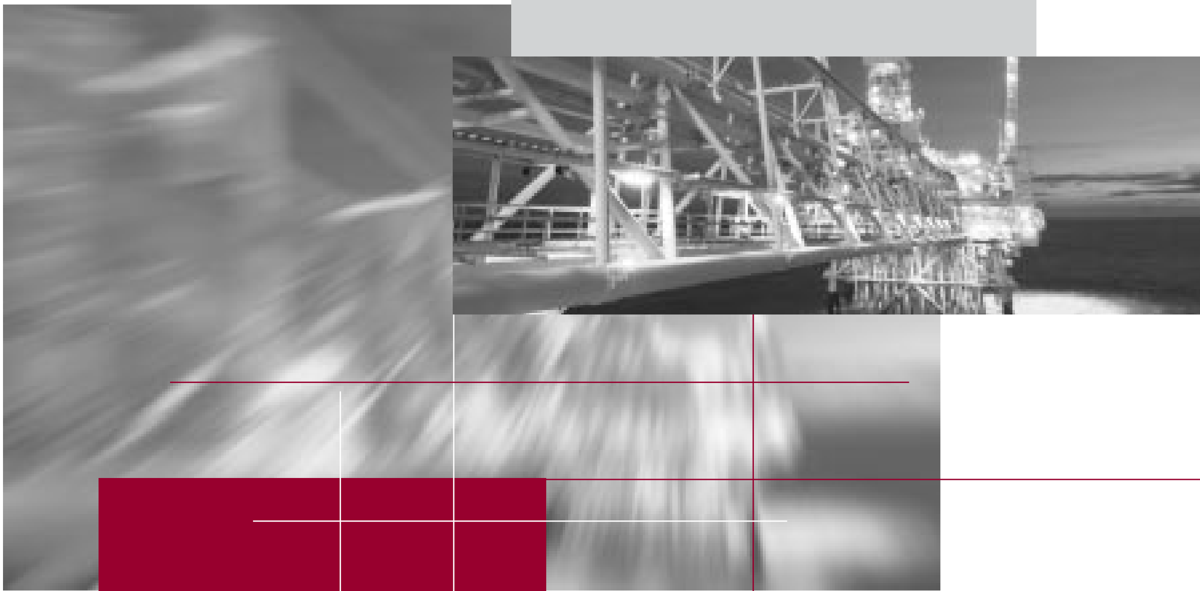
Notice of 2005 Annual General Meeting



energy

to deliver **performance**

WOODSIDE

Notice of 2005 Annual General Meeting

WOODSIDE PETROLEUM LTD.
ABN 55 004 898 962

Notice is given that the 34th Annual General Meeting of members of Woodside Petroleum Ltd. will be held at 10am (AWST) on Tuesday, 19 April 2005 in the Auditorium, Level 2, Perth Convention Exhibition Centre, 21 Mounts Bay Road, Perth, Western Australia.

Ordinary Business

1. Annual Accounts

To receive and consider the Financial Report of the Company and the reports of the Directors and the Auditor for the year ended 31 December 2004.

2. Election of Director

To consider and if thought fit to pass as an ordinary resolution:

That, in accordance with rule 75(c) of the Company's Constitution, Mr Andrew Jamieson is elected as a Director.

Special Business

3. Approval of new Executive Incentive Plan

To consider and if thought fit to pass as an ordinary resolution:

That approval is given for adoption of the Woodside Petroleum Ltd. Executive Incentive Plan, as tabled at the meeting and signed by the Chairman for identification.

Voting exclusion statement

The only Directors eligible to participate in the Executive Incentive Plan will be those who are full-time executives of the Company. The Managing Director and Chief Executive Officer, Mr Don Voelte, is the only executive director of the Company at present. The Company will disregard any votes cast on this resolution by Mr Voelte or any associate of Mr Voelte unless:

- the vote is cast as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form specifying how the proxy is to vote; or
- the vote is cast by the Chairman as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

Dated 16 March 2005
By order of the Board

David Martin
Company Secretary

NOTES

The accompanying Explanatory Memorandum forms part of this Notice of Annual General Meeting and should be read in conjunction with it.

VOTING ENTITLEMENTS

Pursuant to regulation 7.11.37 of the *Corporations Regulations* the Board has determined that, for the purpose of voting at the meeting, members are those persons who are the registered holders of shares at 10am (AWST) on Sunday, 17 April 2005.

PROXIES

All members who are entitled to attend and vote at the meeting have the right to appoint a proxy to attend and vote for them. The proxy does not have to be a member. Members holding 2 or more shares can appoint either 1 or 2 proxies. If 2 proxies are appointed, the appointing member can specify what proportion of their votes they want each proxy to exercise. A form for appointment of a proxy is enclosed with this notice as a separate document. If you wish to appoint a proxy, please complete the form in accordance with the instructions on the back. The completed form must be received at one of the addresses, or faxed to the number, shown on the back of the form by 10am (AWST) on Sunday, 17 April 2005.

BODIES CORPORATE

A body corporate may appoint an individual as its representative to attend and vote at the meeting. The representative should bring to the meeting evidence of his or her appointment, including any authority under which the appointment is signed, unless it has previously been given to the Company.

EXPLANATORY MEMORANDUM

1. Introduction

1.1 This Explanatory Memorandum has been prepared for the shareholders of Woodside Petroleum Ltd. to provide information about the items of business to be considered at the Annual General Meeting of shareholders to be held on Tuesday, 19 April 2005.

1.2 Item 1 on the agenda is consideration of the annual accounts and the associated reports of the Directors and the Auditors. No resolution is required for this item, but shareholders will be given an opportunity to ask questions and make comments on all aspects of the accounts and reports.

1.3 After that, shareholders will be asked to consider the following resolutions:

Election of Director

- Item 2 – election of Mr Andrew Jamieson as a Director

Executive Incentive Plan

- Item 3 – new Executive Incentive Plan

1.4 All of the above are ordinary resolutions. Ordinary resolutions require a simple majority of votes cast by shareholders entitled to vote on the resolution.

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2. ITEM 2 - Election of Director - Mr Andrew Jamieson

2.1 Item 2 seeks approval for the election of Mr Andrew Jamieson as a Director. At its meeting in February 2005 the Board appointed Mr Jamieson as a Director to fill the casual vacancy created by the retirement of Mr Peter de Wit, in accordance with Rule 63 of the Company's Constitution. Mr Jamieson now seeks election by shareholders in accordance with Rules 63 and 75(c) of the Constitution. He has been nominated for election by Shell Energy Holdings Australia Limited which is a 34.27% shareholder in Woodside.

2.2 Mr Jamieson is a chartered engineer and has a BSc with First Class Honours and a PhD from Glasgow University in Scotland. Mr Jamieson is currently Vice President Gas and Projects and a Director of Shell Gas and Power International B.V. based in the Hague in the Netherlands. He has worked for Shell for over 30 years in Europe, Australia and Africa. His previous position was Managing Director of Nigeria LNG Limited and Vice President of Bonny Gas Transport Limited in Lagos, Nigeria from 1999 to 2004. In this role he was accountable to the Boards of those companies for the operation and development of the companies' operations comprising liquefaction and LPG facilities, gas transmission, a fleet of LNG ships, commercial activities and financing. Before that (from 1997 to 1999) Mr Jamieson was seconded to Woodside Energy Ltd as General Manager North West Shelf Ventures where he was responsible for leading all operational, technical and coordination aspects of the North West Shelf Project. Mr Jamieson is 57 years old.

Board recommendation

2.3 The Board recommends the election of Mr Andrew Jamieson as a Director.

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3. ITEM 3 – New Executive Incentive Plan

3.1 This resolution seeks the approval of shareholders for the proposed adoption of a new Executive Incentive Plan which will bring Woodside into line with current best practice in executive remuneration.

3.2 The resolution to be proposed at the meeting is an ordinary resolution. It will be passed if supported by a simple majority of votes cast.

Reasons for proposing a new Plan

3.3 Remuneration policies for executives are now recognised as a fundamental aspect of corporate governance – see Australian Stock Exchange (ASX) Corporate Governance Council's *Principles of Good Corporate Governance and Best Practice Recommendations*, Principle 9. Achieving best practice in this area requires a clear relationship to be established between executive remuneration and performance.

3.4 Existing executive remuneration policies of Woodside do provide for both short-term incentive (STI) and long-term incentive (LTI) components. These are described on pages 48 to 50 of the Concise Annual Report of Woodside for the year ended 31 December 2004.

3.5 However, the Board has formed the view that the relationship between performance and executive remuneration should be made clearer and stronger.

3.6 During 2003, the Board assigned to the Human Resources & Compensation Committee the task of reviewing the Company's policies on the variable performance-related component of executive remuneration. This review was carried out with the assistance of external advisers Stern Stewart & Co and PricewaterhouseCoopers. As a result of the review, a new Executive Incentive Plan has been developed which aims to reward executives for achieving or exceeding their performance targets, while at the same time linking the reward to the creation of long term sustained wealth for shareholders.

3.7 The Plan was recommended to the Board by the Human Resources & Compensation Committee and is now recommended by the Board to shareholders. If approved it will be applied in 2005 to the Chief Executive Officer and other senior executives recommended by the Chief Executive Officer and approved by the Board (participating executives).

3.8 Shareholders' approval for the Plan is sought in compliance with ASX Corporate Governance Council's *Principles of Good Corporate Governance and Best Practice Recommendations*, Recommendation 9.4, which recommends that companies ensure that payment of equity-based executive remuneration is made in accordance with thresholds set in plans approved by shareholders.

Copies of the new Plan available for inspection

3.9 The rules of the Plan are available for inspection at Woodside's office. A copy will be sent by mail or e-mail to any shareholder who requests one. Requests for inspection or copies should be directed to:

Company Secretariat
Woodside Petroleum Ltd.
Woodside Plaza, 240 St George's Terrace Perth, Western Australia 6000
e-mail: Woodside2005AGM@woodside.com.au
telephone: (08) 9348 5036

Copies can also be downloaded from Woodside's website at www.woodside.com.au

Performance conditions

3.10 The Plan links the variable, or incentive-based, component of participating executives' remuneration to Company performance, individual performance and the sustainability of shareholder returns in 3 ways.

3.11 First, a Woodside Economic Value Added (**Woodside EVA**) result for each performance year (1 January - 31 December) is used to determine the size of the total annual incentive pool that will be distributed to participating executives for that year. Woodside EVA measures the change in the value of Woodside's assets resulting from its activities during a period, over and above what is required to cover the cost of capital. It may be positive, negative or zero.

The Woodside EVA performance condition will link the amount of incentive-based remuneration received by executives for any year, to the amount of value added to Woodside's assets during that year.

EVA® is a registered trademark of Stern Stewart & Co.

3.12 Secondly, each executive's individual performance will be assessed to determine their share of the annual incentive pool. Assessments are made by reference to each individual executive's objectives. These objectives are aligned to the Company's strategic plan, which has as its ultimate objective the maximisation of shareholder returns.

3.13 Thirdly, 40% of the variable pay reward awarded to any executive will only vest in the executive if Woodside's total shareholder return (TSR) over 3 to 5 years from the time of award exceeds a hurdle rate set by the Board (provided the executive has not resigned or been dismissed with cause before the vesting date). The TSR hurdle rate will be set by reference to Woodside's cost of equity capital.

The TSR performance condition suspends a significant part of executives' incentive-based remuneration until it is established that the value added by the activities being rewarded has been sustained.

How the Plan operates

3.14 The starting points for each performance year are:

- Individual performance objectives are set for each participating executive, identifying outcomes expected to be achieved in that year. In the case of the Chief Executive Officer, the performance objectives are set by the Board. These outcomes are set by reference to the Company's overall strategic plan.
- The Board sets baseline parameters for the measurement of Woodside's EVA performance.
- A base incentive pool is established, by reference to relevant market benchmark data for executive variable rewards.

3.15 At the end of the performance year, Woodside's EVA performance is assessed and the base incentive pool is adjusted up or down depending on the Woodside EVA result to form an annual incentive pool: up for a positive result, down for a negative result or no adjustment for a zero result.

3.16 Exceptionally poor performance in any performance year could result in the base incentive pool being eliminated entirely, or even being adjusted to a negative figure. If the pool becomes negative, the negative amount (**pool deficit**) will be carried over to the next performance year and must be "earned out" before future incentive allocations can arise under the Plan. This is achieved by applying the pool deficit as an adjustment to the annual incentive pool for the following performance year.

3.17 Executives will receive incentive allocations from the annual incentive pool, based on an assessment of their individual performance conducted by the Chief Executive Officer and approved by the Board. The performance assessment for the Chief Executive Officer will be conducted by the Chairman, for approval by the Board. The performance of each participating executive is assessed against their annual performance objectives, taking into account developments during the year.

3.18 The allocations are divided into 2 components. 40% is a cash incentive which is paid immediately. 60% is allocated in the form of variable pay rights (VPRs). These are conditional rights, linked to the value of a Woodside share.

3.19 VPR entitlements are subdivided into 2 components:

- one third of the VPRs (ie 20% of the overall incentive allocation for the performance year) will vest in the executives if they are still employed after 3 years from allocation, or if their employment has terminated for reasons other than resignation or dismissal with cause. These VPRs are referred to as **time-tested** VPRs.
- two thirds of the VPRs (ie 40% of the overall incentive allocation for the performance year) will vest in the executives if and only if:
  - a TSR test is satisfied between 3 and 5 years after allocation; and
  - they are still employed at the time the test is satisfied, or their employment has terminated for reasons other than resignation or dismissal with cause.

  These are referred to as **TSR-tested** VPRs.

  TSR or **Total Shareholder Return** measures the growth in value of Woodside shares over a given period of time, plus the value of dividends or other distributions paid out over that period.

3.20 Set out below is an outline of how the Plan will operate in a particular performance year (**Year 1**). Where a particular month is nominated for making a decision, that is indicative only. Board decisions about the operation of the Plan will be made after considering the recommendation of the Human Resources & Compensation Committee.

Step 1: Set Plan parameters

At or before the beginning of Year 1 the Board will set a variable pay percentage for each participating executive for the performance year. This percentage represents the Board's view, based on market benchmarking, on what component of the executive's total remuneration should be performance-linked.

The Board will also set the parameters which will form the basis for the Woodside EVA calculation.

Step 2: Review performance and calculate annual incentive pool

After the end of Year 1, in or about February of Year 2, the Board will calculate the Year 1 annual incentive pool.
This involves 2 steps:

- First, the value of the Year 1 base incentive pool is set by applying the variable pay percentages for Year 1 to each participating executive's fixed annual reward (FAR – corresponding to base salary plus superannuation contributions and allowances) and totalling the amounts.
- Secondly, the Board will review the Year 1 performance of Woodside and calculate Woodside EVA for Year 1. The value of the base incentive pool will then be adjusted. If Woodside EVA for Year 1 is positive, the base incentive pool amount will be adjusted upwards. If Woodside EVA is negative, the base incentive pool amount will be adjusted downwards. If Woodside EVA is zero, there will be no adjustment to the base incentive pool amount. The adjustment process will also take into account any pool deficit carried forward from previous performance years.

Step 3: Allocation of the annual incentive pool

In March of Year 2, the derived annual incentive pool for Year 1 will be allocated among participating executives.
The annual incentive pool will be distributed as follows:

- Each executive will be awarded an incentive allocation based on an assessment of their individual performance.
- Then, each executive's incentive allocation will be sub-divided into 3 parts:
  - cash incentive payment: 40%
  - VPRs: 60%, divided into:
    - time-tested VPRs: 20%
    - TSR-tested VPRs: 40%

The number of VPRs allocated is determined by dividing the value of the VPR component (ie 60% of the executive's incentive allocation) by the volume-weighted average price of Woodside shares over a 5 day period leading up to but not including a fixed pricing date. This pricing date will occur shortly after the Woodside annual general meeting.

Executives will be notified of their allocations as soon as they are made.

Before allocating VPRs, the Board will set the TSR hurdle rate which must be satisfied before TSR-tested VPRs can vest in the executives (see step 6 below).

The value of a VPR is linked to the value of one Woodside share – see note 2 below.

For circumstances in which incentive allocations may be adjusted, see note 1 below.

Step 4: Pay Year 1 cash incentive payments

In April of Year 2, those executives who have qualified for Year 1 cash incentive payments will receive them along with their monthly salary.

Step 5: Vesting of time-tested VPRs

In March of Year 5 (3 years after allocation), time-tested VPRs will vest in the executive without any further test, provided the executive has not resigned or been dismissed with cause.

For what happens on vesting, see note 2 below.

For circumstances affecting the time when VPRs vest, see note 3 below.

Step 6: Testing/vesting of TSR-tested VPRs

In March of Year 5, TSR-tested VPRs will be tested to see if the TSR hurdle has been met. Where the TSR hurdle has been met, TSR-tested VPRs will vest in the executive provided the executive has not resigned or been dismissed with cause.

If the TSR hurdle is not met at the first test, re-testing will continue until March of Year 7. If at any time during this 2-year re-testing period the TSR hurdle is met, the TSR-tested VPRs will vest in the executive provided the executive has not resigned or been dismissed with cause.

For what happens on vesting, see note 2 below.

For circumstances affecting the time when VPRs vest, see note 3 below. Except in the circumstances specified in note 3, TSR-tested VPRs will not vest unless the TSR hurdle is met.

Step 7: Unvested TSR-tested VPRs lapse in Year 7

In March of Year 7 (5 years after allocation), any TSR-tested VPRs that have not met the TSR hurdle will lapse.

Notes

Note 1: Circumstances where incentive allocations may be adjusted

If there is any variation in Woodside's capital structure (including any pro rata issue, consolidation or subdivision) while VPRs remain outstanding, the number of VPRs will be adjusted to maintain value equivalence between 1 VPR and 1 Woodside share.

Where employment:

- *terminates due to expiry or early termination of contract (otherwise than for cause or by resignation), retirement, redundancy, death or total and permanent disability, or*
- *is suspended due to secondment, leave without pay, periods of salary continuance or other circumstances as determined by the Board*

during Year 1, the executive's incentive allocation will be adjusted pro-rata, based on the period actually served by the executive in Year 1.

If an executive resigns or is dismissed with cause during Year 1, the executive will receive no cash incentive payment and no VPRs for Year 1.

Note 2: What happens on vesting

When a VPR vests, the Board will decide whether to satisfy the VPR entitlement in cash or Woodside shares.

Where the entitlement is satisfied in shares, the number of shares will be equal to the number of VPRs which have been allocated to the relevant executive (based on the share price over 5 days leading up to the pricing date in Year 2 – see step 3 above). Where the entitlement is satisfied in cash, the amount will be equal to the volume-weighted average price of Woodside shares over a 5 day period leading up to but not including the vesting date. This means the value finally received by executives will be affected by changes in the Woodside share price between the pricing date and the time of vesting.

Where VPR entitlements are satisfied in shares, the shares will be purchased on market. No new shares will be issued.

Woodside will have the option under the Plan, in order to eliminate price risk for the company on VPR entitlements, to establish a trust and provide the trust with funds to acquire on-market enough shares to meet expected entitlements. Woodside's current intention is to establish the trust from the time when the Plan begins to operate. Acquisitions by the trust are expected to be made at or about the time when VPRs are allocated.

VPRs confer no entitlements to dividends or other shareholder benefits until they have vested. Dividends paid on shares held in the trust, before the shares are allocated to satisfy vested VPR entitlements, will be applied towards the administration costs of the trust, including the costs of acquiring shares.

Where a VPR entitlement vests and is satisfied in shares, the trustee will allocate the appropriate number of shares in the trust to be held for the benefit of the relevant executive. After vesting, the executive will receive the dividends on these shares and can direct the trustee how to vote them. The executive can request transfer of the shares at any time, or request the trustee to sell them and pay the proceeds to the executive or at the executive's direction. These requests will be dealt with by the Board of Woodside in its discretion. Shares remaining in the Trust will be forfeited if the executive is dismissed for cause.

Shares remaining in the trust 10 years after vesting must be transferred or sold.

Note 3: Circumstances affecting the time when VPRs vest

If an executive dies or suffers total and permanent disability, all VPRs which have been allocated to the executive will immediately vest.

All VPRs will vest immediately in the event of a change of control of Woodside through a takeover, if a scheme of arrangement is approved by shareholders, or if a resolution is passed or an order is made for the winding-up of Woodside.

If an executive resigns or is dismissed with cause, all unvested VPRs allocated to the executive will immediately lapse.

3.21 As described in note 2 above, VPR entitlements may be satisfied in Woodside shares. Shares used to satisfy VPR entitlements will be purchased on-market so that there is no dilutive effect on existing shareholders.

3.22 As also described in note 2 above, Woodside's current intention is to use the option available under the Plan to have shares acquired by a trust. It is expected that acquisitions will be made at or about the time when VPRs are allocated. This will eliminate any risk of additional cost arising from increases in the Woodside share price between the time of allocation and the time of vesting. Any shares acquired that are not needed to meet vested VPR entitlements will be retained in the trust and used to satisfy VPR entitlements vesting in future years.

3.23 Woodside will provide funds to the trustee to acquire the shares and also to meet administration costs, to the extent that these costs are not met by dividends on shares purchased by the trust but not yet allocated to satisfy vested VPR entitlements (see paragraph 3.24 below).

3.24 Until VPRs vest and the Board decides to satisfy them in Woodside shares, the executives will have no beneficial interest in any shares held in the trust. Dividends paid on the shares before they are allocated to satisfy vested entitlements will be retained in the trust and used to meet expenses and acquisition costs.

3.25 Under the rules of the Plan, the Board has power to engage outside consultants to administer the Plan or to advise the Board on the exercise of its discretions under the Plan. It is the intention of the Board to outsource administration of the Plan. The Board also intends to appoint an external trustee to administer the trust.

3.26 The Board has power under the rules of the Plan to terminate, suspend or amend the Plan, and to alter the management or administration of the Plan. However, changes made by the Board will be subject to preservation of the accrued entitlements of participating executives. In particular, no amendment can be made if it affects any incentives previously allocated, unless at least three-quarters of the executives affected agree to the amendment.

Existing incentive plans - transitional arrangements

3.27 If the new Plan is approved by shareholders, transitional arrangements will be introduced to phase out the existing STI and LTI plans and bring all executives within the scope of the new Plan. It is expected that in the 2008 performance year, variable remuneration for all executives would be set exclusively by reference to the new Plan.

3.28 Ongoing transitional arrangements will be required for the existing LTI plan (the Woodside Employee Share Plan or WESP), because participating executives under the new Plan will have:

a) received shares under WESP that are still subject to restrictions on disposal (WESP restricts disposal for 3 years); and

b) loans made under WESP, used to purchase shares and still remaining outstanding.

3.29 The following arrangements will apply to the transition from WESP to the new Plan:

a) Since June 2004:

- executives who will participate in the new Plan have not received any further allocations of shares under WESP, and
- executives newly employed or promoted to executive positions have not been eligible to participate (or participate further) in WESP.

b) While executives continue to receive benefits from prior allocations under WESP, their VPR entitlements (that is, the equity-linked component of their remuneration) under the new Plan will be reduced by the value of the WESP benefits received.

c) Participating executives under the new Plan must refinance or repay their outstanding WESP loans by 31 December 2007. WESP will be closed to participants in the new Plan, at the end of 2007.

The Board has discretion to vary these transitional arrangements.

Voting exclusion

3.30 Non-executive directors of the Company will not be eligible to participate in the Plan. Participation will be limited to executives employed by the Company. The only director in this category at present is the Managing Director and Chief Executive Officer, Mr Don Voelte.

3.31 The Company will disregard any votes cast on this resolution by a Mr Voelte or any associate of Mr Voelte unless:

(a) the vote is cast as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form specifying how the proxy is to vote; or

(b) the vote is cast by the Chairman as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

Waiver of ASX Listing Rule 10.14

3.32 The Company has applied for and obtained a waiver of Listing Rule 10.14, in relation to the acquisition of Woodside shares under the new Plan by Mr. Voelte. The waiver has been granted on the basis that all shares acquired under the Plan will be acquired on-market, with the result that acquisitions will be on arms length terms and will not be dilutive to other shareholders.

Board recommendation

3.33 The Board recommends that shareholders vote in favour of approving the new Executive Incentive Plan.

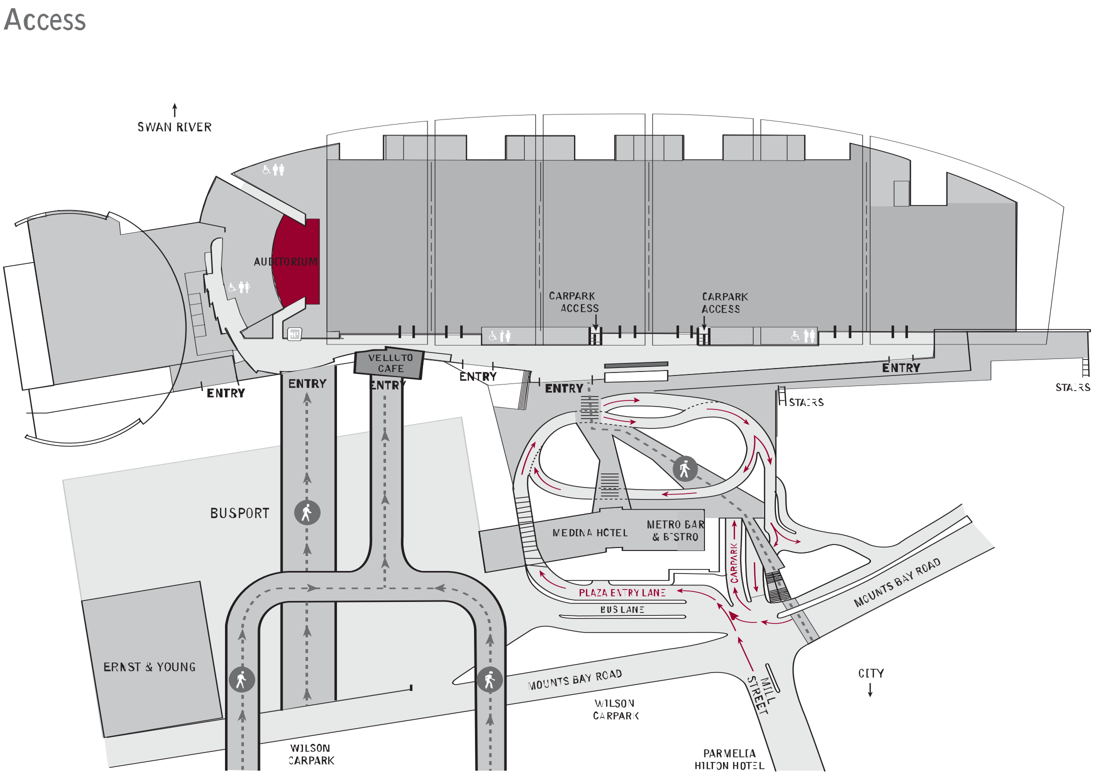
Woodside Petroleum Ltd.

16 March 2005

Venue Location Map

Annual General Meeting Venue

The 2005 Annual General Meeting will be held in the Auditorium, Level 2, Perth Convention Exhibition Centre, 21 Mounts Bay Road, Perth, Western Australia.



Auditorium Location Map