearing liabilities), reflected as a decrease to current interest bearing liabilities of \$38 million and a net increase to non-current interest bearing liabilities of \$241 million. This is a repayment of drawings, and facilities will be left intact. The balance of net proceeds (\$203 million) is reflected as incremental cash for the purposes of the Pro Forma Historical Balance Sheet. As noted in Section 3.1, Caltex has the ability to raise more or less than \$300 million under the Offer. If Caltex raises more or less than \$300 million, the actual amounts raised under the Offer will differ from those shown in the Pro Forma Historical Balance Sheet.

A\$M	ACTUAL AS AT 31-DEC-11	PRO FORMA ADJUSTMENTS			PRO FORMA 31-DEC-11
		2011 FINAL DIVIDEND	KURNELL CLOSURE OBLIGATIONS	ISSUE OF NOTES	
Current assets					
Cash and cash equivalents	2	(76)		203	129
Receivables	1,001				1,001
Inventories	1,718				1,718
Other	36				36
Total current assets	2,757	(76)	–	203	2,884
Non-current assets					
Receivables	1				1
Investments (equity accounted)	24				24
Intangibles	95				95
Property, plant and equipment	1,535				1,535
Deferred tax assets	447		129		576
Other	2				2
Total non-current assets	2,104	–	129	–	2,233
Total assets	4,861	(76)	129	203	5,117
Current liabilities					
Payables	1,674				1,674
Interest bearing liabilities	154			(38)	116
Current tax liabilities	14				14
Provisions	140				140
Total current liabilities	1,982	–	–	(38)	1,944
Non-current liabilities					
Payables	6				6
Interest bearing liabilities	465			241	706
Provisions	190		430		620
Total non-current liabilities	661	–	430	241	1,332
Total liabilities	2,643	–	430	203	3,276
Net assets	2,218	(76)	(301)	–	1,841
Equity					
Issued capital	543				543
Reserves	(8)				(8)
Retained earnings	1,671	(76)	(301)		1,294
Total parent entity interest	2,206	(76)	(301)	–	1,829
Non-controlling interest	12				12
Total equity	2,218	(76)	(301)	–	1,841

5.5.1 Kurnell closure provisions

Caltex's decision to close the Kurnell refinery (as discussed in Section 4.3) results in a non-current provision of \$430 million (discounted basis) being recognised in the Pro Forma Historical Balance Sheet, as if the closure decision was made on 31 December 2011. This non-current provision represents an aggregate of the following incremental liabilities arising from the decision to close the Kurnell refinery:

- Incremental employment entitlement liabilities of \$80 million, primarily comprising redundancy liabilities net of a reduction in retirement benefits liabilities. It is anticipated that the majority of the redundancy expenditure will be paid within the 12 month period subsequent to the closure of the Kurnell refinery (refining at Kurnell is expected to cease in 2014).
- Decommissioning liability of \$80 million. It is anticipated that the majority of decommissioning expenditure will be paid within the 24 month period subsequent to the closure of the Kurnell refinery.
- Environmental remediation liability of \$270 million. It is anticipated that this expenditure will be paid over a long-term period, with the majority of the expenditure expected to be paid after 2016.

These incremental liabilities represent the net present value of each of the respective estimated incremental future expenditures arising from the decision to close the Kurnell refinery. These amounts, and the resultant provision recognised in the Pro Forma Historical Balance Sheet, whilst representing Caltex's best estimate, remain subject to a level of uncertainty in relation to the timing and amount of each component of expenditure in future periods. Accordingly the provision recognised in the financial statements of Caltex in future periods, and the actual expenditure incurred, may differ from that disclosed in the Pro Forma Historical Balance Sheet.

The environmental remediation liability is based on estimates for the removal or treatment of waste materials, and site and land rehabilitation. The extent of work required and the associated costs are dependent on the requirements of relevant authorities and Caltex's environmental policies. The timing of the actual environmental remediation expenditure is dependent on a number of factors such as the scope and nature of the Kurnell refinery's continuing operation until closure, the operating licence conditions, the principles of Caltex's policies and the environment in which the refinery operates. Expenditure may commence before closure and will continue for an extended period of time dependent on closure and rehabilitation requirements.

Significant judgements and estimates are involved in forming expectations of future activities and the amount and timing of expenditure associated with the environment remediation process. Those expectations are formed based on existing environmental and regulatory requirements or, if more stringent, Caltex's environmental policies which give rise to a constructive obligation. The estimated environmental remediation expenditure is based on information currently available to Caltex. Further information will continue to become available throughout the closure and remediation process which may impact Caltex's estimate of the environmental remediation liability. Adjustments to the estimated amount and timing of future expenditures are a normal occurrence in light of the significant judgements and estimates involved. Factors influencing those potential changes include revisions to lives of operations, developments in technology, regulatory requirements and environmental management strategies, and changes in the estimated extent and costs of anticipated activities.

The provision of \$430 million does not represent the total cash expenditure anticipated to be incurred in relation to the Kurnell closure and remediation process. In particular, it excludes any future cash expenditure already reflected as a liability in the Caltex balance sheet as at 31 December 2011, including existing employee liabilities that will need to be paid upon closure. In addition, Caltex estimates that it will also invest approximately (\$250 million) of capital associated with conversion and expansion of current import facilities. This expenditure is incremental to amounts reflected in the provision of \$430 million.

In the period 2012-2016, based on current estimates, it is expected that a significant proportion of the cash outflows relating to closure and conversion, including employee entitlements, remediation costs and construction of an import terminal, will be offset by cash inflows from the closure due to expected tax benefits and working capital release. The working capital requirements of operating an oil refinery are greater than the working capital requirements of operating a refined product import facility, and therefore Caltex expects working capital to be released during the closure and conversion of Kurnell. The actual amount of working capital to be released will depend on a number of factors existing at the date of closure, including the price and source of crude oil and refined products, and the US dollar exchange rate. As a result, while there may be individually significant cash inflows and outflows relating to closure and conversion, Caltex does not expect the cumulative net cash flows relating to closure and conversion over this period to have a significant impact on its Net Debt balance.

The planned expenditure related to the provisions of \$430 million is expected to be tax deductible in the period of the expenditure. This is represented by the recognition of a deferred tax asset in the Pro Forma Historical Balance Sheet.

Due to the timing of the decision to close the Kurnell refinery, the provision of \$430 million will not be recognised in Caltex's Consolidated Balance Sheet as at 30 June 2012. This matter will be reflected as a subsequent event in the notes to the 30 June 2012 financial statements.

For information regarding the key risks involved in the proposed supply chain restructure, please refer to Section 6.3.7.

5.6 Caltex Consolidated Historical Statements of Cash Flows

The following table sets out Caltex's Consolidated Historical Statements of Cash Flows for the financial years ended 31 December 2010 and 31 December 2011.

A\$M	ACTUAL 2010	ACTUAL 2011
Cash flows from operating activities		
Receipts from customers	21,681	25,636
Payments to suppliers, employees and governments	(21,135)	(24,940)
Dividends and disbursements received	1	1
Interest received	1	1
Interest and other finance costs paid	(60)	(70)
Income taxes paid	(60)	(181)
Net operating cash flows	428	447
Cash flows from investing activities		
Purchase of controlled entity, net of cash acquired	–	(21)
Purchases of property, plant and equipment	(296)	(317)
Major cyclical maintenance	(55)	(80)
Purchases of intangibles	(3)	(5)
Net proceeds from sale of property, plant and equipment	19	38
Net investing cash flows	(335)	(385)
Cash flows from financing activities		
Proceeds from borrowings	9,714	12,741
Repayment of borrowings	(9,659)	(12,689)
Repayment of finance lease principal	(3)	(3)
Dividends paid	(149)	(127)
Net financing cash outflows	(97)	(78)
Net decrease in cash and cash equivalents	(4)	(16)
Cash and cash equivalents at the beginning of the year	22	18
Cash and cash equivalents at the end of the year	18	2

5.7 Financial ratios

This Section contains three of Caltex's key financial ratios for the year ended 31 December 2011.

Interest Cover Ratio (RCOP EBIT/net interest expense) of 6.5 times as at 31 December 2011

The Interest Cover Ratio provides an indication of Caltex's ability to meet its interest payments from earnings and the risks associated with Caltex's level of borrowings. A low Interest Cover Ratio may indicate that Caltex could face difficulties in servicing the interest payable on its debt (including the interest payable on debt instruments like the Notes) if earnings decrease or net interest expense increases.

The Interest Cover Ratio is calculated as RCOP EBIT (excl. significant items) for the 12 month period divided by net interest expense for the 12 month period. As calculated above, Caltex has an Interest Cover Ratio of 6.5 times, meaning Caltex's RCOP EBIT was 6.5 times larger than its net interest expense.

Gearing Ratio (Net Debt/Net Debt and Equity) of 22% as at 31 December 2011

The Gearing Ratio indicates the extent to which the assets of Caltex are funded by debt. Generally, a higher ratio indicates a greater use of borrowings to fund a business. As calculated above, Caltex has a Gearing Ratio of 22%, meaning it has \$0.22 of Net Debt for every \$1 of Net Debt and Equity outstanding.

Leverage Ratio (Net Debt/RCOP EBITDA) of 0.9 times as at 31 December 2011

The Leverage Ratio provides an indication of the number of years it would take Caltex to pay off its existing debt if Net Debt and RCOP EBITDA (excluding significant items) were held constant. It therefore provides important information about Caltex's ability to repay its existing debt and capacity to take on additional debt obligations. A high Leverage Ratio may indicate that Caltex may not be able to service its debt and could place downward pressure on Caltex's credit profile.

The Leverage Ratio for the 12 months ended 31 December 2011 was 0.9 meaning Caltex had Net Debt that was 0.9 times its RCOP EBITDA.

The table below contains a history of the above ratios for the past two years.

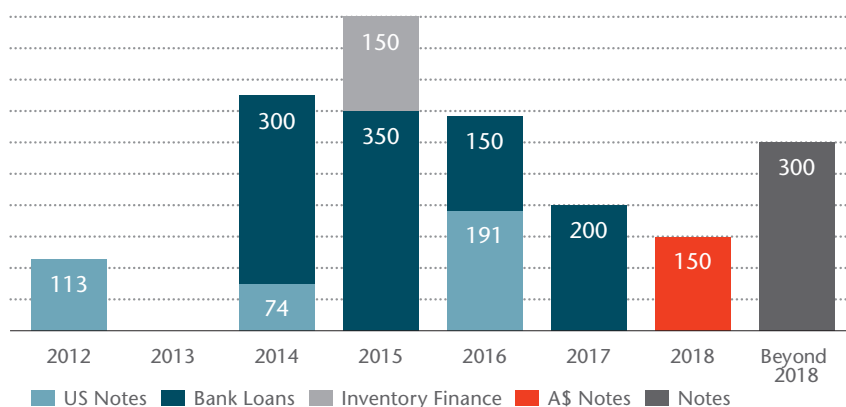
RATIO	ACTUAL 2010	ACTUAL 2011
Interest Cover Ratio (times)	8.8x	6.5x
Gearing Ratio (%)	15%	22%
Leverage Ratio (times)	0.8x	0.9x

5.8 Caltex's debt structure and capital management

Caltex's objectives when managing capital are to safeguard its ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. Caltex sources its debt from a number of sources, including: bank loans, inventory finance, domestic medium term notes and United States Private Placement notes.

As at 30 June 2012, Caltex had committed facilities of \$1.7 billion, excluding the Notes. Caltex's committed facility maturity profile (including the Notes) is shown in the table below. Caltex expects Net Debt to be approximately \$750 million at 30 June 2012 (provided as part of its half year profit outlook published on 28 June 2012, see Section 5.4).

Caltex's committed facility maturity profile as at 30 June 2012 – including the issue of the Notes



The chart shows Caltex's debt maturity profile including an additional amount in the "Beyond 2018" period in respect of the total funds to be raised under the Offer.

Caltex manages its funding position at all times and will seek to raise additional capital if required. There are strong commercial reasons for Caltex to maintain its credit profile due to external factors which cause volatility in its cash flows.

In order to maintain or adjust the capital structure, Caltex may defer or accelerate discretionary capital expenditure, adjust the amount of dividends paid to shareholders, return capital to shareholders, or sell assets to reduce debt. Caltex's strategy is to maintain its current credit profile in order to secure access to finance at a reasonable cost.

Caltex have announced a changed dividend policy to a payout ratio of 20% to 40% of RCOP after tax with the intention to revert to a 40% to 60% payout ratio following the successful closure of the Kurnell refinery in the second half of 2014. This will provide Caltex with further balance sheet support during the transition period as we close the Kurnell refinery and convert it to a major import terminal, and provide the financial flexibility that allows Caltex to continue to invest in growing our supply chain and Marketing operations to maintain growth momentum.



6

Investment risks

- 6.1 Risks associated with the Notes
- 6.2 Risks associated with the market for the Notes generally
- 6.3 Risks associated with Caltex

6. Investment risks

By investing in the Notes you will be lending money to Caltex and may be exposed to a number of risks which can be broadly classified as risks associated with the Notes, the market generally and Caltex.

You should be aware that there are risks associated with the Caltex Group's businesses and an investment in Caltex generally. The Caltex Group's businesses and financial performance may affect the ability of Caltex to fulfil its obligations in respect of the Notes, the credit quality of Caltex, and hence the value of the Notes themselves.

This Section describes potential risks associated with Caltex's business and risks associated with an investment in the Notes and Caltex. It does not purport to list every risk that may be associated with an investment in the Notes now or in the future, and the occurrence or consequences of some of the risks described in this Section of the Prospectus are partially or completely outside the control of Caltex, its Directors and senior management team.

The selection of risks has been based on an assessment of a combination of the probability of the risk occurring and impact of the risk if it did occur. This assessment is based on the knowledge of the Directors as at the date of this Prospectus but there is no guarantee or assurance that the importance of different risks will not change or that other risks will not emerge or be realised.

Where practicable, Caltex seeks to implement risk mitigation strategies to minimise the exposure to some of the risks outlined below, although there can be no assurance that such arrangements will fully protect Caltex from such risks. Failure to effectively mitigate these risks could result in a reduction in Caltex's profit margins and a deterioration in Caltex's financial condition.

There can be no guarantee that Caltex will achieve its stated objective, that it will meet trading performance or financial results guidance that it may provide to the market, or that any forward looking statements contained in this Prospectus will be realised or otherwise eventuate. Investors should note that past performance is not a reliable indicator of future performance.

Before applying for the Notes, you should satisfy yourself that you have a sufficient understanding of these matters and should consider whether the Notes are a suitable investment for you, having regard to your own investment objectives, financial circumstances and taxation position. If you do not understand any part of this Prospectus or are in any doubt as to whether to invest in the Notes or not, it is recommended that you seek professional guidance from your stockbroker, solicitor, accountant or other independent and qualified professional adviser before deciding whether to invest.

6.1 Risks associated with the Notes

There are a number of risks that may affect the value and liquidity of the Notes. These risks include, but are not limited to, the risks set out in this Section. This Section should be read in conjunction with Section 2 which includes additional detail on the Notes.

TOPIC	SUMMARY
6.1.1 The claims of Holders of the Notes are subordinated obligations	<ul style="list-style-type: none">• In a winding-up of Caltex, including a winding-up involving a shortfall of funds, the claims of holders under the Notes will rank:<ul style="list-style-type: none">– behind all creditors of Caltex, except those mentioned below (i.e. behind Senior Obligations);– equally amongst themselves and with Equal Ranking Obligations, being any subordinated debt obligations of Caltex which rank or are expressed to rank equally with the Notes; and– ahead of Junior Ranking Obligations, which includes Shares as well as any subordinated debt which ranks junior to the Notes.• There may be a shortfall of funds to pay all amounts ranking senior to and equally with the claims of Holders under the Notes if a winding-up of Caltex occurs. This would result in Holders not receiving any payment if claims ranking senior to the Notes were not satisfied in full or otherwise not receiving a full return of the principal or any interest due and unpaid at that time.

TOPIC	SUMMARY
6.1.2 Interest Payments may be deferred	<ul style="list-style-type: none"> • Caltex in its sole discretion may defer all or any part of any Interest Payment — see Section 2.3 and Clause 2.6 of the Terms for details. • Deferral of Interest Payments may occur and may have an adverse effect on the market price of the Notes. Deferral may also be disadvantageous to Holders from a cash flow timing perspective. Where Interest Payments are deferred, Holders may be required to include the Deferred Interest Payments (and interest compounding on such amounts) in their assessable income as they accrue. As a result, the market price of Notes may be more volatile than the market price of other debt securities that are not subject to a payment deferral right.
6.1.3 The Notes are long-dated securities	<ul style="list-style-type: none"> • The Notes will mature in 25 years on 15 September 2037. Although Caltex may redeem the Notes from 15 September 2017, and in certain circumstances prior to that date, Caltex is under no obligation to do so except in very limited circumstances. Whilst Caltex expects the quantitative equity content ascribed to the Notes by the Rating Agency will change following the First Call Date, there is no guarantee that this change will cause the Notes to be redeemed early. After that date (15 September 2017), Caltex expects the Notes will continue to provide some qualitative support in the Rating Agency's assessment of Caltex's credit profile until Redemption, having regard to the Notes' subordinated ranking, long tenor and coupon deferral features. • In particular, Caltex intends (without thereby assuming a legal obligation) to retain the Notes in its capital structure in circumstances where Caltex's credit profile is materially worse than as at the date of this Prospectus, unless it elects to replace the Notes with a new issue of hybrid or other securities which are ascribed at least an equal equity credit from the Rating Agency (see Section 9.5). • Holders have limited rights to request Redemption of the Notes before they mature (see Section 6.1.5). Holders may seek to sell the Notes on the ASX but there is no guarantee they will be able to do so, or do so at a price acceptable to the Holder. This may particularly be the case if the Notes remain outstanding for a long period of time and Caltex's financial position or performance, or broader macroeconomic or market conditions, materially deteriorate. Therefore, Holders should be aware of the financial risks associated with an investment in long-dated securities. For example, holding a note for a long period, potentially to maturity, exposes an investor to risks associated with that one company's operations as well as risks associated with cyclical or volatile markets (including potentially depressed trading values and periods of illiquidity). Further, holding a Note for a long period may result in the real value of the proceeds received on Redemption decreasing as a result of inflation.

TOPIC	SUMMARY
<p>6.1.4 Caltex may redeem the Notes under certain circumstances</p>	<p>The Notes may be redeemed at the option of Caltex (subject to certain notice and time period requirements) on:</p> <ul style="list-style-type: none"> • 15 September 2017 (i.e. the First Call Date); or • any Interest Payment Date thereafter. <p>Caltex may also elect to redeem the Notes at any time (subject to certain notice and time period requirements) if any of the following (summarised in Sections 2.4.6 and 2.4.7) occur:</p> <ul style="list-style-type: none"> • a Change of Control Event; • a Tax Event; • a Clean-up Event; or • a Capital Event. <p>The Notes will be redeemed at their Face Value of \$100 per Note in all cases except where the Notes are being redeemed before the First Call Date for a Capital Event in which case Holders will receive 101% of the Face Value of each Note being redeemed (i.e. \$101 per Note), plus:</p> <ul style="list-style-type: none"> • all Deferred Interest Payments in respect of that Note that remain unpaid at the Redemption Date or the Maturity Date; and • any accrued but unpaid interest for the Interest Period in which the Redemption Date or the Maturity Date falls. <p>The aggregate of those amounts is called the Redemption Amount.</p> <ul style="list-style-type: none"> • There is a risk that the relevant Redemption Amount may differ from the market value of the Notes at that time or the timing of such Redemption may not suit a Holder's individual circumstances whether financial, taxation or other.
<p>6.1.5 Limited right for Holders to request or require Redemption</p>	<ul style="list-style-type: none"> • Holders may not request Redemption of Notes prior to the Maturity Date except: <ul style="list-style-type: none"> – if a Change of Control Event occurs and remains current and Caltex does not elect to redeem the Notes or does not give notice of the Change of Control Event; and – if an Event of Default occurs and is continuing, the Trustee may, and must if directed by a Special Resolution of Holders or requested in writing by the holders of at least 25% of the Face Value of the outstanding Notes, give notice to Caltex that the Redemption Amount on the Notes is immediately due and payable. • If Caltex redeems Notes, Notes will be redeemed at the Redemption Amount described in Section 6.1.4. • Holders can only realise the investment in the Notes if they are not redeemed by a sale on the ASX or a private sale. There is a risk that the sale price on the ASX or under private sale will be less than the Issue Price of the Notes. Brokerage may also be payable if the Notes are sold through a broker.
<p>6.1.6 No limitation on issuing senior or equal ranking securities</p>	<ul style="list-style-type: none"> • Subject to applicable law, there are no restrictions on the amount of securities, guarantees or other liabilities which Caltex may issue or incur and which rank (legally or in effect) senior to, or equal or subordinate to the rights and claims of Holders in respect of the Notes. If Caltex does issue such securities, guarantees or incurs other liabilities, the amount (if any) recoverable by Holders on the winding-up of Caltex may be reduced and/or the likelihood of the deferral of Interest Payments under the Notes may be increased. The market value of the Notes may also be impacted.

TOPIC	SUMMARY
6.1.7 Changes in Interest Rate	<ul style="list-style-type: none"> The Interest Rate is calculated for each Interest Period by reference to the Bank Bill Rate, which is influenced by a number of factors and may fluctuate over time. See Section 2.2.4 which sets out historical movements in the Bank Bill Rate. As the Interest Rate fluctuates, there is a risk that the Interest Payments may become less attractive compared to the rates of return available on other securities or alternative investments.
6.1.8 Amendment of the Terms	<ul style="list-style-type: none"> Caltex may, in certain circumstances, amend the Terms without the consent of the Trustee or Holders (refer to Clause 12.2 of the Terms). In certain circumstances, Caltex may also amend the Terms if the amendment has been approved by a Holder Resolution or Special Resolution (refer to Clause 12.3 of the Terms). Further, Caltex may, in certain circumstances, substitute one of its subsidiaries as the issuer of the Notes and the principal debtor under the Terms and the Trust Deed without the consent of Holders, provided along with other applicable conditions, Caltex is satisfied that the interests of Holders will not be prejudiced by the substitution (refer to Clause 10 of the Terms).
6.1.9 Tax consequences	<ul style="list-style-type: none"> A general description of the Australian taxation consequences of investing in the Notes is set out in Section 7. That description is in general terms and is not intended to provide specific advice in relation to the circumstances of any particular investor. Accordingly, investors should seek independent advice in relation to their individual tax position. Holders should also be aware that future changes in Australian taxation law including changes in interpretation or application of the law by the courts or taxation authorities in Australia, may affect the taxation treatment of an investment in the Notes.
6.1.10 No minimum aggregate subscription	<ul style="list-style-type: none"> Caltex intends to raise up to \$300 million through the issue of the Notes under the Offer, with the ability to raise more or less. However, there is no minimum aggregate subscription for the Offer and the Offer is not underwritten. If the Offer is not fully subscribed, this may have an adverse impact on the market price and liquidity of the Notes.

6.2 Risks associated with the market for the Notes generally

TOPIC	SUMMARY
6.2.1 Market price	<ul style="list-style-type: none"> The market price of the Notes may fluctuate due to various factors, including investor perceptions, global economic conditions, interest rates, credit spreads, movements in the market price of Ordinary Shares or senior or subordinated debt, factors that may affect Caltex's financial position and trading results and other factors beyond the control of Caltex and its Directors. The Notes may trade at a market price below the Issue Price. As a result, Holders who wish to sell their Notes may be unable to do so at an acceptable price (if at all). In recent years, including those throughout the global financial crisis, markets have become more volatile. Volatility risk is the potential for fluctuations in the price of securities, sometimes markedly and over a short period. Investing in volatile conditions implies a greater level of volatility risk for investors than an investment in a more stable market
6.2.2 Liquidity	<ul style="list-style-type: none"> Caltex will apply for the Notes to be quoted on the ASX. However, the Notes will have no established trading market when issued and one may never develop, or it may be illiquid. Insufficient liquidity may have a materially adverse effect on the market price of Notes, causing them to trade at a market price below their Issue Price. Holders may not be able to sell their Notes at an acceptable price (if at all). The extent of liquidity may also affect the volatility of the market price of Notes – the more illiquid the market the greater potential for volatility of the market price of the Notes.

TOPIC	SUMMARY
6.2.3 Change in credit ratings	<ul style="list-style-type: none"> Caltex has a credit rating from the Rating Agency. That rating could be reviewed, suspended, withdrawn or downgraded. The Rating Agency could also change the methodologies by which it rates Caltex. Such changes may adversely impact the market price and liquidity of the Notes. Further, Caltex's cost of funds, access to capital markets and other aspects of its performance may also be affected if it fails to maintain its credit rating which may in turn affect Caltex's financial performance and ability to fulfil its obligations in respect of the Notes.

6.3 Risks associated with Caltex

There are a number of risks, both specific to Caltex and of a more general nature, that may affect the future operating or financial performance of Caltex, its prospects, its investment returns and the value of the Notes. These risks include, but are not limited to, the risks set out in this Section. This Section should be read in conjunction with Sections 1.5, 1.6 and 4 which include additional detail on Caltex.

TOPIC	SUMMARY
6.3.1 Caltex Refiner Margin (CRM)	<p>The Caltex Refiner Margin (CRM) is a key metric which drives the profitability of Caltex's refineries. The CRM represents the difference between the cost of importing a standard Caltex basket of products to eastern Australia and the cost of importing the crude oil required to make that product basket. The CRM calculation represents:</p> $\text{Average Singapore refiner margin} + \text{product quality premium} + \text{crude discount/ (premium)} + \text{product freight} - \text{crude freight} - \text{yield loss}.$ <p>While refiner margins for any specific refinery will partially reflect its own respective mix of products, the major driver is the difference between the regional benchmark prices for (i) crude (Brent crude for the Australian market) and (ii) refined products (Singapore product prices for Australia). Australia has no tariffs on imported refined products. An Australian refiner can expect to sell its product for the equivalent of the Singapore price plus a quality premium (Australian grade gasoline is a higher specification than Singapore grade) plus freight to Australia.</p> <p><i>Key factors which could adversely impact the CRM are:</i></p> <ul style="list-style-type: none"> a decline in global and regional economic activity, leading to a surplus in refining capacity; increased regional refinery capacity ahead of demand growth; a decrease in product freight rates relative to crude freight rates; and an increase in the premium paid for light/sweet (eg Brent) crudes used by Caltex compared with the heavy/sour crudes used by major refineries in the region (the light/heavy spread); and AUD strengthening versus USD (as the CRM components are USD based, strengthening of the AUD relative to the USD reduces the AUD revenue earned by Caltex). <p>Closure of the Kurnell refinery is expected to reduce Caltex's exposure to movements in the CRM upon closure.</p>
6.3.2 Commodity price risk	<ul style="list-style-type: none"> Caltex is exposed to the effect of changes in commodity prices. Caltex seeks, through policy, to neutralise adverse basis and timing risk brought about by purchase and sales transactions that are materially outside the normal operating conditions of Caltex. Caltex does not attempt to hedge refiner margin as a matter of policy. Caltex utilises both crude and finished product swap contracts from time to time, on specific cargoes, to manage the risk of price movements (basis and timing).

TOPIC	SUMMARY
6.3.3 Competitive risk	<ul style="list-style-type: none"> The Australian transport fuels industry is facing structural change as local refineries close and are converted to import terminals. This may result in new competitors or increased competition from existing competitors, or changes to domestic supply dynamics, which could negatively impact Caltex. While Caltex's sales are diversified amongst different customer segments, Australian geographies and products, Caltex does have exposure to losing significant customers, the largest of which represents approximately 15% of Caltex's sales volumes. The loss of that customer would have a significant impact on Caltex's sales volumes and profitability, although Caltex currently has no reason to believe this customer relationship will not continue.
6.3.4 Foreign exchange risk	<ul style="list-style-type: none"> Caltex is exposed to the effect of changes in exchange rates on crude and product payables, refiner margin, capital expenditure and foreign borrowings. As Caltex purchases crude and products in US dollars, a decrease in the AUD:USD exchange rate between the time Caltex assumes liability for the crude and subsequently pays for that crude will negatively impact Caltex's payables, earnings and cash flows. Additionally, the CRM is determined principally with reference to the US dollar Singapore spot product price relative to the US dollar Brent crude price. An increase in the AUD:USD exchange rate will adversely impact Caltex's Australian dollar refiner margin and therefore refining earnings. In June 2010, Caltex implemented a foreign exchange hedging policy of 50% of Caltex's US dollar denominated crude and product payables exposure (after applying natural hedges). Foreign currency exposures arising from a specific transaction in foreign currencies (other than for crude or product) tend to be infrequent. These exposures are hedged at the inception of the transaction. US dollar denominated borrowings are swapped into Australian dollar exposure and therefore there is no additional foreign exchange risk arising from these borrowings. The instruments used to manage foreign exchange risk expose Caltex to fair value foreign exchange rate risk and counterparty risks. Exposure limits are set on each counterparty to ensure Caltex is not exposed to excess risks.
6.3.5 Liquidity risk	<ul style="list-style-type: none"> Prudent liquidity risk management implies maintaining sufficient cash and a diversified source of committed credit facilities to meet the forecast funding requirements of the business. Due to the dynamic nature of the underlying business and the length of the supply chain for crude and product sourcing, and inventory holding, Caltex maintains flexibility in funding by keeping additional committed credit facilities above forecast requirements. Caltex seeks to prudently manage liquidity risk by maintaining adequate banking facilities and reserve borrowing facilities, with an extended facility maturity profile. From time to time, Caltex will be required to refinance its debt facilities. There is no certainty as to the availability of debt facilities or the terms on which such facilities may be provided to Caltex in the future. Caltex Group's ability to refinance its debt on acceptable terms as it becomes due, its ability to raise further finance on favourable terms for its business and to pursue opportunities will depend on market conditions and Caltex's future operating performance.

TOPIC	SUMMARY
6.3.6 Operational risk	<ul style="list-style-type: none"> • The nature of many of Caltex's operations are inherently risky. These hazards include, but are not limited to, pipeline and storage tank leaks and ruptures, explosions and fires, mechanical failures, catastrophic events and transportation incidents. These hazards may cause personal injury and/or loss of life, damage to property and contamination of the environment, which may result in the suspension of operations and the imposition of civil or criminal penalties, including fines, expenses for remediation claims brought by governmental entities or third parties and first party losses of income, clean-up costs and reconstruction costs which may adversely impact Caltex's financial performance. • Major incidents at a refinery can have a major impact on the company's operations, supply chain and, financial performance and present significant health, safety and environmental risks. Similarly, a mechanical failure of plant or a loss of containment at a refinery could result in a refinery being shut down, with adverse financial impacts. Similarly, the loss of containment or mechanical failure of a pipeline or a terminal could have a significant operational and financial impact. • A failure by Caltex to safely and reliably supply product to its customers can have a significant financial impact. For example, the failure to supply on-specification jet fuel to Sydney Airport could result in the closure of the airport until the airport is restocked with on-specification product. Should Caltex's product testing and handling procedures fail and the use by a customer of off-specification product result in catastrophic failure, Caltex may face potentially significant claims.

TOPIC	SUMMARY
6.3.7 Risks associated with proposed Kurnell refinery closure and conversion	<ul style="list-style-type: none"> • The closure of the Kurnell refinery and conversion to an import terminal is a complex and costly project, and will be completed over a number of years. While Caltex has undertaken a significant amount of work to assess the project, there are significant risks involved in the project. As a major capital project, there is the potential for schedule delays and costs overruns in the execution of the project. Additionally, there may be operational impacts including unplanned shutdowns, early closure or supply disruptions. • Aside from the capital conversion costs, there are other major cash outflows and inflows associated with the Kurnell refinery closure and conversion, including refinery demolition costs, remediation and working capital reduction that may be materially different in their quantum and/or timing than those projected by Caltex. While Caltex believes that it has adequately provided for these costs, some of these are early estimates and the actual cashflows could materially differ from current estimates. • Caltex will require regulatory approvals to execute the planned closure and conversion of the Kurnell refinery. These approvals will include consents and licences for capital works, dredging, site remediation and operation of the future import terminal. If these regulatory approvals are delayed, granted on onerous conditions or are not granted at all, this might increase the cost of conversion, the cost of operation and/or impact Caltex's ability to convert the refinery to an import terminal or efficiently operate the import terminal. • Following the closure of the Kurnell refinery, Caltex's reliance on imported transport fuels will increase. Caltex has recently entered into a long-term product procurement and supply agreement with Chevron, under which Chevron will procure and supply to Caltex imported transport fuels at market based prices. Whilst Caltex believes that these arrangements will provide transport fuels safely and efficiently, and while Caltex will still have access to its own Lytton refinery production and transport fuels purchased from other local refiners, Caltex has increased risk of interruption of product availability from supplier refineries. However, this risk is partly offset by the elimination of supply risk from operational disruptions at the Kurnell refinery. • If the long-term product procurement and supply agreement with Chevron is terminated early due to certain specified events occurring, this could disrupt Caltex's ability to reliably supply its customers and/or increase the cost of imported product. Caltex has no reason to believe that the agreement will be terminated early. • The increased reliance on imported transport fuels will also increase Caltex's exposure to shipping related risks as imported transport fuels are typically transported on smaller ships, thereby increasing the number of ships Caltex will need to charter. Whilst on the water, those transport fuels are at Caltex's risk. • The closure and conversion of the Kurnell site will necessitate significant changes to the number of employees and operating conditions at the site. Caltex has begun, and will continue, an extensive consultation process with its employees in regard to these impacts. However, if the company faces major industrial disputes arising from the proposed changes, this could lead to operational disruptions, increased costs and/or project delays. • The loss of a significant proportion of the skilled and experienced workforce is also a source of heightened operational risk during the transition period.

TOPIC	SUMMARY
6.3.8 Environmental risk	<ul style="list-style-type: none"> • Caltex imports crude oil and refined products and supplies finished product to its customers using a network of marine vessels, terminals, pipelines, inland depots, retail service stations and a tanker fleet. Its operations include crude and product importation, fuel refining, shipping, fuel storage and distribution and marine bunkering. These activities must comply with various laws, regulations, licences, standards and community expectations so that they do not cause unauthorised environmental harm. Any failure of plant or equipment or non-compliance with controls and processes may result in Caltex breaching applicable environmental regulations, and/or may lead to environmental damage. This could result in delays, increased costs, significant monetary damages, suspension of operations and reputational damage, which may reduce Caltex's profitability and ability to operate in the future. • Caltex imports refined product and crude by ship. From time to time, Caltex also conducts ship to ship transfers (from large crude carriers, which are too large to discharge at its wharves, to smaller crude carriers) and marine bunkering activities. Whilst Caltex has insurance in place, not all risks inherent to Caltex can be insured economically or at all. Losses, liabilities and delays arising from uninsured or underinsured operational events could have adverse financial consequences. • Caltex is responsible for certain contaminated sites which it currently operates or has previously operated. Some of these sites are subject to ongoing environmental management programs and some remain under continuing investigation by relevant regulators. Caltex has provided for the cost of remediating known and expected environmental exposures. There is a risk that the ultimate liability is greater than the amount provided for, which will have an impact on Caltex's profitability.
6.3.9 Demand for Caltex's products	<ul style="list-style-type: none"> • Caltex's operating and financial performance is influenced by a variety of general economic and business conditions, including economic growth and development, the level of inflation and government fiscal, monetary and regulatory policies. Whilst Caltex's operations are based in Australia, many of the products Caltex buys and sells are subject to similar conditions across a range of countries. Since 2008, global markets have experienced a range of adverse effects, including capital and liquidity issues, weak consumer confidence, slowing demand, high material costs and a weak property market. The Australian economy has been less impacted than other countries, and growth in market demand for Caltex's products has continued. However, future weakness in economic conditions may decrease demand for Caltex's products and may result in an adverse impact on Caltex's operating and financial performance. These effects may occur over a short or long period. • Caltex operates across a range of customer segments, including aviation, mining, transport, retail, wholesale, agriculture, marine and construction. Caltex's financial performance will continue to be sensitive to, and impacted by, the level of demand from one or more of these segments. The demand in some of these sectors is cyclical and sensitive to a number of factors, including the level of gross domestic product in Australia (which in turn is impacted by economic activity in the Asian region and beyond), oil and other commodity prices, foreign currency movements, environmental issues and industry specific factors. Demand for a major Caltex product, unleaded petrol (with or without 10% of Ethanol) has been declining, as passenger vehicles shift to higher octane petrol and diesel (driven by the evolving nature of the Australian passenger vehicle fleet). Although no commercial substitutes for Caltex products are envisaged in the short term, it is possible that in the long term economic substitute sources of transport fuel (e.g. electricity) may emerge.

TOPIC	SUMMARY
6.3.10 Labour shortages and industrial disputes	<ul style="list-style-type: none"> • There is a risk that Caltex may not be able to acquire or retain the necessary labour for operations and development projects. This could result in an increase in costs and potentially development projects being delayed or becoming uneconomic and not proceeding as planned. There is a finite availability of skilled labour in the Australian market with expertise in the sectors in which Caltex operates, and certain operations may be reliant on particular individuals with specialist knowledge of a particular asset or a unique specialist skill set. The loss or failure to retain such skilled labour and individuals with specialist knowledge may impede the ability of Caltex to undertake activities as efficiently and effectively as it otherwise would have been able to. • Caltex is also exposed to the risk that industrial disputes may arise (for example, in relation to claims for higher wages or better conditions) which might disrupt some of Caltex's businesses and lead to increases in project costs and delays to scheduled start-up dates of projects under construction. This risk is heightened following the announced conversion of Kurnell refinery into an import terminal.
6.3.11 Regulatory risk	<ul style="list-style-type: none"> • Caltex operates in an extensively regulated industry and operates its facilities under various permits, licences, approvals and authorities from regulatory bodies. If those permits, licences, approvals and authorities are revoked or if Caltex breaches its permitted operating conditions, it may lose its right to operate those facilities, whether temporarily or permanently. This would adversely impact Caltex's operations and profitability. • Caltex will be seeking approval that a particular condition has been met in its development approval to operate a diesel hydrotreating unit at Lytton Refinery. If Caltex is unable to obtain this approval, it may be required to incur capital expenditure in new equipment to satisfy the conditions of the development approval. • Changes in laws and government policy in Australia or elsewhere, including regulations, licence conditions and fuel quality standards, could materially impact Caltex's operations, assets, contracts, profitability and prospects. • In 2011, the Australian Government's Clean Energy Future package of legislation was enacted. The package includes the Carbon Price Mechanism and provision of free permits to help competitiveness. Caltex's refineries have received the highest level of assistance as an emissions-intensive trade-exposed industry. However, a reduction to this level of assistance over time and/or a broadening of the scope of the carbon tax (including an extension of the tax to private vehicle emissions), or an increase in the carbon price or the cost of permits, could increase Caltex's working capital requirements and its cost of operations. • The Australian Government relies on the industry to collect taxes and duties on its behalf. A change to this regime could place a significant working capital burden on the company. However, in the past, the government has been cognisant of the important role the industry plays and understanding of the working capital implications.
6.3.12 Reliance on third party infrastructure and joint ventures	<ul style="list-style-type: none"> • Caltex's strategy is underpinned by a superior supply chain and a comprehensive, targeted offer to customers. In a number of locations, Caltex relies on the infrastructure of others. Caltex has long-term arrangements in place to access third party owned terminals and pipelines. It is also a member of industry joint ventures for the storage and delivery of jet fuel at Australian airports. Whilst Caltex has no reason to believe that any of these arrangements are about to come to an end, these arrangements are typically for a term and can be terminated at the end of that term or upon certain specified events occurring during the term. If that occurs, then this could adversely impact Caltex's operations and its profitability.

TOPIC	SUMMARY
6.3.13 Litigation risk	<ul style="list-style-type: none"> From time to time, Caltex is exposed to the risk of claims arising from a wide range of possible matters, including disputes with suppliers, joint venture partners, franchisees, contractors, employees, customers, land owners and regulators amongst others. Caltex may also be involved in investigations, inquiries or disputes, debt recoveries, land tenure and access disputes, environmental claims or occupational health and safety claims. Any of these claims or actions could result in delays, increased costs or otherwise adversely impact Caltex's assets, operations, prospects, profitability or the ability for Caltex to operate or pursue operations or opportunities. Caltex is not currently a party to any litigation the outcome of which is likely to have a material adverse effect on its business or financial position.
6.3.14 Information Technology risks	<ul style="list-style-type: none"> Caltex's refinery, pipeline and terminal operations are heavily reliant on information technology for the efficient and timely production and movement of crude, intermediate and refined products. While these systems are subject to regular review and maintenance, if these systems are disrupted due to external threat or system error, this would have an adverse effect on Caltex's operations and profitability. Similarly, sales and marketing systems, such as the StarCard fleet fuel card system, rely on information technology for reliable operation and failure of these systems would have an adverse impact on operations and profitability.
6.3.15 Credit risk	<ul style="list-style-type: none"> Credit risk represents the loss that would be recognised if counterparties failed to perform as contracted. Primary credit exposure relates to trade creditors.
6.3.16 Interest rate risk	<ul style="list-style-type: none"> Caltex's cash flows are exposed to interest rate risks arising from its borrowings issued at variable rates. Caltex enters into fixed interest rate instruments to manage a proportion of this exposure. Interest rate instruments allow Caltex to swap floating rate borrowings into fixed rates. These instruments expose Caltex to fair value interest rate risk and counterparty risks. Exposure limits are set on each counterparty to ensure Caltex is not exposed to excess risk. Caltex's cash flows are also exposed to higher interest rates through additional fees from future debt refinancing. If Caltex is unable to refinance its debt obligations on reasonable terms, this may have an adverse effect on the financial performance of Caltex and its ability to meet its obligations. Caltex's ability to service its debt will depend on its future financial performance and if it is unable to do so, lenders to Caltex may act to enforce their rights against it, which may impact Caltex's financial or operating performance.



7

Australian taxation summary

7. Australian taxation summary

Greenwoods & Freehills

The Directors
Caltex Australia Limited
2 Market Street
SYDNEY NSW 2000

31 July 2012

Dear Directors

Australian taxation consequences of investing in Caltex Subordinated Notes

1 Introduction

We have been instructed to provide a summary of the Australian income tax and goods and services tax (GST) consequences for investors who acquire Caltex Subordinated Notes (the **Notes**) proposed to be issued by Caltex pursuant to the arrangements described in the Prospectus.

This letter only considers the Australian tax consequences for holders who are not associates of Caltex for tax law purposes (**Holder**s). It does not consider the tax consequences for Holders who are in the business of dealing or trading in securities or who otherwise hold Notes on revenue account for tax purposes.

The following summary is necessarily general in nature and is not intended to be definitive tax advice. The Australian taxation consequences in relation to investing in Notes will vary according to each Holder's individual circumstances. Accordingly, Holders should seek their own independent tax advice.

This summary is based on the Australian taxation laws and the administrative practice of the Australian Taxation Office (ATO) as at the date of the Prospectus.

Capitalised terms which are not defined in this letter have the meaning given to them in the Prospectus.

2 Interest payments

2.1 General

The Notes should not be "equity interests" for income tax purposes and the Notes should be "financial arrangements" of Caltex for the purposes of the taxation of financial arrangement (TOFA) rules in Division 230 of the Income Tax Assessment Act 1997 (ITAA 1997). For Holders, the main implication of this is that interest payments on the Notes will not be frankable distributions.

2.2 Australian residents

Normally, individuals and entities whose assets and turnover fall below certain thresholds are not required to apply the TOFA rules. However, even if a Holder is not generally subject to the TOFA rules, the Notes should be treated as being subject to the TOFA rules on the basis that they are "qualifying securities" with a term of more than one year.

In broad terms, "qualifying securities" include debt instruments that do not carry an obligation on the issuer to make interest payments at least every twelve months. Because the payment of interest on the Notes can be deferred for up to five years at the discretion of Caltex, the Commissioner of Taxation is likely to consider that instruments such as the Notes do not carry an obligation on the issuer to make interest payments at least every twelve months.

Under the TOFA rules, interest in respect of the Notes should generally be included in the Holder's assessable income on a compounding accruals basis over the scheduled life of the Notes. Accordingly, even if interest payments are not deferred, a Holder would generally be required to treat as assessable income interest which has accrued but is not paid or payable to a Holder at the end of an income year.

We note that there are various elective regimes under TOFA that taxpayers can elect into, which, if they applied, could affect the tax treatment of the returns on the Notes. The TOFA rules are complex. Holders should seek their own independent tax advice as to how the TOFA rules would apply to the Notes they hold.

We note that the application of the TOFA rules may result in interest being assessable to a Holder in an income year prior to the receipt of the corresponding interest payment.

2.3 Non-residents

It is intended that the Notes will be issued in a manner which will satisfy the requirements for the Australian interest withholding tax exemption in s.128F of the Income Tax Assessment Act 1936 (ITAA 1936).

If the requirements in s.128F are satisfied, interest payments to a Holder who is a non-resident of Australia and who does not derive the interest in the course of carrying on a business through a permanent establishment in Australia will generally not be subject to Australian withholding tax or other income tax.

If a non-resident Holder does derive interest payments in the course of carrying on a business through a permanent establishment in Australia, then the interest payments will be included in that Holder's assessable income for Australian tax purposes. Interest withholding tax will not apply to interest payments to such a Holder.

3 Disposal, redemption or transfer of Notes

3.1 Australian residents

The TOFA rules may require a balancing adjustment to be made when a Holder disposes of a Note or a Note is redeemed. A balancing adjustment is an additional amount of assessable gain or deductible loss brought to account on the disposal or cessation of a financial arrangement to ensure that the correct overall amount of gain or loss is recognised in respect of a financial arrangement. The calculation of any balancing adjustment takes into account TOFA gains/losses previously recognised by the taxpayer.

However, such a TOFA balancing adjustment loss will not be deductible if, broadly, the disposal or redemption of the Notes occurs:

- otherwise than in the course of trading on a securities market; and
- because of a belief or apprehension that Caltex is unable or unwilling to discharge its liability to pay amounts under the Notes.

In these circumstances such a loss may still be treated as a capital loss under the capital gains tax provisions of the ITAA 1997.

3.2 Non-residents

A gain realised by a non-resident Holder on the disposal or redemption of the Notes should not be subject to Australian income tax unless the gain has an Australian source.

Even where such a gain has an Australian source, a Holder who is a resident of a country with which Australia has concluded a comprehensive double tax treaty should not be subject to Australian income tax on the gain unless the gain is attributable to a business carried on through a permanent establishment of the Holder in Australia.

Greenwoods & Freehills

The source of a gain on disposal of a security is a factual issue, and would be determined by weighing various factors including the location of the security, the place at which the contract to sell the security is concluded and the place at which the decision to sell the security is made. However, it should be noted that the Commissioner has previously taken the (non-binding) view that gains arising from the sale of securities listed on the Australian Securities Exchange may have an Australian source on the basis that the contracts for the sale of the securities are made in Australia on behalf of the seller. Non-resident Holders should seek independent tax advice in respect of the source of any gain realised on disposal or redemption of their Notes.

If a gain realised by a non-resident Holder is subject to Australian tax because it has an Australian source, it will be taxed as ordinary income and not as a capital gain.

4 Goods and services tax

Neither the issue nor receipt of the Notes should give rise to a GST liability, on the basis that the supply of the Notes is either an input taxed financial supply or (in the case of non-resident subscribers) a GST-free supply. Furthermore, neither the payment of interest or the redemption amount for Notes, nor the disposal of Notes, should give rise to any GST liability.

Holders should seek their own independent advice as to whether any GST costs they incur in relation to acquiring the Notes would be recoverable.

5 Provision of TFN and/or ABN

The *Taxation Administration Act 1953* imposes withholding tax (currently at the rate of 46.5%) on the payment of interest on certain types of loans or investments, such as Notes.

However, where a Holder has provided Caltex with their TFN or, in certain circumstances, their ABN, or has notified Caltex that they are exempt from providing this information, Caltex is not required to withhold any amount on account of tax from payments of interest to the Holder.

A Holder is not required to provide their TFN or ABN to Caltex.

If payments of interest are exempt from Australian interest withholding tax under s.128F, then non-resident Holders that do not hold the Notes through a permanent establishment in Australia should not be subject to any withholding tax under these rules.

6 Disclaimer

The information contained in this letter does not constitute financial product advice within the meaning of the Corporations Act 2001 (**Corporations Act**). Greenwood & Freehills Pty Ltd is not authorised to provide financial product advice under the Corporations Act. To the extent that this letter contains any information about a financial product within the meaning of the Corporations Act, tax is only one of the matters that must be considered when making a decision about the relevant financial product. A prospective investor should, before making any decision to invest in Notes, consider taking financial advice from a person who holds an Australian Financial Services Licence under the Corporations Act.

Greenwood & Freehills Pty Ltd has not caused and takes no responsibility for the publication of any part of the Prospectus in which this letter appears, other than this letter itself.

Yours sincerely



Paul King
Director
Greenwoods & Freehills



8

Key people, interests and benefits

- 8.1 Directors
- 8.2 Key management of Caltex
- 8.3 Interests and benefits
- 8.4 Expenses of the Offer

8. Key people, interests and benefits

This Section provides information about the Directors and key managers of Caltex, the interests of people involved in the Offer and any benefits they may receive.

8.1 Directors



Elizabeth Bryan – Chairman (Non-executive/Independent)

Elizabeth joined the Caltex Board in July 2002 and has served as Chairman since October 2007. She is the Chairman of the Board's Nomination Committee and attends meetings of the Audit, Human Resources and OHS & Environmental Risk Committees in an ex-officio capacity.

Elizabeth brings management, strategic and financial expertise to the Caltex Board. She has over 30 years of 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 and its predecessor organisation, NSW State Superannuation Investment and Management Corporation.

Elizabeth is a director of Westpac Banking Corporation (appointed November 2006) and a member of the Takeovers Panel. She was previously the Chairman of UniSuper Limited (where she served as a director from January 2002 to June 2011).

Elizabeth holds a Bachelor of Arts (Economics) from the Australian National University and a Master of Arts (Economics) from the University of Hawaii (US).



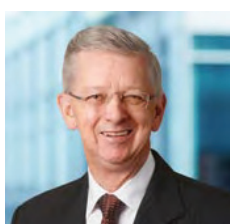
Julian Segal – Managing Director & CEO

Julian was appointed as Managing Director & CEO from 1 July 2009. He is responsible for overseeing the day-to-day operations of the Caltex Group and brings extensive commercial and management experience to Caltex.

Julian joined Caltex from Incitec Pivot Limited, a leading global chemicals company, where he served as the Managing Director & CEO from June 2005 to May 2009. Prior to Incitec Pivot, Julian spent six years at Orica in a number of senior management positions, including Manager of Strategic Market Planning, General Manager – Australia/Asia Mining Services, and Senior Vice President – Marketing for Orica Mining Services.

Julian holds a Bachelor of Science (Chemical Engineering) from the Israel Institute of Technology and a Master of Business Administration from the Macquarie Graduate School of Management.

Julian is a Director of the Australian Institute of Petroleum Limited (appointed 1 July 2009).



Trevor Bourne – Director (Non-executive/Independent)

Trevor joined the Caltex Board in March 2006. He is the Chairman of the Board's OHS & Environmental Risk Committee and a member of the Audit and Nomination Committees.

Trevor brings to the Board broad management experience in industrial and capital intensive industries, and a background in engineering and supply chain. From 1999 to 2003, he served as CEO of Tenix Investments. Prior to Tenix, Trevor spent 15 years at Brambles Industries, including six years as Managing Director of Brambles Australasia. He has also previously worked for Incitec Pivot and BHP.

He is a Director of Origin Energy Limited (appointed February 2000) and was previously the Chairman of Hastie Group Limited (where he served as a director from February 2005 until 15 February 2012).

Trevor holds a Bachelor of Mechanical Engineering from the University of New South Wales and a Master of Business Administration from the University of Newcastle.



Richard Brown – Director (Non-executive)

Richard joined the Caltex Board on 28 June 2012. He is a member of the Board's Nomination Committee.

Richard brings to the Board over 30 years of oil industry experience with Chevron and substantial financial and management expertise. He has recently been appointed as Regional Finance Officer – Asia Pacific, based in Singapore, with effect from 1 September 2012. In that role, he will have responsibility for financial and management reporting, credit approval, local cash management, tax matters and risk management for Chevron's operations in the Asia Pacific region. Richard currently serves as Chevron's General Manager – Finance for Europe, Eurasia and Middle East Opco and has previously held a range of senior finance roles with Chevron in the UK, Europe and Africa.

Richard holds a Bachelor of Arts (Economics) from the University of Warwick (UK).

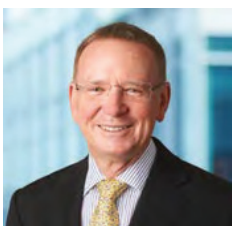


Barbara Burger – Director (Non-executive)

Barbara joined the Caltex Board on 28 June 2012. She is a member of the Board's OHS & Environmental Risk and Nomination Committees.

Barbara brings to the Board extensive experience in marketing, manufacturing and supply chain management. She has served with Chevron for over 25 years and is currently the Vice President – Lubricants Supply Chain and Base Oil for Chevron Lubricants. In this role, she is responsible for Lubricants' Operational Excellence, its Base Oil business as well as the procurement, manufacture and distribution of all lubricants, coolants and greases worldwide.

Barbara holds a Bachelor of Science (Chemistry) from the University of Rochester (US), a Doctor of Philosophy (Chemistry) from the California Institute of Technology (US) and a Master of Business Administration (Finance) from the University of California (US).



Greig Gailey – Director (Non-executive/Independent)

Greig joined the Caltex Board in December 2007. He is the Chairman of the Board's Human Resources Committee and a member of the Audit, Nomination and OHS & Environmental Risk Committees.

Greig brings to the Board extensive Australian and international oil industry experience, and a management background from industrial and capital intensive industries. From 1964 to 1998, he worked at British Petroleum Company (BP) where he held various positions throughout Australia and offshore, including management of refining, supply and distribution in Australia and Europe. Greig was subsequently appointed CEO of Fletcher Challenge Energy (New Zealand), a position he held from 1998 to 2001. In August 2001, he joined Pasminco Limited as CEO. Pasminco was transformed and relisted as Zinifex Limited on the ASX in April 2004, and Greig became Managing Director & CEO of Zinifex Limited from that date until standing down in June 2007.

He is the Chairman of Horizon Roads and the Board of Trustees of the Energy & Minerals Institute at the University of Western Australia and a director of the ADC Forum Ltd and the Victorian Opera Company.

Greig holds a Bachelor of Economics from the University of Queensland.



Ryan Krogmeier – Director (Non-executive)

Ryan joined the Caltex Board in March 2012. He is a member of the Board's Human Resources and Nomination Committees.

Ryan brings to the Board considerable experience in the oil and gas industry, particularly in the areas of crude and products supply and trading, risk management and financial operations. He currently serves as the Global Vice President of International Products, Joint Ventures and Affiliates for Chevron and was appointed to this role in April 2012. Ryan is based in Singapore and has over 20 years of experience working for Chevron. Previously, he was the Vice President – Americas East, Caribbean and Latin America for Chevron, in which he was responsible for strategy and profits for Chevron's downstream fuels business in those regions.

Ryan is a Director of GS Caltex Corporation (in Korea) and Star Petroleum Refining Co Ltd (in Thailand). Ryan holds a Bachelor of Business Administration (Accounting) from the University of Iowa (US) and a Master of Business Administration from the University of California (US).



John Thorn – Director (Non-executive/Independent)

John joined the Caltex Board in June 2004. He is the Chairman of the Board's Audit Committee and a member of the Human Resources and Nomination Committees.

John brings expertise to the Board in accounting and financial services, business advisory, risk and general management. He has over 37 years of professional experience with PricewaterhouseCoopers, where he was a partner from 1982 to 2003 and was responsible for major international and local clients. During this period he served as the Managing Partner of PricewaterhouseCoopers' Assurance and Business Advisory Service practice from 1998 to 2001. He was the National Managing Partner of PricewaterhouseCoopers until 2003.

He is a Director of Amcor Limited (appointed December 2004), National Australia Bank Limited (appointed October 2003) and Salmat Limited (appointed September 2003).

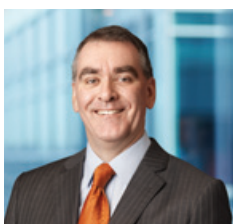
John is a Fellow of the Institute of Chartered Accountants in Australia.

8.2 Key management of Caltex



Julian Segal – Managing Director & CEO

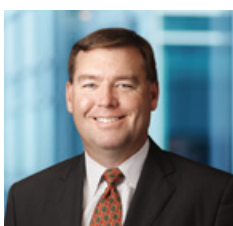
See Section 8.1.



Simon Hepworth – Chief Financial Officer

Simon was appointed to his present position in 1999. He is a Chartered Accountant and joined Ampol in 1996 as Group Financial Controller, after 10 years with Arthur Andersen. He was previously involved with Ampol as Audit Manager, and was involved in the merger with Caltex as Financial Adviser to Pioneer. He is responsible for Finance, Accounting and Decision Support, Treasury, Taxation, Investor Relations, Public Affairs, Information Technology and Procurement.

Simon attended the University of Sheffield where he completed his Bachelor of Arts in 1982. He is a member of the Institute of Chartered Accountants in England and Wales and has a Masters of Applied Finance from Macquarie University, Sydney. He is also a member of the Australian Institute of Company Directors.



Andy Walz – General Manager – Marketing

Andy was appointed as General Manager – Marketing on 1 April 2008. He joined Chevron in 1989 and has had 23 years of experience in the oil marketing industry.

His most recent positions were as Manager of Chevron’s Burnaby refinery in British Columbia, Canada, and Advisor to the President of Chevron Global Marketing and Regional Marketing Director for Latin America. Andy has a degree in civil engineering from Colorado State University (US).



Gary Smith – General Manager – Refining

Gary joined Caltex in August 2009 as General Manager – Refining & Supply. Gary is an Australian executive with 30 years of experience in the oil, gas and chemical industries.

Gary was previously Chief Executive Officer of Golar LNG Limited, based in London. Golar LNG is engaged in the operation and trading of liquid natural gas (LNG) carriers and the development of floating LNG production and re-gasification projects worldwide. Golar LNG is publicly listed on the NASDAQ and Oslo stock exchanges. Prior to Golar LNG, Gary spent 19 years with Shell and in this period held senior management positions which included General Manager, Commercial Shipping with Shell Trading based in London, Refinery Manager for Clyde Refinery with Shell Australia, Corporate Planning & Economics Manager for Shell Australia. In the period from 1978 to 1985 Gary worked for ICI and held various operational roles in Australia and the UK.

Gary holds a Bachelor of Engineering (Mechanical) from the University of NSW, and a Master of Science, Chemical Engineering & Chemical Technology from the University of NSW.



Peter Lim – Company Secretary and General Counsel

Peter was appointed as Company Secretary and General Counsel on 1 January 2012. He manages the Caltex Legal, Secretariat and Internal Audit teams, and is the Company Secretary of the Board, Committee Secretary for the Nomination Committee and a company secretary for various companies in the Caltex Group.

Peter joined Caltex as a Corporate Counsel in June 2006 after spending a number of years as a lawyer in private practice. He was promoted to the role of Assistant General Counsel in November 2009, a position which he held until his appointment to his current role.

Peter holds a Bachelor of Commerce and a Bachelor of Laws from the University of New South Wales.



Mike McMenamin – General Manager – Strategy, Planning and Development

Mike joined Caltex in 2004 as Group Manager – Strategy and Planning. He was appointed to his current role in April 2008 following a year as acting General Manager – Marketing.

He has held a range of senior international executive positions in Chevron, having joined Caltex South Africa in 1992. Roles have included Country Chairman and Managing Director with Caltex New Zealand, Director International Marketing with Texaco in the United States, General Manager Marketing Business Support and Planning with Caltex Corporation in Singapore, and Managing Director and Chief Executive Officer of Caltex Central Africa Region.

A commerce graduate from the University of Cape Town with postgraduate qualifications in accountancy and tax law, Mike qualified as a Chartered Accountant with Deloitte in South Africa and then worked in its London office. He has attended the Aspen Institute Executive Leadership Programme.



Simon Willshire – General Manager – Human Resources

Simon joined Caltex as General Manager – Human Resources in November 2006. He has more than 30 years of experience in Human Resources management with Shell, BHP, Levi Strauss, United Technologies Corporation and Caltex. These roles have been in Australia, Asia and Europe.

In 1981, Simon joined Shell Australia, moved to BHP in 1985, then to Levi Strauss in 1988. At Levi Strauss, Simon held positions of increasing responsibility, including HR Director Japan, Vice President HR Asia Pacific, and Vice President Human Resources for Europe, Middle East and Africa. Simon returned to Australia in 2004 to join Chubb Australia (a division of United Technologies Corporation) as Group Human Resources Director.

Simon graduated from the Flinders University of South Australia in 1980 with a Bachelor of Arts, majoring in Political Science and Sociology. He also holds a Graduate Diploma in Business (Industrial Relations) from Charles Sturt University, and was awarded the NSW IR Society prize for the most outstanding post graduate student in 1988. Simon is currently undertaking the Vincent Fairfax Fellowship program in Ethical Leadership at Melbourne Business School.



Sarah Brisbane – General Manager – Corporate Affairs

Sarah joined Caltex on 16 July 2012 as General Manager – Corporate Affairs.

Sarah has more than 20 years of experience in corporate/public affairs, as well as general management, operations, project management, business development and marketing. Her career includes consulting to, and working for, ASX-listed corporates, organisations, government and the not for profit sector. Sarah established and ran two successful Sydney-based corporate affairs and management consultancies and held a number of senior executive and interim executive general management roles in the mining, infrastructure, property, funds management and environment industries.

Her prior role was Head of Corporate Affairs at Tinkler Group, a privately owned group with interests in a diverse portfolio of industries including resources, ports and rail, construction, property development, corporate investment advice, sports and philanthropy.

Sarah has a Company Directors Diploma, a Master of Arts in Communication Management and a Bachelor of Arts in Organisational Communication.

8.3 Interests and benefits

8.3.1 Directors and management

Other than as set out in this Prospectus, no Director holds, at the time of lodgement of this Prospectus with ASIC, or has held in the two years before lodgement of this Prospectus with ASIC, an interest in:

- the formation or promotion of Caltex;
- the Offer; or
- any property acquired or proposed to be acquired by Caltex in connection with its formation or promotion or with the Offer.

Other than as set out in this Prospectus, no amount (whether in cash, Shares or otherwise) has been paid or agreed to be paid, nor has any benefit been given, or agreed to be given to any Director or proposed Director:

- to induce a person to become, or qualify as, a Director; or
- for services provided by a Director or proposed Director in connection with the formation or promotion of Caltex or the Offer.

8.3.2 Interests

The Directors at the date of this Prospectus had the following relevant interests in issued securities of Caltex.

DIRECTORS	BENEFICIAL HOLDING – ORDINARY SHARES	BENEFICIAL HOLDING – OPTIONS AND PERFORMANCE SHARE RIGHTS
Elizabeth Bryan	14,946	0
Julian Segal	166,563	813,846
Trevor Bourne	5,395	0
Richard Brown	0	0
Barbara Burger	0	0
Greig Gailey	5,000	0
Ryan Krogmeier	0	0
John Thorn	1,510	0

Directors' fees

The Caltex Constitution provides that, subject to the Listing Rules, the Directors will be entitled to remuneration out of the funds of Caltex as determined by the Directors, provided that the remuneration of the non-executive Directors in any one year, in aggregate, may not exceed the maximum amount fixed by Caltex shareholders in a general meeting. The amount last fixed by shareholders in a general meeting for that purpose was \$2 million.

Directors' deeds

Caltex enters into a deed with each Director, under which (among other things) the Director is entitled to be indemnified by Caltex (to the maximum extent permitted by law) against liabilities incurred as a Director. Directors are also permitted to be indemnified by Caltex under the Caltex Constitution and Caltex may enter into and pay premiums on Directors and officers insurance policies for their benefit.

Participation in the Offer

Directors (and their associates) may participate in the issue of Notes.

8.3.3 Professionals

Citi and UBS have acted as the Joint Structuring Advisers, and Citi, National Australia Bank, UBS and Westpac have acted as the Joint Lead Managers, for the Offer, in respect of which they will receive the fees described in Section 9.4.1.

Greenwoods & Freehills has acted as Caltex's Australian tax adviser in relation to the Offer and has prepared the taxation summary in Section 7. In respect of this work, Greenwoods & Freehills will be paid approximately \$60,000 (excluding disbursements and GST) for work performed by it up until the date of this Prospectus. Further amounts may be paid to Greenwoods & Freehills in accordance with its time based charges.

KPMG Financial Advisory Services (Australia) Pty Ltd has acted as Caltex's accounting adviser in relation to the Offer. In respect of this work, KPMG Financial Advisory Services (Australia) Pty Ltd will be paid approximately \$150,000 (excluding disbursements and GST) for work performed by it up until the date of this Prospectus. Further amounts may be paid to KPMG Financial Advisory Services (Australia) Pty Ltd in accordance with its time based charges.

Allens has acted as Caltex's legal adviser in relation to the Offer. In respect of this work, Allens will be paid approximately \$400,000 (excluding disbursements and GST) for work performed by it until the date of this Prospectus. Further amounts may be paid to Allens in accordance with its time based charges.

Australian Executor Trustees Limited is acting as Trustee for Holders under the Trust Deed. In respect of this role, Caltex has paid or agreed to pay an establishment fee of \$5,000 and an ongoing fee of \$25,000 per annum (excluding disbursements and GST).

Except as set out in this Prospectus, no:

- person named in this Prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus; or
- Joint Lead Manager or Co-Manager,

holds at the time of lodgement of this Prospectus with ASIC, or has held in the two years before lodgement of this Prospectus with ASIC, an interest in:

- the formation or promotion of Caltex;
- the Offer; or
- any property acquired or proposed to be acquired by Caltex in connection with the formation or promotion of Caltex or the Offer,

nor has anyone paid or agreed to pay or given or agreed to give any benefit to such persons in connection with the formation or promotion of Caltex or the Offer.

8.4 Expenses of the Offer

The total expenses of the Offer will be paid out of the proceeds of the Offer. Assuming the Offer raises \$300 million, then the net proceeds of the Offer are expected to be \$291 million and the total expenses of the Offer (including fees payable to the Joint Lead Managers, legal, accounting, tax, marketing, administrative fees, as well as printing, advertising and other expenses related to this Prospectus and the Offer) are expected to be \$9 million. All of these expenses have been, or will be, borne by Caltex.



9

Additional information

- 9.1 Reporting and disclosure obligations
- 9.2 Rights and liabilities attaching to the Notes
- 9.3 Summary of Trust Deed
- 9.4 Summary of Offer Management Agreement
- 9.5 Replacement capital statement
- 9.6 Consents
- 9.7 Foreign selling restrictions
- 9.8 Caltex legal proceedings
- 9.9 ASX confirmation
- 9.10 Privacy
- 9.11 Availability of other documents
- 9.12 Governing law
- 9.13 Statement of Directors

9. Additional information

9.1 Reporting and disclosure obligations

Caltex is a disclosing entity for the purposes of the Corporations Act and, as such, is subject to regular reporting and disclosure obligations. As a company listed on the ASX, Caltex is subject to the Listing Rules which require (subject to certain exceptions) immediate disclosure to the market of any information concerning Caltex of which it becomes aware which a reasonable person would expect to have a material effect on the price or value of its securities. Information that is already in the public domain in relation to Caltex has not been reported in this Prospectus other than that which is considered necessary to make this transaction complete.

9.2 Rights and liabilities attaching to the Notes

The rights and liabilities attaching to the Notes are set out in the Terms and the Trust Deed (which incorporates the Terms). The Terms are set out in full in Appendix A and the Trust Deed is summarised in Section 9.3 below.

Rights and liabilities attaching to the Notes may also arise under the Corporations Act, the Listing Rules, Caltex's Constitution and other laws.

9.3 Summary of Trust Deed

Caltex entered into the Trust Deed with the Trustee, and the Terms are set out as a schedule to the Trust Deed.

A copy of the Trust Deed can be obtained free of charge by any person who requests it during the Offer Period, by calling the Caltex Offer Information Line on 1300 638 671 (within Australia) or +61 3 9415 4659 (outside Australia), Monday to Friday – 8.30am to 5.30pm (Sydney time). In addition, Caltex must provide a copy of the Trust Deed to a Holder on request.

The following is a summary only of the principal provisions of the Trust Deed.

9.3.1 Appointment of Trustee

The Trustee has been appointed under the Trust Deed and holds on trust for the Holders and itself upon the terms of the Trust Deed:

- a) the right to enforce Caltex's duty to repay the principal of the Notes, and to pay all other amounts payable under the Notes;
- b) the right to enforce all other obligations of Caltex under the Terms, the provisions of the Trust Deed and Chapter 2L of the Corporations Act; and
- c) any other property held by the Trustee on the trust established by the Trust Deed from time to time (including, without limitation, the benefit of any covenants, undertakings, representations, warranties, rights, powers, benefits or remedies in favour of the Trustee under the Trust Deed).

9.3.2 Undertakings

Caltex has undertaken to the Trustee (on behalf of each Holder) to pay the amounts due and payable in respect of the Notes under and in accordance with the Trust Deed.

Caltex has also undertaken to the Trustee on behalf of the Holders to provide to the Trustee certain financial information in accordance with the Corporations Act.

9.3.3 Priority of the Trustee

All monies that are received by the Trustee under the Trust Deed (including in respect of the Notes) will be applied first in payment of costs incurred by and any amounts owing to the Trustee (including its remuneration) in connection with the Trust Deed, secondly in or towards payment equally and rateably of all amounts of interest due but remaining unpaid under the Notes and thirdly in or towards payment equally and rateably of all amounts of principal due but remaining unpaid under the Notes. The balance (if any) of any money remaining after those payments will be returned to Caltex.

9.3.4 Enforcement

Subject to the Trust Deed, the Trustee must take action to enforce the Trust Deed where all the following conditions are met (and is not required to act in accordance with any direction from the Holders or any of them or by a Holder Resolution unless all of the following conditions are met):

- a) the Trustee is requested to take action by Holders who hold in aggregate 25% or more of the Face Value of all Notes then outstanding or by a Special Resolution;
- b) the Trustee is indemnified, to its reasonable satisfaction, against certain actions and costs; and
- c) the action is not prohibited under the Trust Deed.

No Holder is entitled to proceed directly against Caltex to enforce any right or remedy under or in respect of any Note unless the Trustee, having become bound so to proceed, fails to do so within a reasonable period and such failure is continuing.

9.3.5 Powers and duties of the Trustee

The powers and duties of the Trustee are set out in the Trust Deed and include:

- a) the Trustee is entitled to waive any breach by Caltex of its obligations under the Trust Deed, including any breach constituting an Event of Default, on such terms as the Trustee thinks fit;
- b) except for its duties under Chapter 2L of the Corporations Act or as otherwise required by law, the Trustee has no duty to enquire as to whether the provisions of the Trust Deed have been complied with, notify any Holder of any breach of the Trust Deed or interfere with the business of the Caltex Group;
- c) the Trustee is entitled to accept a certificate signed by any two Directors or a Director and a secretary of Caltex as to any factual matter as conclusive evidence and is also entitled to rely on any information, statement, certificate, report, balance sheet or account supplied by Caltex, its auditor or an officer of Caltex; and
- d) the Trustee is not obliged to carry out any act or refrain from doing any act (including incurring any liability) under the Trust Deed until such time as it is placed in funds or is otherwise indemnified to its reasonable satisfaction against any expense or liability which it may incur as a result of doing so.

9.3.6 Liability

Subject to the provisions of this Section 9.3.6, the Trustee is not liable to Caltex, the Holders or any other person in any capacity other than as trustee of the Trust.

A liability to Caltex or any Holder arising under or in connection with the Trust Deed is limited to and can be enforced by Caltex or a Holder against the Trustee only to the extent to which it can be satisfied out of any property held by the Trustee out of which the Trustee is actually indemnified for the liability. This limitation of the Trustee's liability applies despite any other provision of the Trust Deed and extends to all liabilities and obligations of the Trustee in any way connected with any representation, warranty, conduct, omission, agreement or transaction related to the Trust Deed.

Caltex and any Holder may not sue the Trustee in any capacity other than as trustee of the Trust, including seeking the appointment of a receiver (except in relation to property of the Trust), a liquidator, an administrator or any other similar person to the Trustee or prove in any liquidation of or affecting the Trustee (except in relation to the property of the Trust).

Caltex and each Holder waive their rights and release the Trustee from any personal liability in respect of any loss or damage which any of them may suffer as a consequence of a failure of the Trustee to perform its obligations under the Trust Deed, which cannot be paid or satisfied out of any property held by the Trustee.

No attorney, agent or delegate appointed in accordance with the Trust Deed has authority to act on behalf of the Trustee in any way which exposes the Trustee to any personal liability and no act or omission of any such person will be considered fraud, gross negligence or wilful default of the Trustee for the purpose of the limitation of liability provision.

This limitation of liability will not apply to any obligation or liability of the Trustee:

- a) to the extent arising as a result of the Trustee's fraud, gross negligence or wilful default or wilful breach of trust; or
- b) relating to its appointment or agreement to act as trustee under the Trust Deed.

9.3.7 Fees and expenses

Caltex will pay the Trustee fees as agreed between Caltex and the Trustee from time to time. Caltex will also pay, on demand (subject to certain exceptions), the Trustee's losses and expenses in connection with the performance of its duties, or the exercise of its rights, in connection with the Trust Deed and the Terms.

9.3.8 Retirement and removal

The Trustee may retire at any time by giving at least two months' notice to Caltex or a shorter period which is agreed by Caltex.

Caltex may remove the Trustee at any time by giving notice to the Trustee in circumstances including where:

- a) the Trustee has committed a Trustee Default (which means an act of fraud, gross negligence, wilful default or wilful breach of trust) and (provided that the default is capable of remedy) has not rectified the default within seven Business Days of receiving a notice from Caltex to rectify the default;
- b) an insolvency event occurs in relation to the Trustee;
- c) any authorisation the Trustee is required to hold to carry out its obligations and duties under the Trust Deed is revoked or not renewed;
- d) Caltex is requested to do so by a Special Resolution of Holders; or
- e) the Trustee ceases to be a person who can be appointed as a trustee under Chapter 2L of the Corporations Act.

The removal or retirement of the Trustee does not take effect until the appointment of a new trustee is effective. Power to appoint a new eligible trustee is vested in Caltex, unless no new eligible trustee has been appointed within 14 days of the removal becoming effective or if the Trustee has notified Caltex that it wishes to retire and the relevant period of notice has expired, in which case the Trustee may appoint another person to act as the new trustee.

9.3.9 Meetings

A meeting of Holders has the power to:

- a) by Holder Resolution, give directions to the Trustee as to the performance of its duties under the Trust Deed and the Terms or approve any amendment to the Trust Deed or the Terms required to be authorised by a Holder Resolution; and
- b) by Special Resolution, approve anything the Trustee has done or omitted to do and to any amendment to the Trust Deed or the Terms required to be authorised by a Special Resolution.

At a meeting of Holders, each Holder is entitled to one vote on a show of hands. On a poll, each Holder is entitled to one vote for each Note that the person holds. If a written resolution is proposed, Holders are entitled to vote in the relevant proportion to the aggregate Face Value of all Notes.

9.4 Summary of Offer Management Agreement

Caltex and the Joint Lead Managers entered into an offer management agreement on or about the date of this Prospectus (the **Offer Management Agreement**). Under the Offer Management Agreement:

- the Joint Structuring Advisers have agreed to act as arrangers and structuring advisers in relation to the Offer; and
- the Joint Lead Managers have agreed to use their reasonable endeavours to procure applications for the Notes under the Bookbuild in accordance with this Prospectus (or other documents issued in respect of the Offer) and the timetable set out in the Offer Management Agreement, manage the Bookbuild, and provide settlement support in respect of the Institutional Offer and allocation of Notes under the Broker Firm Offer.

9.4.1 Fees and expenses

The estimated aggregate fees payable by Caltex to the Joint Lead Managers under the Offer Management Agreement are approximately \$8 million (exclusive of GST), making certain assumptions as to the allocations of Notes between the Shareholder Offer, General Offer, Broker Firm Offer and Institutional Offer. The actual amount payable will not be known until the allotment of Notes. In addition, Caltex must pay each Joint Lead Manager for:

- all reasonable out-of-pocket costs (including legal expenses and out-of-pocket expenses associated with travel and airfares, accommodation, roadshows, marketing, electronic bookbuild processes, printing and preparing presentation materials) incurred by the Joint Lead Manager in relation to the Offer (provided such expenses do not exceed \$5,000 without Caltex's prior approval);
- any stamp duty in respect of the Offer Management Agreement or a transaction contemplated by it; and
- all reasonable costs of the Joint Lead Managers in connection with any investigation by a government agency (or other investigative or review body) in relation to the Offer, this Prospectus or other documents issued in respect of the Offer.

9.4.2 Representations and warranties

Caltex gives various representations, warranties and undertakings to the Joint Lead Managers, including that this Prospectus complies with all applicable laws, including the Corporations Act and the Listing Rules. Caltex also undertakes that, with the exception of Notes, no Caltex Group member will issue, agree to issue, offer for

subscription or indicate in any way that it may or will issue or agree to issue any preference, hybrid or debt securities that are to be quoted on any securities exchange, without the prior written consent of the Joint Lead Managers (which shall not be unreasonably withheld) during the period commencing on the date of the Offer Management Agreement and ending 90 days after the Issue Date.

9.4.3 Termination events

Any Joint Lead Manager may terminate its obligations under the Offer Management Agreement, by giving notice in writing to Caltex and the other Joint Lead Managers, if any one or more of the following events occurs before 2.30pm on the Settlement Date (or, where a different time or date is specified below, that time or date):

- a) at 4.00pm on two consecutive Business Days the average mid-rate for the iTraxx Australia Index of a term of five years is 45% or more above its level as at the close of business on the trading day immediately before the date of the Offer Management Agreement;
- b) the ASX/S&P 200 Index closes on two consecutive trading days, or on the trading day immediately before the Settlement Date, or is, on the Settlement Date at any time before 2.30pm, at or below a level that is 12.5% or more below its level at the trading day before the parties enter into the Offer Management Agreement;
- c) the credit rating assigned to Caltex by the Rating Agency is downgraded to BBB or below or withdrawn;
- d) any event specified in the timetable for the Offer up to and including the date the replacement Prospectus is lodged with ASIC is delayed, or any event specified in the timetable for the Offer after that date is delayed by more than two Business Days (other than a delay caused by the Joint Lead Managers or as a result of a request by the Joint Lead Managers), without the prior consent of the Joint Lead Managers or Caltex has not announced its 2012 half year financial results by the Business Day immediately before the Settlement Date;
- e) any disclosed measure of Caltex's earnings before interest and tax on a RCOP basis as reported in its 2012 half year results is less than \$294.5 million;
- f) a Joint Lead Manager forms the view (acting reasonably) that there is an omission from this Prospectus or that this Prospectus (or any other document issued in respect of the Offer) contains a statement which is untrue, incorrect, incomplete, inaccurate, misleading or deceptive or likely to mislead or deceive, or does not comply with all applicable laws;
- g) Caltex lodges a supplementary Prospectus or a Joint Lead Manager forms the view (acting reasonably) that a supplementary Prospectus must be lodged with ASX under section 724 of the Corporations Act (other than the replacement Prospectus);
- h) ASIC:
 - a. holds, or gives notice that it intends to hold, a hearing or investigation in relation to the Offer; or
 - b. prosecutes, or gives notice that it intends to prosecute, or commences proceedings against or gives notice that it intends to commence proceedings against Caltex, its Directors, officers, employees or agents in relation to the Offer which is publicly known and has not been withdrawn within three Business Days or before the Business Day immediately preceding the Settlement Date.
- i) any person whose consent to the issue of, or to be named in, this Prospectus is required withdraws that consent;
- j) Caltex withdraws this Prospectus or invitations to apply for Notes under this Prospectus or the Offer;
- k) ASX announces that the Ordinary Shares will be delisted, removed from quotation or, in certain circumstances, suspended from quotation;
- l) unconditional approval (or approval conditional only on customary conditions acceptable to the Joint Lead Managers) is refused, not granted, withdrawn, qualified or withheld to the official quotation of the Notes before 9.30am on the Settlement Date;
- m) Chevron ceases to hold, or announces an intention to cease to hold, at least a 50% beneficial interest in the voting shares of Caltex;
- n) a material adverse change not previously disclosed to ASX prior to the execution of the Offer Management Agreement or in the Prospectus occurs, or an event occurs which is likely to give rise to a material adverse change in the assets or liabilities, financial position or performance, profits or losses or prospects of the Caltex Group;
- o) Caltex engages in conduct that is misleading or deceptive, or likely to mislead or deceive in connection with the Offer;
- p) the Trustee ceases to be licensed to act as trustee for the purposes of Chapter 2L of the Corporations Act;

- q) there is a material breach of any material financing arrangements to which a member of the Caltex Group is a party or a financier seeks to withdraw or accelerate commitments of \$50,000,000 or more;
- r) a person gives a notice to Caltex under section 730 of the Corporations Act that, in the reasonable opinion of a Joint Lead Manager, is materially adverse from the point of view of an investor;
- s) Caltex is or will be prevented from conducting or completing the Offer by or in accordance with the Listing Rules, ASX, ASIC or other applicable laws or court order or is otherwise unable or unwilling to do any of those things or a third party seeks court orders which would prevent any of those things;
- t) a Caltex Group member becomes insolvent or there is an act or omission which could reasonably be expected to result in a Caltex Group member becoming insolvent (other than the appointment of a liquidator as part of the voluntary winding up of a Caltex Group member (other than Caltex) which in Caltex's 2011 financial year earned less than 1% of the consolidated revenue of the Caltex Group and as at 31 December 2011 was the legal owner of less than 1% of the consolidated assets of the Caltex Group); or
- u) a certificate which is required to be provided by Caltex under the Offer Management Agreement is not provided when required.

Any Joint Lead Manager may also terminate its obligations under the Offer Management Agreement (by giving notice in writing to Caltex and the other Joint Lead Managers) if any of the following events occurs before 2.30pm on the Settlement Date (or, where a different time or date is specified below, that time or date) provided that, in the reasonable opinion of that Joint Lead Manager, the event: (i) has had or is likely to have, individually or in aggregate, a material adverse effect on the willingness of persons to apply for Notes, the likely market price of the Notes, the marketing or success or outcome of the Offer or settlement of the Offer; or (ii) has given or is likely to give rise to a contravention or involvement in a contravention by that Joint Lead Manager of the Corporations Act or any other applicable law or to a liability for that Joint Lead Manager under the Corporations Act or any other applicable law:

- v) information supplied by or on behalf of Caltex to the Joint Lead Managers for the purposes of the Offer, this Prospectus (or other document issued in respect of the Offer) and associated due diligence process is untrue, incorrect, incomplete, inaccurate, misleading or deceptive or likely to mislead or deceive;
- w) any estimate or expression of opinion, belief, expectation or intention or statement relating to future matters in the Prospectus (or other documents issued in respect of the Offer) is or becomes incapable of being met or, in the reasonable opinion of a Joint Lead Manager, unlikely to be met in the projected timeframe;
- x) Caltex fails to perform or observe any of its obligations under the Offer Management Agreement;
- y) a representation or warranty made by Caltex to the Joint Lead Managers under the Offer Management Agreement is or becomes untrue, incorrect, incomplete, inaccurate, misleading or deceptive or likely to mislead or deceive;
- z) a statement in a certificate provided by Caltex under the Offer Management Agreement is or becomes untrue, incorrect, incomplete, inaccurate, misleading or deceptive or likely to mislead or deceive;
- aa) a change in law or policy is introduced in Australia (other than a change announced before the date of the Offer Management Agreement);
- bb) the outbreak of hostilities or a major escalation of existing hostilities involving certain countries, or a national emergency is declared by any one of those countries, or a major terrorist act is perpetrated on any of those countries;
- cc) a general moratorium on commercial banking activities in Australia, Hong Kong, Singapore, the United States of America, the European Union or the United Kingdom is declared by the relevant central banking authority in any of those countries, or there is a material disruption in commercial banking or security settlement or clearance services in any one of those countries;
- dd) trading in all securities quoted or listed on ASX, the London Stock Exchange or the New York Stock Exchange is suspended or limited in a material respect for all or substantially all of one trading day;
- ee) an adverse change or disruption to the existing financial markets or economic conditions of Australia, Hong Kong, Singapore, the United States of America, the United Kingdom or the European Union or the international financial markets, or any country leaves or declares that it will leave the Economic and Monetary Union of the European Union or that it will cease to use the euro as its lawful currency, or the Economic and Monetary Union of the European Union dissolves, or any change in national or international financial or economic conditions;
- ff) any government agency that regulates the business or operation of the Caltex Group or an element of the Offer:
 - a. holds, or gives notice that it intends to hold, a hearing or investigation in relation to a member of the Caltex Group; or

- b. prosecutes, or gives notice that it intends to prosecute, or commences proceedings against, or gives notice that it intends to commence proceedings against, a member of the Caltex Group, any of their Directors, officers, employees or agents which is known publicly or has not been withdrawn within three Business Days or before the Business Day immediately preceding the Settlement Date;
- gg) any Director is charged with a criminal offence relating to any financial or corporate matter, or a Director is disqualified from managing a corporation under the Corporations Act; or
- hh) there is a change in the membership of the Board or Caltex's chief executive officer or chief financial officer.

Additionally, a Joint Lead Manager may terminate the Offer Management Agreement if a condition precedent under the Offer Management Agreement is not satisfied or waived by its deadline.

9.4.4 Indemnity

Caltex agrees to indemnify the Joint Lead Managers, their Related Bodies Corporate and certain other parties affiliated with them against claims, actions, demands, damages, losses (including indirect or consequential), costs, charges, expenses, outgoings or payments and liabilities arising from or relating to the Offer or their activities contemplated by the Offer Management Agreement (including legal expenses on a full indemnity basis) (other than losses, damages or costs of subscriptions suffered solely as a result of the Joint Lead Managers performing their settlement obligations under the Offer Management Agreement). This indemnity does not apply to claims, actions, demands, damages, losses (including indirect or consequential), costs, charges, expenses, outgoings or payments, including costs for legal advice on a full indemnity basis, or liabilities to the extent to which that loss is finally judicially determined to result from the fraud, wilful default, wilful misconduct or negligence of the relevant person.

9.5 Replacement capital statement

Caltex believes that hybrid securities that are ascribed equity credit by the Rating Agency (such as the Notes) are an effective capital management tool and intends to utilise such instruments as a key feature of its capital structure going forward. Accordingly, in the event that Caltex elects to redeem or repurchase the Notes prior to the Maturity Date under Clause 3.2 of the Terms as set out in Appendix A, the company intends to support its credit profile by funding any such Redemption or repurchase out of the proceeds of another hybrid or other securities offering, on the terms set out below.

Caltex intends (without thereby assuming a legal obligation) that while the Notes are ascribed a level of equity credit by the Rating Agency, Caltex will redeem or repurchase Notes under Clause 3.2 of the Terms as set out in Appendix A only to the extent the aggregate Face Value of Notes to be redeemed or repurchased does not exceed the net proceeds received by Caltex or any subsidiary, during the 360 day period prior to such Redemption or repurchase, from certain securities offerings. Such offerings must involve the sale or issuance by Caltex or any subsidiary to third party purchasers of securities which are ascribed by the Rating Agency a level of equity credit that is equal to or greater than the equity credit the Rating Agency ascribed to Notes to be redeemed or repurchased at the time of their issuance (but taking into account any changes in hybrid capital methodology or the interpretation thereof since the issuance of Notes).

The intention described above does not apply where Caltex believes that its credit profile is substantially the same or better than at the date of this Prospectus, and Caltex believes that its credit profile would not be materially adversely affected as a result of any such Redemption or repurchase.

9.6 Consents

Each of the Consenting Parties referred to in the table below:

- a) has given and has not, before the lodgement of this Prospectus with ASIC, withdrawn its written consent to be named in this Prospectus in the form and context in which it is named;
- b) has not made any statement in this Prospectus or any statement on which a statement made in this Prospectus is based other than as specified in paragraph (a) above and paragraph (d) below;
- c) has not authorised or caused the issue of this Prospectus, and makes no representation or warranty, express or implied, as to the fairness, accuracy or completeness of the information contained in this Prospectus; and
- d) to the maximum extent permitted by law, expressly disclaims and takes no responsibility for any statements in, or omissions from, this Prospectus, other than the reference to its name and excludes and disclaims all liability or any damage, loss (whether direct, indirect or consequential), cost or expense that may be incurred by you as a result of this Prospectus being inaccurate or incomplete in any way for any reason.

ROLE	CONSENTING PARTIES
Joint Structuring Advisers and Joint Lead Managers	Citi UBS
Joint Lead Managers	National Australia Bank Westpac
Co-Managers	Bell Potter JBWere Morgan Stanley Smith Barney
Accounting Adviser	KPMG Financial Advisory Services (Australia) Pty Ltd
Auditor	KPMG
Legal Adviser	Allens
Tax Adviser	Greenwoods & Freehills
Registry	Computershare
Trustee	Australian Executor Trustees Limited

No rating agency has made any statement in this Prospectus, or any statement on which a statement made in this Prospectus is based, and does not cause or authorise the issue of this Prospectus and has not accepted any responsibility for any statements in or omissions from this Prospectus.

The Interest Payments on the Notes are obligations of Caltex and are not guaranteed by the Trustee or any of its directors, employees, officers, affiliates, agents, advisers, intermediaries, related bodies corporate or any other entity. The obligation to redeem the Notes in accordance with their terms is a direct obligation of Caltex. Neither the Trustee nor any of its directors, employees, officers, affiliates, agents, advisers, intermediaries, related bodies corporate or any other entity guarantees the Redemption of or prepayment of any principal under the Notes.

The Trustee is not responsible for monitoring Caltex's compliance with the Trust Deed nor Caltex's business. The Trustee has relied on Caltex for the accuracy of the contents of this Prospectus. None of the Trustee, any of its directors, employees, officers, affiliates, agents, advisers, intermediaries or related bodies corporate have authorised or caused the issue of this Prospectus, or make any representation or warranty, express or implied, as to the fairness, accuracy or completeness of the information contained in this Prospectus.

9.7 Foreign selling restrictions

The distribution of this Prospectus (including an electronic copy) in jurisdictions outside Australia may be restricted by law. If you come into possession of this Prospectus in jurisdictions outside Australia, then you should seek advice on, and observe any such restrictions. If you fail to comply with such restrictions, that failure may constitute a violation of applicable securities laws. Caltex disclaims all liabilities to such persons.

This Prospectus or the Notes have not been and will not be, registered in any jurisdiction other than Australia. This Prospectus does not constitute an offer or invitation. The Offer and the possession or distribution of this Prospectus is further subject to the specific restrictions set out below.

Hong Kong

WARNING: This Prospectus has not been, and will not be, registered as a prospectus under the Companies Ordinance (Cap. 32) of Hong Kong (the **Companies Ordinance**), nor has it been authorised by the Securities and Futures Commission in Hong Kong pursuant to the Securities and Futures Ordinance (Cap. 571) of the Laws of Hong Kong (the **SFO**). No action has been taken in Hong Kong to authorise or register this Prospectus or to permit the distribution of this Prospectus or any documents issued in connection with it. Accordingly, the Notes have not been and will not be offered or sold in Hong Kong by means of any document, other than (i) to "professional investors" (as defined in the SFO) or (ii) in other circumstances that do not result in this Prospectus being a "prospectus" (as defined in the Companies Ordinance) or that do not constitute an offer to the public within the meaning of that ordinance.

No advertisement, invitation or document relating to the Notes has been or will be issued, or has been or will be in the possession of any person for the purpose of issue, in Hong Kong or elsewhere that is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Notes that are or are intended to be disposed of only

to persons outside Hong Kong or only to professional investors (as defined in the SFO and any rules made under the Companies Ordinance). No person allotted Notes may sell, or offer to sell, such securities in circumstances that amount to an offer to the public in Hong Kong within six months following the date of issue of such securities.

The contents of this Prospectus have not been reviewed by any Hong Kong regulatory authority. You are advised to exercise caution in relation to the Offer. If you are in doubt about any contents of this Prospectus, you should obtain independent professional advice.

Singapore

This Prospectus and any other materials relating to the Notes have not been, and will not be, lodged or registered as a prospectus in Singapore with the Monetary Authority of Singapore. Accordingly, this Prospectus and any other document or materials in connection with the offer or sale, or invitation for subscription or purchase, of Notes, has not been and may not be issued, circulated or distributed, nor may the Notes be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to any persons in Singapore except pursuant to and in accordance with exemptions in Subdivision (4) Division 1, Part XIII of the Securities and Futures Act, Chapter 289 of Singapore (as amended and supplemented from time to time) (the SFA), or as otherwise pursuant to, and in accordance with the conditions of any other applicable provisions of the SFA. This document does not constitute an advertisement of securities in Singapore.

This Prospectus has been given to you on the basis that you are: (i) an “institutional investor” (as defined in the SFA pursuant to section 274 of the SFA, or (ii) a “relevant person” (which includes an accredited investor) (as defined under section 275(2) of the SFA) pursuant to section 275(1) of the SFA, or (iii) to any person pursuant to section 275(1A) of the SFA. In the event that you are not an investor falling within any of the categories set out above, please return this Prospectus to Caltex Australia Limited immediately. You may not forward or circulate this Prospectus to any other person in Singapore.

The Offer is not made to you with a view to the Notes being subsequently offered for sale to any other party. There are on-sale restrictions in Singapore (set out in, among others, sections 257 and 276 of the SFA) that may be applicable to investors who acquire Notes pursuant to an offer made in reliance on an exemption under section 274 or section 275 of the SFA. As such, investors are advised to acquaint themselves with the SFA provisions relating to resale restrictions in Singapore and comply accordingly. In the event of any doubt as to your legal rights and obligations, please obtain professional advice. As this Prospectus in connection with the Offer is not a prospectus as defined under the SFA, statutory liability under the SFA in relation to the content of prospectuses will not apply. You should consider carefully whether the investment is suitable for you.

New Zealand

This Prospectus has not been registered, filed with or approved by any New Zealand regulatory authority under or in accordance with the Securities Act 1978 (New Zealand). The Notes are not being offered or sold in New Zealand, or allotted with a view to being offered for sale in New Zealand, and no person in New Zealand may accept a placement of Notes other than to:

- persons whose principal business is the investment of money or who, in the course of and for the purposes of their business, habitually invest money; or
- persons who are each required to: (i) pay a minimum subscription price of at least NZ\$500,000 for the Notes before allotment, or (ii) have previously paid a minimum subscription price of at least NZ\$500,000 for securities of Caltex (initial securities) in a single transaction before the allotment of such initial securities and such allotment was not more than 18 months prior to the date of this Prospectus.

United States

This document may not be released or distributed in the United States. This document does not constitute an offer to sell, or a solicitation of an offer to buy, securities in the United States. Any securities described in this document have not been, and will not be, registered under the Securities Act and may not be offered or sold in the United States except in transactions exempt from, or not subject to, registration under the Securities Act and applicable US state securities laws.

Each Broker Firm Applicant, and each person to whom the Institutional Offer is made under this Prospectus, will be taken to have represented, warranted and agreed as follows:

- it understands that the Notes have not been, and will not be, registered under the Securities Act or the securities laws of any State of the United States and may not be offered, sold or resold in the United States except in a transaction exempt from, or not subject to, registration under the Securities Act and any other applicable securities laws;

- if a person referred to in this Section 9.7 is in a jurisdiction outside Australia, it is a person to whom this Prospectus may be distributed, or Notes offered or sold, in accordance with this Section without lodgement, filing or registration of this Prospectus with any government authority of that jurisdiction;
- it is not in the United States; and
- neither it, any of its affiliates nor any person acting on its behalf will offer, sell or resell the Notes in the United States or in any other jurisdiction outside Australia except in transactions exempt from, or not subject to, registration under the Securities Act and in compliance with all applicable laws in the jurisdiction in which Notes are offered and sold.

9.8 Caltex legal proceedings

Caltex and certain of Caltex's subsidiaries are party to various legal actions and claims which have arisen in the ordinary course of business. Any liabilities arising from such legal actions and claims are not expected to have a material adverse effect on the consolidated entity comprised of Caltex and Caltex's subsidiaries.

9.9 ASX confirmation

Caltex has received in-principle confirmation from the ASX that:

- the ASX will classify the Notes as debt securities; and
- the ASX will allow the Notes to trade on a deferred settlement basis in accordance with the timetable set out in this Prospectus.

9.10 Privacy

If you apply for the Notes, you will be asked to provide personal information to Caltex (and the Joint Lead Managers or your Syndicate Broker, if you are a Broker Firm Applicant) and the Registry, on Caltex's behalf.

Caltex, the Registry and the Joint Lead Managers (or your Syndicate Broker) will collect, hold and use that personal information to assess your Application, service your needs as a Holder, and provide facilities and services that you request and carry out appropriate administration.

Company and tax law requires some of the information to be collected. If you do not provide the information requested, your Application may not be able to be processed efficiently, if at all.

Under the Privacy Act, you may request access to your personal information held by or on behalf of Caltex.

You can request access to your personal information or obtain further information about Caltex's management practices by contacting the Registry or Caltex. If the Registry's record of your personal information is incorrect or out of date, it is important that you contact Caltex or the Registry so that your records can be corrected.

9.11 Availability of other documents

Caltex will provide a copy of each of the following documents, free of charge, to any person on request between the date of issue of this Prospectus and the Issue Date:

- the annual financial report for the 12 months ended 31 December 2011, being the annual financial report most recently lodged by Caltex with ASIC; and
- any continuous disclosure notices given to the ASX by Caltex after the lodgement of the annual financial report referred to above and before the date of lodgement of this Prospectus with ASIC.

The above information may be obtained from Caltex's website at www.caltex.com.au.

If you would like to receive a copy of any of these documents or publications, please contact the Caltex Offer Information Line on 1300 638 671 (within Australia) or +61 3 9415 4659 (outside Australia) at any time from 8.30am to 5.30pm Sydney time Monday to Friday during the Offer Period.

9.12 Governing law

This Prospectus and the contracts that arise from the acceptance of the Applications are governed by the law applicable in New South Wales, Australia and each Applicant submits to the non-exclusive jurisdiction of the courts of New South Wales, Australia.

9.13 Statement of Directors

Each Director has given and has not withdrawn their consent to the issue of this Prospectus and to its lodgement with ASIC.



A

Appendix A: Terms of Issue

Appendix A. Terms of Issue

1. Form of Notes

1.1 Constitution under Trust Deed

Notes are unsecured and subordinated debt obligations of Caltex constituted by, and owing under, the Trust Deed. Notes are unsecured notes for the purposes of section 283BH of the Corporations Act.

1.2 Form

Notes are issued in registered form by entry in the Register.

1.3 Face Value

Notes are issued fully paid with a Face Value of \$100.00.

1.4 Issue

Caltex may issue Notes at any time to any person at an issue price of \$100.00 for each Note. The issue price must be paid in full on application.

1.5 Currency

Notes are denominated in Australian dollars.

1.6 Clearing System

The rights of a person holding an interest in the Notes are subject to the rules and regulations of the Clearing System.

1.7 No certificates

No certificates will be issued to Holders unless Caltex determines that certificates should be available or are required by any applicable law.

1.8 ASX quotation

Caltex must use all reasonable endeavours and furnish any documents, information and undertakings as may be reasonably necessary in order to ensure that the Notes are, and until Redeemed remain, quoted on ASX.

1.9 No other rights

Notes confer no rights on a Holder:

- a) to vote at any meeting of shareholders of Caltex;
- b) to subscribe for new securities or to participate in any bonus issues of securities of Caltex; or
- c) to otherwise participate in the profits or property of Caltex, except as set out in these Terms or the Trust Deed.

2. Interest

2.1 Interest

- a) Each Note bears interest on its Face Value from (and including) the Issue Date to (but excluding) the Maturity Date or any Redemption Date at the Interest Rate.
- b) Subject to these Terms, interest in respect of a Note accrues daily and is payable in arrears on each Interest Payment Date to the person registered on the Record Date in respect of that Interest Payment Date as the Holder of the Note.

2.2 Interest Rate

- a) The Interest Rate payable in respect of a Note must be determined by Caltex in accordance with these Terms.
- b) The Interest Rate applicable to a Note for each Interest Period (expressed as a percentage per annum) is calculated according to the following formula:

$$\text{Interest Rate} = \text{Bank Bill Rate} + \text{Margin}$$

where:

Bank Bill Rate (expressed as a percentage per annum) means, for the relevant Interest Period, the average mid rate for Bills having a tenor of 3 months as displayed at approximately 10:10 am on the "BBSW" page of the Reuters Monitor System (or any page that replaces that page) on the first Business Day of the Interest Period. However, if the average mid rate is not displayed by 10:30 am on that day, or if it is displayed but Caltex determines that there is an obvious error in that rate, **Bank Bill Rate** means the rate determined by Caltex in

good faith at approximately 10:30 am on that day having regard, to the extent possible, to the rates otherwise bid and offered for bank accepted Bills of that tenor at or around that time (including any displayed on the “BBSY” or “BBSW” page of the Reuters Monitor System (or any page that replaces that page)).

Margin (expressed as a percentage per annum) means in respect of the Interest Period:

- i) for each Interest Period commencing on a date before the First Call Date, the Initial Margin; and
- ii) for each Interest Period commencing on or after the First Call Date, the Step-up Margin.

2.3 Calculation of Interest Rate and interest payable

- a) Caltex must, as soon as practicable after determining the Interest Rate in relation to each Interest Period, calculate the amount of interest payable for the Interest Period in respect of the Face Value of each Note, and must promptly notify the Trustee and ASX of such determination. The notice must also specify that payment of interest is subject to the deferral condition in Clause 2.6 of these Terms. Caltex may amend its determination of the amount of interest payable for an Interest Period in respect of the Face Value of each Note to give effect to the calculation in Clause 2.3(b) without prior notice to the Holders, the Trustee or ASX, but must notify the Trustee and ASX after doing so.
- b) The amount of interest payable on each Note for an Interest Period is calculated according to the following formula:

$$\text{Interest payable} = \frac{\text{Interest Rate} \times \$100 \times N}{365}$$

where:

N means, in respect of:

- i) the first Interest Payment Date in respect of a Note, the number of days from, and including, the Issue Date to, but excluding, the first Interest Payment Date; and
 - ii) each subsequent Interest Payment Date, the number of days from, and including, the preceding Interest Payment Date to, but excluding, that Interest Payment Date or, in the case of the last Interest Period, the Maturity Date or Redemption Date.
- c) The Interest Rate determined by Caltex must be expressed as a percentage rate per annum.

2.4 Determination final

The determination by Caltex of all amounts, rates and dates required to be determined by it under these Terms is, in the absence of wilful default or manifest error, final and binding on Caltex, the Trustee, the Registry and each Holder.

2.5 Calculations

For the purposes of any calculations required under these Terms:

- a) all percentages resulting from the calculation must be rounded, if necessary, to the nearest ten-thousandth of a percentage point (with 0.00005% being rounded up to 0.0001%);
- b) all figures must be rounded to four decimal places (with 0.00005 being rounded up to 0.0001); and
- c) all amounts that are due and payable must be rounded to the nearest one cent (with 0.5 of a cent being rounded up to one cent).

2.6 Deferral of Interest Payments

- a) Caltex may determine in its sole discretion not to pay all or part of the Interest Payment payable on an Interest Payment Date. If Caltex so determines, the Interest Payment (or part thereof) will not be due and payable and will not be paid until the Payment Reference Date, and any Interest Payment (or part thereof) not paid on an Interest Payment Date will constitute a **Deferred Interest Payment**.
- b) Interest will accrue on a daily basis on each Deferred Interest Payment:
 - i) at the same Interest Rate as applies to the Notes from time to time in accordance with Clause 2.3 of these Terms; and
 - ii) from (and including) the date on which (but for such deferral) the Deferred Interest Payment would otherwise have been due to (but excluding) the date the Deferred Interest Payment is paid,

and such additional interest will be added to the Deferred Interest Payment (and thereafter accumulate additional interest accordingly) on each Interest Payment Date. Each Deferred Interest Payment and additional interest thereon will be payable in accordance with Clause 2.8 of these Terms.

- c) Caltex will notify the Holders and the Trustee of any resolution not to pay all or part of the Interest Payment falling due on an Interest Payment Date not less than 16 Business Days prior to the relevant Interest Payment Date. Deferral of Interest Payments pursuant to this clause will not constitute an Event of Default or a default of Caltex or a breach of its obligations under these Terms or the Trust Deed or for any other purpose.

2.7 Dividend and capital restrictions

If:

- a) some or all of an Interest Payment is deferred under Clause 2.6 of these Terms; and
- b) the Interest Payment has not been paid in full within 20 Business Days after the relevant Interest Payment Date on which it would otherwise have been due,

Caltex will not (other than in respect of employee incentive plans):

- c) declare or pay any dividend, interest or distribution, on any Equal Ranking Obligations, Junior Ranking Obligations or any Shares (other than a payment made pro-rata on Notes and Equal Ranking Obligations in relation to that payment); or
- d) redeem, reduce, cancel, purchase or buy-back any of its Equal Ranking Obligations, Junior Ranking Obligations or any Shares (other than a redemption, reduction, cancellation, purchase or buy-back of the Notes and Equal Ranking Obligations on a pro-rata basis),

until the date on which all Deferred Interest Payments have been paid in full, unless Holders by Special Resolution have approved such action.

2.8 Payment of Deferred Interest Payments

- a) Subject to paragraph (b), Caltex may elect at its discretion to pay any Deferred Interest Payment at any time.
- b) A Deferred Interest Payment will become due and payable, and Caltex must pay that Deferred Interest Payment, on the Payment Reference Date, by giving at least six and no more than 15 Business Days' prior notice to the Holders and the Trustee.

3. Redemption and purchase

3.1 Redemption on Maturity Date

Each Note must be Redeemed by Caltex on the Maturity Date at its Redemption Amount unless:

- a) the Note has been previously Redeemed; or
- b) the Note has been purchased by or on behalf of Caltex and cancelled.

3.2 Early redemption at the option of Caltex

Caltex may redeem all the Notes on the First Call Date or on any Interest Payment Date after that date at their Redemption Amount, by giving at least 30 but no more than 60 calendar days' irrevocable notice of redemption to the Holders and the Trustee.

3.3 Early redemption by Caltex due to the occurrence of certain events

- a) If a Change of Control Event, a Tax Event, a Capital Event or a Clean-up Event occurs, Caltex may redeem all the Notes before the Maturity Date at their Redemption Amount.
- b) Caltex may only redeem the Notes under paragraph (a) if Caltex has given at least 10 Business Days' (and no more than 45 Business Days') notice of redemption to the Holders and the Trustee. The notice must set out reasonable details of the relevant event and the proposed Redemption Date.
- c) If the Notes are to be redeemed under paragraph (a) because of a Tax Event:
 - i) before Caltex gives the notice of redemption under sub-paragraph (b), Caltex must have obtained and delivered to the Trustee an opinion of an independent legal or tax adviser of recognised standing that the event or circumstance set out in paragraph (a)(i) or (a)(ii) of the definition of **Tax Event** in Clause 13.3 of these Terms has occurred or is more likely than not to have occurred; and
 - ii) the notice of redemption may not be given earlier than:

- A) 90 calendar days before the earliest day on which payment of interest on a Note is (or would more likely than not be) not allowed as a deduction as set out in paragraph (a)(i) of the definition of **Tax Event** in Clause 13.3 of these Terms; or
- B) 45 calendar days before the earliest day on which Caltex would for the first time be (or would more likely than not be) obliged to pay an Additional Amount as set out in paragraph (a)(ii) of the definition of **Tax Event** in Clause 13.3 of these Terms.

3.4 Early redemption by Holders following a Change of Control Event

- a) If a Change of Control Event has occurred and remains current, Caltex will no later than 60 calendar days after the Change of Control Event arising notify the Holders and the Trustee accordingly (a **Change of Control Notice**). The Change of Control Notice will contain a statement confirming whether or not Caltex intends to exercise its right to redeem all Notes and, if Caltex does not intend to exercise its right to redeem all Notes, of the Holder's entitlement to exercise their rights under Clause 3.4(b) of these Terms. The Change of Control Notice will also specify, if relevant:
 - i) the material facts comprising the Change of Control Event (including the date on which the Change of Control Event occurred);
 - ii) the Put Date; and
 - iii) that a Put Notice, once validly given, is irrevocable.
- b) If the Change of Control Notice specifies that Caltex does not intend to exercise its right to redeem all Notes, or Caltex does not give a Change of Control Notice as required by Clause 3.4(a) of these Terms, a Holder may require Caltex to redeem or, at Caltex's option, purchase (or procure the purchase of), all Notes held by the Holder on the Put Date at their aggregate Redemption Amount, by giving at least 30 but no more than 60 calendar days' notice prior to the Put Date (a **Put Notice**).
- c) The Put Notice must include:
 - i) the name and address of the Holder; and
 - ii) confirmation that the Holder authorises the production of the Put Notice in any applicable administrative proceedings.
- d) If, after a Holder exercises its rights under Clause 3.4(b) of these Terms, Caltex chooses to exercise its right to redeem Notes pursuant to Clause 3.2 or Clause 3.3 of these Terms, all Notes will be redeemed in accordance with Clause 3.2 or Clause 3.3 of these Terms (as applicable) and not in accordance with Clause 3.4(b) of these Terms. In such circumstances, all Put Notices will be disregarded.

3.5 Effect of notice of redemption

Any notice of redemption given under this Clause 3 is irrevocable.

3.6 Purchase and cancellation

- a) Caltex and any of its Related Bodies Corporate may at any time on or after the First Call Date purchase Notes in the open market or otherwise (including by tender offer) and at any price.
- b) Notes purchased under this Clause 3.6 may be held, resold or cancelled at the discretion of the purchaser (or, if the Notes are to be cancelled, Caltex), subject to compliance with any applicable law or requirement of ASX (or any securities exchange or other relevant authority on which the Notes are quoted).
- c) All Notes which are purchased by or on behalf of Caltex and which Caltex elects to cancel, and all Notes which are redeemed, will promptly be cancelled and accordingly may not be held, reissued or resold.

3.7 Interest on unpaid Redemption Amount

When any Note becomes due for redemption and the Redemption Amount is not paid on the Redemption Date or the Maturity Date, then from the Redemption Date or Maturity Date (as applicable) until the actual payment of the Redemption Amount, interest on the Redemption Amount will accrue on a daily basis at the Interest Rate determined from time to time in accordance with Clause 2.2 of these Terms and such interest will be payable when the relevant Note is finally redeemed.

4. Ranking and subordination

4.1 Ranking

The Notes are direct, unsecured and subordinated debt obligations of Caltex and rank equally without preference or priority among themselves. The ranking of Notes is not affected by the date of registration of any Holder in the Register. The rights and claims of the Holders are subordinated as described in Clause 4.2 of these Terms.

4.2 Subordination

The Holder Claims, including any claim in respect of Deferred Interest Payments, will, in an Event of Insolvency of Caltex, rank in such Event of Insolvency:

- a) junior to the rights and claims of the holders of all Senior Obligations;
- b) equally with each other and with the rights and claims of the holders of any Equal Ranking Obligations; and
- c) senior to the rights and claims of holders of any Junior Ranking Obligations and any Shares, and for the purposes of giving effect to this ranking, in any Event of Insolvency of Caltex the Holder Claims:
 - d) are subordinated and postponed and subject in right of payment to payment in full of the rights and claims of the holders of Senior Obligations; and
 - e) may only be proved as a debt which is subject to prior payment in full of the rights and claims of the holders of Senior Obligations.

4.3 Holder acknowledgments

Each Holder acknowledges and agrees that:

- a) this Clause 4 is a debt subordination for the purposes of section 563C of the Corporations Act;
- b) the claims of holders of Senior Obligations to which it is subordinated include the entitlement of each holder of Senior Obligations to interest under section 563B of the Corporations Act and it does not have, and waives to the maximum extent permitted by law, any entitlement to interest under section 563B of the Corporations Act;
- c) the debt subordination effected by this Clause 4 is not affected by any act or omission of Caltex or any holder of a Senior Obligation which might otherwise affect it at law or in equity;
- d) to the maximum extent permitted by applicable law, it may not exercise or claim (nor will the Trustee exercise or claim on its behalf) any right of set off or counterclaim in respect of any amount owed by it to Caltex against any amount owed to it by Caltex in respect of Notes and it shall waive and be deemed to have waived such rights of set off or counterclaim; and
- e) it may not exercise any voting rights as a creditor in any administration which follows an Event of Insolvency until after all holders of Senior Obligations have been paid in full or otherwise in a manner inconsistent with the subordination contemplated in this Clause 4.

5. Events of Default

5.1 Events of Default

Each of the following is an Event of Default:

- a) Caltex does not pay any Redemption Amount, Interest Payment or Deferred Interest Payment which is due and payable in respect of the Notes in full within 30 calendar days after it has become due and payable; or
- b) an order is made (other than an order successfully appealed or permanently stayed within 60 calendar days) by a State or Federal Court in the Commonwealth of Australia or a resolution is passed by the shareholders of Caltex for the winding up of Caltex (other than for the purpose of a Solvent Reorganisation of Caltex),

except that each of the following do not constitute an Event of Default:

- c) the non-payment by Caltex of any amount due and payable in respect of any Notes:
 - i) in order to comply with any fiscal or other law or regulation or with the order of any court of competent jurisdiction, in each case applicable to such payment; or
 - ii) in cases of doubt as to the validity or applicability of any such law, regulation or order, in accordance with advice given by an independent law firm acceptable to the Trustee as to such validity or applicability; and
- d) for the avoidance of doubt, the deferral of any Interest Payment under Clause 2.6 of these Terms.

5.2 Consequences of an Event of Default

If an Event of Default occurs and while it is subsisting, the Trustee may, and must if so directed by a Special Resolution of the Holders or so requested in writing by the Holders of at least 25% of the total Face Value of Notes then outstanding:

- a) give notice to Caltex that the Redemption Amount applicable to each Note is due and payable (and that amount will immediately become due and payable when the notice is served or on such later date specified in the notice); and
- b) subject to Clause 4 of these Terms, institute proceedings for the winding up of Caltex or prove in the winding up of Caltex or claim in the liquidation of Caltex, for the amount payable under these Terms.

5.3 Enforcement by the Trustee

- a) The Trustee may at any time, at its discretion and without further notice, institute such proceedings against Caltex as it may think fit to enforce any term or condition binding on Caltex under the Trust Deed or these Terms, except that (without prejudice to Clause 5.2 of these Terms) the Trustee must not institute any proceedings or take any steps to enforce any payment obligation of Caltex under or arising from the Trust Deed or the Notes (other than as permitted under Clause 5.5 of these Terms), including, without limitation, payment of any principal or interest in respect of the Notes, any Redemption Amount, Interest Payment or Additional Amount, and including damages awarded for the breach of any obligation, and in no event shall Caltex, by virtue of the institution of any such proceedings or steps, be obliged to pay any sum or sums in cash or otherwise, sooner than the same would otherwise have been payable by it under these Terms.
- b) Notwithstanding paragraph (a), if:
 - i) an Event of Default described in paragraph (a) of Clause 5.1 of these Terms has occurred and is subsisting; and
 - ii) the Trustee has instituted and completed proceedings for the winding up of Caltex in accordance with Clause 5.2 of these Terms, and in those proceedings a court of competent jurisdiction has declined to wind up Caltex because Caltex is at that time solvent,

the Trustee may, and must if so directed by a Special Resolution of the Holders or so requested in writing by the Holders of at least 25% of the total Face Value of Notes then outstanding, institute any proceeding or take any step to enforce Caltex's obligation to pay any amounts which are then due and payable by it in respect of the Notes.

5.4 Trustee not bound to enforce

The Trustee shall not in any event be bound to take any action referred to in Clause 5.2 of these Terms unless:

- a) it shall have been so requested by, in aggregate, Holders holding between them at least 25% of the total Face Value of the Notes then outstanding or it shall have been so directed by a Special Resolution of the Holders; and
- b) it shall have been indemnified as contemplated by Clause 2.3 of the Trust Deed.

5.5 No other remedies against Caltex

Except as permitted by this Clause 5, no remedy against Caltex shall be available to the Trustee or the Holders in respect of any breach by Caltex of any of its obligations under the Trust Deed or these Terms, other than payment of the costs, charges, liabilities, expenses or remuneration of the Trustee.

5.6 Holders' right to enforce

No Holder shall be entitled to proceed directly against Caltex to enforce any right or remedy under or in respect of any Note unless the Trustee, having become bound so to proceed, fails so to do within a reasonable period and the failure is continuing, in which case any such Holder may itself institute proceedings against Caltex for the relevant remedy to the same extent (but not further or otherwise) that the Trustee would have been entitled to do so.

6. Title and transfer of Notes

The provisions relating to title and transfer of the Notes are set out in Clause 18 of the Trust Deed.

7. Payments

The provisions relating to payment in connection with the Notes are set out in Clause 19 of the Trust Deed.

8. Taxation

8.1 No deductions

All payments in respect of the Notes must be made in full without any withholding or deduction in respect of Taxes, unless prohibited by law.

8.2 Withholding tax gross-up

Subject to Clause 8.3 of these Terms, if a law requires Caltex to withhold or deduct an amount in respect of Taxes from a payment in respect of the Notes such that the Holder would not receive on the due date the full amount provided for under the Notes, then:

- a) Caltex is authorised to deduct the amount for the Taxes (and any further withholding or deduction applicable to any further payment due under paragraph (b) below); and
- b) if the amount deducted or withheld is in respect of Taxes imposed by a Relevant Tax Jurisdiction, Caltex agrees to pay such additional amount (the **Additional Amount**) as may be necessary in order that the net amount received by the Holder after the withholding or deduction (and any further withholding or deduction applicable to such Additional Amount) will equal the respective amount which would otherwise have been receivable in respect of the Notes in the absence of the withholding or deduction.

8.3 Exceptions to gross-up

No Additional Amounts are payable under Clause 8.2(b) of these Terms in respect of any Note:

- a) to, or to a third party on behalf of, a Holder who is liable to such Taxes in respect of such Note by reason of the person having some connection with a Relevant Tax Jurisdiction other than the mere holding of such Note;
- b) to, or to a third party on behalf of, a Holder who could lawfully avoid (but has not so avoided) the deduction or withholding by complying, or procuring that third party complies, with any statutory requirements or by making, or procuring that third party makes, a declaration of non-residence or similar case for exemption to any tax authority;
- c) to, or to a third party on behalf of, a Holder who is an Offshore Associate and not acting in the capacity of a clearing house, paying agent, custodian, funds manager or responsible entity of a registered scheme within the meaning of the Corporations Act;
- d) to, or to a third party on behalf of, an Australian resident Holder or a non-resident Holder carrying on business in Australia at or through a permanent establishment of the non-resident in Australia, if the Holder or that third party has not supplied an appropriate tax file number, an Australian business number or other exemption details;
- e) to, or to a third party on behalf of, a Holder on account of amounts which the Australian Commissioner of Taxation requires Caltex to withhold under section 255 of the *Income Tax Assessment Act 1936* (Cth) or section 260-5 of Schedule 1 of the *Taxation Administration Act 1953* (Cth); or
- f) if the Taxes have been imposed or levied as a result of the Holder being party to or participating in a scheme to avoid such Taxes, being a scheme which Caltex was neither a party to nor participated in.

9. Further issues

Subject to applicable law, there are no restrictions under these Terms or the Trust Deed on Caltex incurring any debt obligations, whether subordinated or not or ranking in priority ahead of, equal with or behind Notes (including any Notes that rank equally with Notes and are consolidated and form a single series with Notes) or upon such terms as to ranking, dividends or interest, conversion, redemption and otherwise as Caltex may determine at the time of issue.

10. Issuer substitution

The Trustee may, without the consent or approval of the Holders, agree with Caltex to the substitution in place of Caltex of any of its Subsidiaries (or of any previous substitute under this clause) as the issuer of the Notes and the principal debtor under these Terms and the Trust Deed, subject to:

- a) Caltex being satisfied that the interests of the Holders will not be materially prejudiced by the substitution; and
- b) compliance with the conditions set out in Clause 12 of the Trust Deed.

11. Notices

11.1 Notices to Holders

- a) Without limiting anything else in these Terms, a notice or communication may be given by Caltex or the Trustee to any Holder (or, in the case of joint Holders, to the Holder whose name appears first in the Register) in writing:
 - i) to the Holder personally;
 - ii) to the Holder by leaving it at the Holder's address as shown in the Register;
 - iii) by sending it by prepaid post (by airmail, if posted to a place outside Australia) to the Holder's address as shown in the Register;
 - iv) by sending it by email to the Holder's e-mail address shown in the Register;
 - v) by sending it by fax to the Holder's fax number shown in the Register;
 - vi) by Caltex posting, at the request of the Trustee, the notice on the Trustee's internet website or by the Trustee posting such notice on its internet website;
 - vii) by publishing it in the Australian Financial Review, The Australian or any other newspaper of national circulation in Australia; or
 - viii) by any other means that Caltex and the Trustee agree in writing and notify to the Holder.
- b) If a notice or communication to a Holder is signed, the signature may be original or printed.
- c) If a notice or communication is given by Caltex to Holders generally, a copy of that notice must also be given to ASX.

11.2 Notices to Caltex or the Trustee

A notice or communication given by a Holder to Caltex or the Trustee must:

- a) be in writing;
- b) be left at, or sent by prepaid post (airmail if appropriate) to the address below or last notified by Caltex or the Trustee (as applicable), or sent by fax or email to the fax number or email address below or last notified by Caltex or the Trustee (as applicable):

Caltex

Level 24, 2 Market Street
Sydney NSW 2000
Facsimile number: +61 2 9250 5377
Email address: ctreasury@caltex.com.au
Attention: The Treasurer

Trustee

Australian Executor Trustees Limited
207 Kent Street
Sydney NSW 2000
Facsimile number: +61 2 9028 5942
Email address: corptrustnotes@aetlimited.com.au
Attention: Corporate Trustee

- c) if it is a notice or communication to Caltex and it is sent by fax, must also be sent by email to the email address above or last notified by Caltex.

11.3 When notices are considered to be received

- a) Any notice or communication is taken to be given:
 - i) if delivered personally or left at the intended recipient's address, when delivered;
 - ii) if sent by post, three days after it is mailed in a prepaid envelope to the intended recipient's address;
 - iii) if sent by facsimile or other electronic transmission (including e-mail), at the time shown in the transmission report of the sending machine which indicates that the fax or other electronic transmission was sent in its entirety to the fax number or other transmission address of the intended recipient without error; and
 - iv) if published in a newspaper, on the first date that publication has been made in all the required newspapers or on the fourth Business Day after delivery to a Clearing System.

- b) Despite paragraph (a), if notices or other communications are received after 5.00 pm in the place of receipt or on a non-Business Day, they are taken to be received at 9.00 am on the next Business Day.

11.4 Notice to transferor bind transferee

Every person who, by operation of law, transfer or other means, becomes entitled to be registered as the holder of any Notes is bound by every notice which, prior to the person's name and address being entered in the Register, was properly given to the person from whom the person derived title to those Notes.

11.5 Service on deceased Holders

A notice or communication served in accordance with this Clause 11 is (despite the fact that the Holder is dead and whether or not the sender has notice of the Holder's death) considered to have been properly served in respect of any Notes, whether held solely or jointly with other persons by the Holder, until some other person is registered in the Holder's place as the Holder or joint Holder. The service is sufficient service of the notice or document on the Holder's personal representative and any person jointly interested with the Holder in Notes.

11.6 Copy of notices to Trustee

Whenever Caltex issues any notice or communication under these Terms to Holders, Caltex must at the same time provide to the Trustee a copy of the notice or communication.

12. General provisions and governing law

12.1 Time limit for claims

A claim against Caltex for a payment under a Note is void unless made within ten years after the date on which payment first became due.

12.2 Amendments without consent

At any time, but subject to compliance with the Trust Deed, the Corporations Act and all other applicable laws, Caltex may without the consent of the Holders or (if the amendment would not alter the rights and obligations of the Trustee other than in respect of the Claims of the Holders in respect of Notes) the Trustee, amend these Terms if Caltex is of the opinion that such amendment is:

- a) of a formal or technical or minor nature;
- b) made to cure any ambiguity or correct any manifest error;
- c) necessary or expedient for the purpose of enabling the Notes to be:
 - i) listed for quotation, or to retain quotation, on any stock exchange; or
 - ii) offered for subscription or for sale under the laws for the time being in force in any place, and not materially prejudicial to the interests of Holders as a whole;
- d) necessary to comply with:
 - i) the provisions of any statute or the requirements of any statutory authority; or
 - ii) the ASX Listing Rules or the listing or quotation requirements of any stock exchange on which Caltex may propose to seek a listing or quotation of the Notes, and not materially prejudicial to the interests of Holders as a whole; or
- e) not, and is not likely to become, taken as a whole and in conjunction with all other amendments to be made contemporaneously with that amendment, materially prejudicial to the interest of Holders as a whole, provided that:
- f) Notes following such amendment will have a level of equity credit ascribed to them by the Rating Agency which is equal to or higher than that which was ascribed to Notes immediately prior to such amendment; and
- g) such amendment would not give rise to a Tax Event.

12.3 Amendments with consent

At any time, but subject to compliance with the Corporations Act and all other applicable laws, Caltex may with the approval of the Trustee amend these Terms:

- a) except as otherwise provided in paragraphs (b) or (c) below, if such alteration is authorised by a Holder Resolution;

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- b) in the case of an alteration to this Clause 12.3 or any clause of the Trust Deed providing for Holders to give a direction to the Trustee by a Special Resolution, if a Special Resolution is passed in favour of such alteration; and
 - c) otherwise in accordance with the Trust Deed.

12.4 Amendments binding

Any amendment to these Terms in accordance with this Clause 12 is binding on all Holders.

12.5 No consent of holders of Senior Obligations

Nothing in these Terms requires the consent of the holder of any Senior Obligation or Equal Ranking Obligation to the amendment of any Terms made in accordance with this Clause 12.

12.6 Non-resident Holders

- a) Where Notes are held by, or on behalf of, a person resident outside the Commonwealth of Australia, then, despite anything else to the contrary contained in or implied by these Terms or the Trust Deed, it is a condition precedent to any right of the Holder to receive payment of any monies in respect of those Notes that all necessary authorisations (if any) and any other statutory requirements which may then be in existence are obtained at the cost of the Holder and satisfied.
- b) For the purposes of Clause 12.6, authorisation includes any consent, authorisation, registration, filing, lodgement, permit, franchise, agreement, notarisation, certificate, permission, licence, approval, direction, declaration, authority or exemption from, by or with any government or any government agency.

12.7 Governing law

The Notes are governed by the law in force in New South Wales, Australia.

12.8 Jurisdiction

Caltex, the Trustee and the Holders irrevocably and unconditionally submit to the non-exclusive jurisdiction of the courts of New South Wales, Australia and courts of appeal from them. Caltex, the Trustee and each Holder waives any right it has to object to an action being brought in those courts, to claim that such action has been brought in an inconvenient forum, or to claim those courts do not have jurisdiction.

13. Definitions and interpretation

13.1 Interpretation

Headings are for convenience only and do not affect interpretation. The following rules apply unless the context requires otherwise.

- a) The singular includes the plural and the converse.
- b) A gender includes all genders.
- c) Where a word or phrase is defined, its other grammatical forms have a corresponding meaning.
- d) A reference to a person, corporation, trust, partnership, unincorporated body or other entity includes any of them.
- e) A reference to a clause, annexure or schedule is a reference to a clause of, or annexure or schedule to, these Terms.
- f) A reference to a person includes a reference to the person's executors, administrators, successors and permitted assigns and substitutes.
- g) A reference to legislation or to a provision of legislation includes a modification or re-enactment of it, a legislative provision substituted for it and a regulation or statutory instrument issued under it.
- h) A reference to **writing** includes a facsimile transmission and any means of reproducing words in a tangible and permanently visible form.
- i) A reference to **conduct** includes an omission, statement or undertaking, whether or not in writing.
- j) The meaning of terms is not limited by specific examples introduced by **including**, or **for example**, or similar expressions.
- k) An Event of Default **subsists** until it has been remedied or waived in writing by the Trustee.
- l) All references to time are to Sydney time.
- m) Nothing in these Terms is to be interpreted against a party on the ground that the party put it forward.

- n) A reference to **Australian dollars, dollar, \$ or cent** is a reference to the lawful currency of Australia. If a payment is required to be made under these Terms, unless the contrary intention is expressed, the payment will be made in Australian dollars.
- o) Any agreement, representation, warranty or indemnity by two or more parties (including where two or more persons are included in the same defined term) binds them jointly and severally.
- p) If an event under these Terms must occur on a stipulated day which is not a Business Day, then the event will be done on the next Business Day.
- q) A reference to **equity credit** includes any similar nomenclature that is being used by the Rating Agency at the relevant time.
- r) A reference to **amend** includes modify, cancel, alter, waive or add to and **amendment** has the corresponding meaning.

13.2 Document or agreement

A reference to:

- a) an **agreement** includes an Encumbrance, Guarantee, undertaking, deed, agreement or legally enforceable arrangement whether or not in writing; and
- b) a **document** includes an agreement (as so defined) in writing or a certificate, notice, instrument or document.

A reference to a specific agreement or document includes it as amended, novated, supplemented or replaced from time to time, except to the extent prohibited by these Terms.

13.3 Definitions

The following definitions apply unless the context requires otherwise.

Additional Amount means an additional amount payable by Caltex under Clause 8.2 of these Terms.

ASX means ASX Limited (ABN 98 008 624 691) or the securities market operated by it, as the context requires.

ASX Listing Rules means the listing rules of ASX.

ASX Settlement means ASX Settlement Pty Ltd (ABN 49 008 504 532).

ASX Settlement Operating Rules means the settlement rules made by ASX Settlement.

Australian Tax Act means the *Income Tax Assessment Act 1936* (Cth) and, where applicable, the *Income Tax Assessment Act 1997* (Cth).

Bill has the meaning it has in the *Bills of Exchange Act 1909* (Cth) and a reference to the acceptance of a Bill is to be interpreted in accordance with that Act.

Bookbuild means the process conducted by, or on behalf of, Caltex prior to the opening of the offer for the Notes whereby certain institutional investors and brokers who wish to obtain a firm allocation of the Notes (whether for themselves or their clients) lodge bids for the Notes.

Business Day has the meaning given to that term in the ASX Listing Rules.

Caltex means Caltex Australia Limited (ABN 40 004 201 307) or any Subsidiaries of Caltex which is substituted for Caltex Australia Limited (or any previous substitute) under Clause 10 of these Terms.

Caltex Group means Caltex and its Subsidiaries at any time.

Capital Event means Caltex has been notified by the Rating Agency, or has become aware following a publication by the Rating Agency, of a change in its assessment criteria such that the Notes will no longer be eligible for the same or higher category of equity credit as was initially attributed to the Notes by the Rating Agency at the time of issue of the Notes.

Change of Control Event means a person and its associates (other than Chevron Corporation and any of its associates) have a relevant interest (other than a relevant interest pursuant to a conditional arrangement or agreement or understanding) in more than 50% of the voting shares of Caltex having had a relevant interest in less than 50% of the voting shares of Caltex. **Relevant interest, voting shares** and **associate** have the same meaning as in chapter 6 of the Corporations Act. However, a Change of Control Event will not have occurred if the event which would otherwise constitute a Change of Control Event occurs as part of a Solvent Reorganisation of Caltex.

Change of Control Notice means a notice by Caltex to the Holders and the Trustee if a Change of Control Event has occurred and remains current, in accordance with Clause 3.4 of these Terms.

Clean-up Event means Caltex or any of its Related Bodies Corporate has, individually or in aggregate, purchased (and cancelled) or Redeemed Notes equal to or in excess of 80% of the aggregate Face Value of Notes issued on the Issue Date.

Clearing System means the Clearing House Electronic Sub-register System operated by ASX Settlement or any other applicable securities trading and/or clearance system.

Corporations Act means the *Corporations Act 2001* (Cth).

Deferred Interest Payment has the meaning given in Clause 2.6(a) of these Terms and will, where relevant, include any amount of additional interest accumulated in accordance with Clause 2.6(b) of these Terms.

Encumbrance means a mortgage, charge, pledge, lien or other security interest securing any obligation of any person.

Equal Ranking Obligations means any subordinated debt obligation of Caltex (other than Notes) which ranks or is expressed to rank equally with Caltex's obligations under the Notes.

Event of Default means the happening of any event set out in Clause 5.1 of these Terms.

Event of Insolvency means a winding up, liquidation, provisional liquidation or the appointment of an administrator, a liquidator, provisional liquidator or other similar officer in respect of Caltex or any corporate action is taken by Caltex to appoint such a person.

Face Value means the nominal principal amount of each Note, being \$100.00.

First Call Date means 15 September 2017.

Government Agency means any government or any governmental, semi-governmental or judicial entity or authority. It also includes any self-regulatory organisation established under statute or any stock exchange.

Guarantee means any guarantee, indemnity, letter of credit, legally binding letter of comfort, suretyship or other assurance against loss.

Holder means, in respect of a Note, the person whose name is entered on the Register as the holder of that Note.

Holder Claims means the rights and claims of the Trustee (in respect of Notes) and of the Holders in respect of Notes.

Holder Resolution means:

- a) a resolution passed at a meeting of Holders duly called and held under the Meeting Provisions:
 - i) by more than 50% of the persons voting on a show of hands (unless sub-paragraph (ii) below applies); or
 - ii) if a poll is duly demanded, then by a majority consisting of more than 50% of the votes cast; or
- b) if the meeting is by postal ballot or written resolution, then by Holders representing (in aggregate) more than 50% of the Face Value of all of the outstanding Notes.

Initial Margin means the margin expressed as a percentage per annum determined by, or on behalf of, Caltex on the basis of the bids made under the Bookbuild.

Interest Payment means the interest payable on a Note on the Interest Payment Date, as calculated in accordance with Clause 2.3 of these Terms.

Interest Payment Date means, in respect of a Note, 15 December 2012 and each subsequent 15 March, 15 June, 15 September and 15 December in each year to, and including, the Maturity Date or any Redemption Date adjusted, if necessary, in accordance with the Modified Following Business Day Convention.

Interest Period means each period beginning on (and including) an Interest Payment Date and ending on (but excluding) the next Interest Payment Date. However:

- a) the first Interest Period commences on (and includes) the Issue Date; and
- b) the final Interest Period ends on (but excludes) the Maturity Date or the Redemption Date.

Interest Rate means, for a Note, the interest rate (expressed as a percentage per annum) payable in respect of that Note calculated or determined in accordance with Clause 2.2 of these Terms.

Issue Date means, in respect of a Note, the date on which that Note is issued.

Junior Ranking Obligations means any:

- a) equity; or
- b) subordinated debt obligation which has a level of equity credit assigned to it by a rating agency, of Caltex (other than Notes) which ranks junior to Caltex's obligations under the Notes.

Maturity Date means 15 September 2037.

Meeting Provisions means the provisions for meetings of the Holders set out in schedule 2 of the Trust Deed.

Modified Following Business Day Convention means that the date is postponed to the first following day that is a Business Day unless that day falls in the next calendar month in which case that date will be the first preceding day that is a Business Day.

Note means a debt obligation issued, or to be issued, by Caltex which is constituted by, and owing under, the Trust Deed, the details of which are recorded in, and evidenced by, entry in the Register.

Offshore Associate means an associate (as defined in section 128F of the Australian Tax Act) of Caltex that is either:

- a) a non-resident of Australia which does not acquire the Notes in carrying on a business at or through a permanent establishment in Australia; or
- b) a resident of Australia that acquires the Notes in carrying on a business at or through a permanent establishment outside Australia.

Payment Reference Date means the date which is the earliest of:

- a) the date on which any dividend, distribution or interest is paid on, or any redemption, purchase or buy back is made of, or any capital return is made in relation to, any Equal Ranking Obligations, Junior Ranking Obligations or Shares (other than payments made pro rata on Notes and Equal Ranking Obligations in relation to that payment or in respect of employee incentive plans, or as otherwise approved by Holders by way of a Special Resolution);
- b) the date which is the fifth anniversary of the Interest Payment Date on which any of the then outstanding Deferred Interest Payments was initially deferred;
- c) the Maturity Date;
- d) the date on which all Notes are otherwise Redeemed; and
- e) the date on which the Trustee serves a notice of Event of Default which results from an order being made for the winding up of Caltex as described in Clause 5.1(b) of these Terms.

Put Date means the Business Day which is, or immediately follows, 120 calendar days after the occurrence of the Change of Control Event.

Put Notice means a notice given by a Holder to Caltex requiring Caltex to Redeem or, at Caltex's option, purchase (or procure the purchase of), Notes held by the Holder on the Put Date at their Redemption Amount, in accordance with Clause 3.4 of these Terms.

Rating Agency means Standard & Poor's (Australia) Pty Ltd (ABN 62 007 324 852) (or any of its Subsidiaries or any successor to its business from time to time).

Record Date means, in relation to any date on which Caltex is obliged to make an interest payment to a Holder in relation to a Note, the close of business in the place where the Register is maintained on the eighth calendar day before the relevant interest payment date or, subject to compliance with the ASX Listing Rules, the close of business on such other date as Caltex determines in its absolute discretion and notifies to Holders by a market release to ASX by the time required by the ASX Listing Rules (or if no such time is required by the ASX Listing Rules, at least six Business Days before the specified record date). If the Record Date is changed because of a requirement of ASX, Caltex will give notice of the changed Record Date to all Holders by issuing a market release to ASX.

Redemption means the redemption of a Note in accordance with Clause 3 of these Terms and the words *Redeem*, *Redeemable* and *Redeemed* bear their corresponding meanings.

Redemption Amount in respect of a Note means the sum of:

- a) 100% of the Face Value;
- b) all Deferred Interest Payments in respect of that Note that remain unpaid at the Redemption Date or Maturity Date; and

c) any accrued but unpaid interest for the Interest Period in which the Redemption Date or Maturity Date falls determined in accordance with Clause 2.3 of these Terms calculated up to (but excluding) the Redemption Date or the Maturity Date as if that date were an Interest Payment Date,

except, in the case of a Redemption before the First Call Date for a Capital Event notified to Holders and the Trustee under Clause 3.3 of these Terms, paragraph (a) of this definition will be 101% of the Face Value.

Redemption Date means, in respect of a Note, the date, other than the Maturity Date, on which the Note is Redeemed in whole.

Register means the register of Holders (established and maintained under Clause 16 of the Trust Deed) and, where appropriate, the term **Register** includes:

- a) a sub-register maintained by or for Caltex under the Corporations Act, the ASX Listing Rules or ASX Settlement Operating Rules; and
- b) any branch register.

Registry means Computershare Investor Services Pty Limited (ABN 48 078 279 277) or any other person appointed by Caltex to maintain the Register and perform any payment and other duties in relation to the Notes.

Related Body Corporate has the meaning given in the Corporations Act.

Relevant Tax Jurisdiction means:

- a) the Commonwealth of Australia or any State or Territory of Australia; or
- b) in the event of any substitution or corporate action resulting in Caltex being incorporated in any other jurisdiction, that other jurisdiction or any political sub-division or any authority of that jurisdiction having power to tax.

Senior Obligations means all obligations of Caltex (including any subordinated debt obligation ranking senior to the Notes) except for Notes, the Equal Ranking Obligations and the Junior Ranking Obligations.

Share means an ordinary share or preference share in the capital of Caltex.

Solvent Reorganisation means, with respect to Caltex, solvent winding up, deregistration, dissolution, scheme of arrangement or other reorganisation of Caltex solely for the purposes of a consolidation, amalgamation, merger or reconstruction, the terms of which:

- a) have been approved by the holders of the ordinary shares of Caltex or by a court of competent jurisdiction under which the continuing or resulting corporation effectively assumes the obligations of Caltex under these Terms and the Trust Deed; and
- b) do not have a material adverse effect on the ability of Caltex (or the corporation which has assumed the obligations of Caltex under these Terms and the Trust Deed) to perform its payment obligations under these Terms.

Special Resolution means:

- a) a resolution passed at a meeting of the Holders duly called and held under the Meeting Provisions:
 - i) by at least 75% of the persons voting on a show of hands (unless sub-paragraph (ii) below applies); or
 - ii) if a poll is duly demanded, then by a majority consisting of at least 75% of the votes cast; or
- b) a resolution passed by postal ballot or written resolution by Holders representing (in aggregate) at least 75% of the Face Value of all of the outstanding Notes.

Step-up Margin means the margin which is the Initial Margin plus 0.25% per annum.

Subsidiary has the meaning given in the Corporations Act, but as if **body corporate** includes any entity. It also includes an entity whose profit or loss is required by current accounting practice to be included in the consolidated annual profit and loss statements of that entity or would be required if that entity were a corporation.

Tax means any tax, levy, impost, charge or duty (including stamp and transaction duties) imposed by any Government Agency and any related interest, penalty, fine or expense in connection with it, except if imposed on, or calculated having regard to, the net income of the Holder.

Tax Event means:

- a) as a result of any change in, or amendment to, applicable laws, or any change in their application or official or judicial interpretation, which change becomes effective after the Issue Date:
 - i) payment of interest on a Note is not or will not be allowed as a deduction for the purposes of Caltex's income tax in the Relevant Tax Jurisdiction; or
 - ii) Caltex has or will become required to pay, in respect of an amount (the **Relevant Amount**), an Additional Amount that is at least 30% (or other percentage which is the corporate tax rate then prevailing in the Relevant Tax Jurisdiction) of the Relevant Amount; and
- b) the non-deductibility of interest on the Notes referred to in sub-paragraph (a)(i) or the payment of the Additional Amount referred to in sub-paragraph (a)(ii) cannot be avoided by Caltex taking reasonable measures available to it.

Terms means, in relation to a Note, the terms of issue of that Note as set out in schedule 1 of the Trust Deed.

Trust Deed means the trust deed dated on or about 30 July 2012 between Caltex and the Trustee, as amended from time to time.

Trustee means Australian Executor Trustees Limited (ABN 83 007 869 794) or any replacement Trustee appointed in accordance with the Trust Deed.



B

Appendix B: Glossary

Appendix B. Glossary

TERM	MEANING
ABN	Australian Business Number
Applicant	A person who lodges an Application Form in accordance with this Prospectus
Application	A valid application for the Notes made under this Prospectus by using the applicable Application Form to apply for a specified number of Notes
Application Form	Each of the paper and electronic application forms attached to, or accompanying, the Prospectus upon which an Application may be made
Application Payment	Payment which is to accompany the Application Form
ASIC	Australian Securities and Investments Commission
ASIC Guide	The guide published by ASIC entitled "Investing in corporate bonds?"
ASX	ASX Limited (ABN 98 008 624 691) or the securities market operated by it (as the context requires)
ASX Settlement Operating Rules	The settlement rules of ASX Settlement Pty Limited (ABN 49 008 504 532)
Australian Accounting Standards	The Australian International Financial Reporting Standards, as issued by the Australian Accounting Standards Board
Bank Bill Rate	Has the meaning given in Clause 2.2(b) of the Terms
Bell Potter	Bell Potter Securities Limited (ABN 25 006 390 772)
Board	The Directors acting as a Board
Bookbuild	The process described in Section 3.6.1 to determine the Margin
Broker Firm Applicant	An eligible retail client of a Syndicate Broker invited to participate through their Broker Firm Offer
Broker Firm Offer	The Offer of the Notes under this Prospectus to retail clients, of Syndicate Brokers, resident in Australia who have received a firm allocation from the Broker
Business Day	Has the meaning given to that term in the Listing Rules
Caltex	Caltex Australia Limited (ABN 40 004 201 307)
Caltex Group	Caltex and its subsidiaries and other controlled entities from time to time and, where the context requires, includes one or more of Caltex's subsidiaries and other controlled entities from time to time
Capital Event	Has the meaning given in Clause 13 of the Terms
Change of Control Event	Has the meaning given in Clause 13 of the Terms
CHESS	Clearing House Electronic Subregister System
Chevron	Chevron Corporation and its subsidiaries
Citi	Citigroup Global Markets Australia Pty Limited (ABN 64 003 114 832)
Clean-up Event	Has the meaning given in Clause 13 of the Terms
Closing Date	The closing date for the Offer which is expected to be 5.00pm (Sydney time), 28 August 2012 for the Shareholder Offer and General Offer and 10.00am (Sydney time), 4 September 2012 for the Broker Firm Offer
Co-Managers	Bell Potter, JBWere and Morgan Stanley Smith Barney
Corporations Act	<i>Corporations Act 2001</i> (Cth)
CRM	Caltex Refiner Margin

TERM	MEANING
Deferred Interest Payment	Has the meaning given in Clause 13 of the Terms
Directors	The Directors of Caltex
EBIT	Earnings before interest and tax
EBITDA	Earnings before interest, tax, depreciation and amortisation
Eligible Shareholder	A registered holder of Ordinary Shares with a registered address in Australia at 7.00pm (Sydney time) on 27 July 2012
Equal Ranking Obligation	Any subordinated debt obligation of Caltex (other than Notes) which ranks or is expressed to rank equally with Caltex's obligations under the Notes
Event of Default	Has the meaning given in Clause 13 of the Terms
Event of Insolvency	Has the meaning given in Clause 13 of the Terms
Exposure Period	The seven day period after the date this Prospectus was lodged with ASIC during which the Corporations Act prohibits the acceptance of Applications. This period may be extended by ASIC by up to a further seven days
Face Value	Face value of a Note, being \$100 per Note
First Call Date	15 September 2017
General Applicant	An Australian resident who is not an Eligible Shareholder or Broker Firm Applicant and who applies under the General Offer
General Offer	The invitation made to members of the general public who are resident in Australia to apply for Notes under this Prospectus
GST	Goods and Services Tax
HIN	Holder Identification Number
Holder	Person who is entered into the Register as the holder of a Note
Holder Resolution	Has the meaning given in Clause 13 of the Terms
Holding Statement	A statement issued to Holders by the Registry which sets out details of the Notes issued to them under the Offer
Initial Margin	The margin expressed as a percentage per annum determined by the Issuer (or another party on its behalf) on the basis of the bids made under the Bookbuild
Institutional Investor	An investor to whom offers or invitations in respect of the Notes can be made without the need for any prospectus (or other formality, other than a formality which Caltex is willing to comply with), including, in Australia, a person to whom offers or invitations can be made without the need for a lodged prospectus under section 708 of the Corporations Act and who has been invited by the Joint Lead Managers to bid for the Notes in the Bookbuild
Institutional Offer	The invitation by the Joint Lead Managers to Institutional Investors to bid for the Notes in the Bookbuild
Interest Payment	The interest payable on a Note on the Interest Payment Date, as calculated in accordance with Section 2.2. For further information see Clauses 2.2 and 2.3 of the Terms
Interest Payment Date	Has the meaning given in Clause 13 of the Terms
Interest Period	Has the meaning given in Clause 13 of the Terms
Interest Rate	Has the meaning given in Clause 13 of the Terms

TERM	MEANING
Intermediate Equity Content	Classification of the approximate proportion of Notes proceeds (being 50%) to be characterised as equity for quantitative ratio calculation purposes by the Rating Agency
Issue Date	The date of issue of the Notes, expected to be 5 September 2012
Issue Price	The issue price for the Notes under this Prospectus, being \$100 per Note
Issuer	Caltex
JBWere	JBWere Pty Ltd (ABN 68 137 978 360)
Joint Lead Managers	Citi, National Australia Bank, UBS, Westpac
Joint Structuring Advisers	Citi, UBS
Junior Ranking Obligation	Means any: <ul style="list-style-type: none"> a) equity; or b) subordinated debt obligation which has a level of equity credit assigned to it by a rating agency, of Caltex (other than Notes) which ranks junior to Caltex's obligations under the Notes
Listing Rules	The listing rules of ASX, with any modification or waivers which ASX may grant to the Issuer from time to time
Margin	The margin is expressed as a percentage per annum and applied in addition to the Bank Bill Rate to determine the Interest Payment. The margin will be determined following the Bookbuild. See Section 2.2.3 for more information
Maturity Date	Has the meaning given in Clause 13 of the Terms
Morgan Stanley Smith Barney	Morgan Stanley Smith Barney Australia Pty Ltd (ABN 19 009 145 555)
National Australia Bank	National Australia Bank Limited (ABN 12 004 044 937)
Net Debt	Interest bearing liabilities less cash or cash equivalents as defined by the Australian Accounting Standards
Notes or Caltex Subordinated Notes	The subordinated unsecured notes to be issued by Caltex under this Prospectus on the terms and conditions set out in Appendix A
Offer	The offer by Caltex of Notes under this Prospectus to raise \$300 million, with the ability to raise more or less
Offer Management Agreement	The Offer Management Agreement dated 31 July 2012 between Caltex and the Joint Lead Managers
Offer Period	The period from the Opening Date to the Closing Date
Opening Date	The opening date of the Offer which is 9 August 2012
Ordinary Share	A fully paid ordinary share in Caltex
Participating Brokers	Any participating organisation of the ASX selected by the Joint Lead Managers to participate in the Bookbuild
Payment Reference Date	Has the meaning given in Clause 13 of the Terms
Privacy Act	<i>Privacy Act 1988</i> (Cth)
Prospectus	This Prospectus (whether in paper or electronic format) as supplemented or replaced
Rating Agency	Standard & Poor's (Australia) Pty. Ltd. (ABN 62 007 324 852), or any of its Subsidiaries or any successors to its business from time to time

TERM	MEANING
RCOP	Replacement Cost of Sales Operating Profit. See “Caltex Basis of Reporting” in the Important Notices
Record Date	Means, for an Interest Payment, eight calendar days before the relevant Interest Payment Date or such other date as the Issuer determines in its absolute discretion and notifies to Holders by a market release to the ASX at least six Business Days before the specified record date, or such other date as may be required by the ASX. If the record date is changed because of a requirement of the ASX, the Issuer will give notice of the changed record date to all Holders by issuing a market release to the ASX
Redemption	Has the meaning given in Clause 13 of the Terms
Redemption Amount	Has the meaning given in Clause 13 of the Terms
Redemption Date	The day on which the Notes become due for Redemption in accordance with these Terms
Register	The register of Caltex Subordinated Notes maintained by the Registry on the Issuer’s behalf and including any subregister established and maintained in CHESS
Registrable Transfer Document	Has the meaning given in the ASX Settlement Operating Rules
Registry	Computershare Investor Services Pty Limited ABN (48 078 279 277) or any other registry that the Issuer appoints
Related Body Corporate	Has the meaning given in the Corporations Act
Securities Act	U.S. Securities Act of 1933, as amended
Senior Obligations	Has the meaning given in Clause 13 of the Terms
Settlement Date	The Business Day immediately preceding the Issue Date
Shareholder Applicant	An Eligible Shareholder who applies under the Shareholder Offer
Shareholder Offer	The invitation to Eligible Shareholders to apply for the Notes under this Prospectus
Shareholder Offer Application Form	Each of the paper and electronic application forms attached to, or accompanying, the Prospectus upon which an Application may be made by an Eligible Shareholder
Shares	Any Ordinary Shares
Solvent Reorganisation	Has the meaning given in Clause 13 of the Terms
Special Resolution	Has the meaning given in Clause 13 of the Terms
SRN	Securityholder Reference Number
Step-up Margin	The margin which is the Initial Margin plus 0.25% per annum
Syndicate Broker	Any of the Joint Lead Managers, Co-Managers and Participating Brokers
Tax Act	In relation to Australian tax laws, the <i>Income Tax Assessment Act 1936</i> (Cth) or the <i>Income Tax Assessment Act 1997</i> (Cth), as applicable
Tax Event	Has the meaning given in Clause 13 of the Terms
Taxes	Any present or future taxes, duties, assessments or governmental charges of whatever nature
Terms	The terms and conditions of the Notes as set out in Appendix A
TFN	Tax File Number

TERM	MEANING
Trust Deed	The trust deed dated on or around 30 July 2012 between the Issuer and the Trustee as trustee for the Holders
Trustee	Australian Executor Trustees Limited (ABN 84 007 869 794), or any successor in business thereto from time to time
UBS	UBS AG, Australia Branch (ABN 47 088 129 613)
Westpac	Westpac Institutional Bank – a division of Westpac Banking Corporation (ABN 33 007 457 141)
Winding-Up	Includes winding-up, liquidation, provisional liquidation, receivership or other appointment of a controller, deregistration, compromise, deed of arrangement, amalgamation, administration, reconstruction, dissolution, assignment for the benefit of creditors, arrangement or compromise with creditors

Corporate directory

Registered Office of the Issuer

Caltex Australia Limited

Level 24, 2 Market Street
Sydney NSW 2000

Auditor

KPMG

10 Shelley Street
Sydney NSW 2000

Tax Adviser

Greenwoods & Freehills

Level 38
MLC Centre
19 Martin Place
Sydney NSW 2000

Legal Adviser

Allens

Level 28
Deutsche Bank Place
126 Phillip Street
Corner of Hunter and Phillip Streets
Sydney NSW 2000

Registry

Computershare Investor Services Pty Limited

Level 3, 60 Carrington Street
Sydney NSW 2000

Trustee

Australian Executor Trustees Limited

GPO Box 546
Adelaide SA 5001

Joint Structuring Advisers and Joint Lead Managers

Citigroup Global Markets Australia Pty Limited

Citigroup Centre
2 Park Street
Sydney NSW 2000

UBS AG, Australia Branch

Level 16, Chifley Tower
2 Chifley Square
Sydney NSW 2000

Joint Lead Managers

National Australia Bank Limited

Level 25, 255 George Street
Sydney NSW 2000

Westpac Institutional Bank – a division of Westpac Banking Corporation

Level 2, Westpac Place
275 Kent Street
Sydney NSW 2000

Co-Managers

Bell Potter Securities Limited

Level 29, 101 Collins Street
Melbourne VIC 3000

JBWere Pty Ltd

Level 42, Governor Phillip Tower
1 Farrer Place
Sydney NSW 2000

Morgan Stanley Smith Barney Australia Pty Ltd

2 Chifley Square
Sydney NSW 2000

How to contact us

Caltex Offer Information Line

1300 638 671 (within Australia) or
+61 3 9415 4659 (outside Australia)
at any time from 8.30am to 5.30pm AEST Monday to Friday during the Offer Period
www.caltex.com.au/notes



CALTEX