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## ASX/Media release

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# WOOLWORTHS AND CALTEX TO WORK TOGETHER IN PETROL

*“... the right number of canopies in carefully selected locations ... adjacent to or near to our stores across Australia supplying Caltex petrol, extending our excellent quality petrol offer to more Woolworths and Caltex customers ...”*

- Roger Corbett

*“... expand Caltex branding and deliver its quality fuels to approximately 300 more outlets while gaining the benefits of Woolworths' buying for its convenience stores.”*

- Dick Warburton

- ❑ Woolworths/Safeway/Big W shoppers to get quality Caltex fuel at discounted prices at up to 450 joint venture sites
- ❑ Up to 160 more outlets for continuing quality discount fuel, across Australia
- ❑ Woolworths petrol pricing and redemption discount will apply
- ❑ Caltex to manage sites
- ❑ Strong co-branding of sites
- ❑ Expands the network of a strong independent petrol competitor
- ❑ Earnings per share positive for both Woolworths and Caltex

Woolworths Limited and Caltex Australia Limited today announced plans for a 50/50 joint venture to continue to deliver quality fuel at a discount to more Woolworths customers across Australia.

Roger Corbett, Woolworths Group Managing Director and Chief Executive Officer, said that the proposed agreement would deliver significant advantages to both Woolworths and Caltex customers.

“Our single objective in petrol has always been to have a nationwide network providing quality petrol at a discount to our customers, where they shop,” he said.

"This venture means we get the right number of canopies in carefully selected locations adjacent to or near to our stores across Australia supplying Caltex petrol, extending our excellent petrol offer to more Woolworths and Caltex customers, and without having to take on canopies we don't need.

"We will increase our network at a stroke and so will greatly enhance the value of our petrol discount offer to more of our customers."

Caltex Chairman Dick Warburton said the joint venture will expand Caltex branding and deliver its quality fuels to approximately 300 more outlets while gaining the benefits of Woolworths' buying for its convenience stores.

"Furthermore, Caltex StarCard customers will be able to use their cards at approximately 300 additional sites," he said.

It is proposed a 50/50 joint venture company (JVC) will be created to lease all of Woolworths'/Safeway's petrol outlets and add, initially, approximately 120 selected Caltex service stations to the national network, particularly in major metropolitan areas. About another 40 selected Caltex sites will be available to the JVC. All JVC petrol outlets are to be co-branded.

The JVC will build its network to around 450 service stations, all of which will be located adjacent to or near to Woolworths' stores in towns and cities throughout Australia.

### **Woolworths petrol pricing maintained**

The JVC will be independent of the Caltex network of other retail sites and will compete vigorously in the petrol market. Woolworths will determine retail petrol pricing consistent with its policy and will continue its current offer of 4 cents a litre discount redemption offer to customers who spend at least \$30 at a Woolworths/Safeway or BIG W store..

### **Caltex to provide secure, quality fuel and manage joint venture company sites**

Caltex will provide the JVC with a secure supply of quality fuel to meet the tightened Australian fuel quality standards from January 2004. Fuel supplies will be sourced from Caltex refineries in NSW and Queensland while in other states Woolworths will work with Caltex to source the best-priced fuel for the JVC.

Caltex will manage the JVC sites bringing to bear its acknowledged expertise in petrol retailing and convenience store execution.

### **A winning combination**

Mr Corbett said the agreement capitalised on each company's strengths: Woolworths' expertise in food and grocery purchasing and distribution and Caltex's petrol refining, marketing and convenience store operational skills.

"We expect there will be a significant increase in fuel throughput at the sites Caltex brings to the JVC as Woolworths' customers redeem discount vouchers," he said.

The JVC is proposed to commence operations prior to Christmas 2003.

The JVC will be earnings positive for both Woolworths and Caltex from the outset.

Mr Warburton said the association of the two quality brands and what the JVC offers - quality discounted fuel conveniently available - would prove to be highly appealing to Australian consumers.

"Additionally, our 600 Caltex Star Mart, Star Shop and Ampol-branded petrol and convenience stores will obtain cost-effective supply of food and groceries through Woolworths' buying.

"There is an added benefit for the 400,000 Caltex StarCard customers who will be able to use their cards at another 300 sites, although not with the Woolworths' redemption offer as the card contracts already provide a discount."

Mr Warburton said that all existing Caltex franchise agreements would be honoured.

"Caltex franchisees whose sites are not closely located to Woolworths' supermarkets, and which would therefore not be required for the JVC network, will continue to be supported as a major group within the remaining Caltex and Ampol network of about 1,650 service stations," he said. "Caltex Star Mart and Star Shop network will continue to provide customers with an excellent convenience shop offer."

The joint venture is subject to regulatory approvals and third party consents. The deal is subject to signing of final transaction documents.

**For further information:**

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