



**Address by Chairman Michael Chaney and
Managing Director and Chief Executive Officer Don Voelte**

Woodside Petroleum Ltd

**Annual General Meeting
1 May 2009**

Report by Chairman Michael Chaney

Good morning ladies and gentlemen.

My name is Michael Chaney and, as Chairman of Woodside, I welcome you to our annual general meeting.

I also welcome shareholders watching us through our video webcast.

The evacuation procedures that apply this morning are shown on the screen above.

As we have a quorum, I now declare the meeting open.

I would like to introduce our non-executive directors here this morning, sitting in the front row of the auditorium, and ask them to stand as I mention them. They are Erich Fraunschiel, Andrew Jamieson, Pierre Jungels, David McEvoy, Din Megat, Ian Robertson and Melinda Cilento.

Ian Robertson joined the Board in June 2008, replacing Jakob Stausholm as a Shell-nominated director. Melinda Cilento joined the Board last December, replacing Jillian Broadbent who had served your company as a director for 10 years. I thank Jakob and Jillian for their contributions to Woodside, and welcome Ian and Melinda to their first Woodside AGM.

On stage with me I have Don Voelte, your Managing Director and CEO, our Chief Financial Officer, Mark Chatterji and Company Secretary Frances Kernot.

Also with us today is Greg Meyerowitz from Ernst & Young, the company's auditors.

We meet today in a vastly different economic climate than when we gathered for our AGM this time last year.

On 1 May 2008 oil was trading at US\$110 a barrel on its way to a high of US\$145, and the world's economy was expected to grow in 2009 by 3.8%.

For the first quarter of this year oil has traded at an average of US\$42.85 a barrel, and the International Monetary Fund now forecasts the global economy to decline by 1.3% in 2009, the weakest performance since World War II.

While we at Woodside have adjusted our activities to take account of the changed global conditions – and the inevitable decline in revenue in 2009 – the fundamentals of your company remain strong.

Those fundamentals are the development and operation of quality oil and gas assets which provide attractive returns to our shareholders. Woodside remains focused on maximising the value from currently producing assets, and developing new facilities which deliver attractive returns on our investment, even in a low oil price environment.

At this meeting last year I outlined our intention to increasingly focus on the company's Australian liquefied natural gas assets. The events of the past 12 months have reaffirmed our commitment to this strategy.

At Woodside, we share the view of many other independent forecasters who believe long-term growth in the demand for LNG will be underpinned by a continued shift towards cleaner fuels.

We base our view on our own analysis of the market and our own experiences. Even with the deep economic global downturn, there remain more long-term buyers of LNG than there are sellers.

We expect the market demand for LNG to grow from its current 180 million tonnes per annum to about 400 million tonnes by 2020. This represents an annual growth rate of about 7%, a rate at which new projects will struggle to keep pace.

In the past three years, final investment decisions have been made on just three greenfield LNG developments. These are projects in Peru, Angola and Woodside's own Pluto project.

While increasing demand and lagging supply continue to work in our favour, so does Woodside's reputation as a reliable supplier. This reputation remains important to quality buyers of our gas.

We continue to see core foundation customers coming from the traditional markets of Japan, Korea and Taiwan. Those markets have little, if any, domestic gas supplies and are heavily reliant on LNG.

Foundation customers have underpinned, and will continue to underpin, our LNG projects, with more than 90% of Woodside's LNG sold under long-term sales contracts with take-or-pay provisions.

While the majority of these contracts protect us from the bottom range of the recent movement in the oil price, it remains the case that our revenues will continue to rise and fall in line with the price of oil.

Production of oil and condensate last year comprised 50% of our total production and 68% of our revenue.

In addition to the effects of the diminished oil price, Woodside faces challenges on several external fronts.

One of these is already reflected in the 2008 accounts, that being the removal by the Commonwealth Government of the exemption of the North West Shelf Project from excise on condensate production.

This Budget decision, taken without any industry consultation and inconsistent with the negotiated fiscal arrangement between the venturers and the Commonwealth, cost Woodside \$116 million in 2008.

While imposed against a background of high oil prices, this burden remains with us during the difficult market environment we now find ourselves in.

We continue to assess challenges our business faces on two other fronts:

The first of these is the Commonwealth Government's proposed emissions trading scheme, to commence in 2010, for which legislation is expected to be introduced into parliament later this month.

While the proposed scheme does make some concessions to LNG projects, its additional costs will make the Australian LNG industry less competitive than its international peers, and may result in some potential projects becoming uneconomic.

Increased exports of Australian liquefied natural gas have the potential to make a significant contribution to the reduction in global greenhouse emissions, by displacing more polluting energy sources, like coal.

We remain confused by the Government's intention to place additional costs on LNG exports, thereby threatening the viability of some projects and decreasing the options for Asian customers seeking to move away from coal. The result of this could be a net increase in the world's greenhouse gas emissions.

We look forward to a sensible outcome to the coming legislative process.

Likewise, we hope common sense prevails in the implementation of the Commonwealth Government's industrial relations reforms. Woodside's activities have been marked by a high level of industrial harmony in recent years, and it is important for this to remain the case in order to deliver our projects on time and on budget.

Strong control on our costs is going to be critical in the period ahead, particularly in light of the uncertain economic circumstances facing all companies. To this end we have decided to defer the company's annual remuneration review which normally takes place at the start of each calendar year. Salaries for Woodside employees, except those undergoing promotion, will be frozen for at least the next six months, and possibly longer.

Woodside remains a business well-positioned to emerge from the current economic downturn a much stronger company.

Our early decision to focus on our core Australian business, with significant leverage to LNG, should provide good returns to shareholders. As I said earlier, we expect the LNG market to continue to grow for at least the next decade, and we have a suite of world-class developments ready to meet that demand.

While we have responded to the changed economic conditions, most significantly through substantial reductions in expected expenditure in 2009, we do not intend to alter our course.

Our 2008 performance was a credit to all Woodside employees, and I admire the way our people, led by our Chief Executive Don Voelte, are responding to the challenges we face this year. On behalf of the directors I thank them for their efforts.

I now ask Don to present an overview of our 2008 performance.

Report by Managing Director and Chief Executive Officer Don Voelte

Thank you, Michael.

As you noted, the current downturn is providing challenges for businesses like ours. After five years at Woodside, however, I couldn't think of another company I would rather be with during this time.

We have great employees, a strong management team, solid producing assets, major projects moving ahead – including the Pluto LNG Project – and a strong portfolio of LNG developments which we expect to reach final investment decisions over the coming years.

I will address Woodside's outlook shortly, but first I will report on our 2008 year.

In 2008 we achieved our third record reported profit in the past five years, our fourth consecutive year of increased production and our fifth consecutive year of increased revenue and cash flow.

Reported profit after tax increased 73% to \$1.8 billion, when compared to 2007. The results were boosted by higher production and commodity prices, partially offset by the higher cost of sales, taxes, hedge losses and the revaluation of US dollar denominated debt.

Production increased to 81.3 million barrels of oil equivalent, up 15% from 2007. This reflected the exceptional year we had in bringing on new developments.

We started up Train 5 and Angel on the North West Shelf, the Vincent oil project off the North West Cape, the Neptune and Power Play developments in the Gulf of Mexico and commenced steady state production from the Otway Gas Plant in Victoria.

In 2008 we made final investment decisions on two other significant developments. We committed to the redevelopment of North Rankin at the North West Shelf, and the nearby North West Shelf oil assets.

We now have 33% equity in these oil assets after buying Shell's interest early in 2008. The Cossack Pioneer floating production storage and offloading vessel is on track to be replaced by the Okha in 2010.

Meanwhile, the Pluto LNG Project continues to make good progress with work already 60% complete, and expected to be 85% to 90% complete by the end of the year.

Almost 100 modules for the LNG plant have been shipped from Thailand and most of these have been installed on site.

Installation of the flowlines is nearing completion and laying of the trunkline began in the first quarter. Construction of the topsides in Malaysia and jacket in China is progressing to schedule.

I continue to take great pride in Woodside's ability to deliver a project like Pluto. We discovered the field just four years ago, and by the end of next year we should be producing gas from this \$12 billion project.

Pluto's impact on the Australian economy and the economies of our region is enormous, with a workforce of about 20,000 contributing to its construction. This workforce is spread largely across Australia, Thailand, China and Malaysia.

If assembled with their families in one location, the Pluto workforce would rival the population of Western Australia's biggest cities outside Perth.

Pluto will increase Woodside's equity share of LNG production capacity to 6.6 million tonnes per annum, and our annual operated production to in excess of 20 million tonnes.

With Pluto construction now well past the halfway mark, it is important for us to consider the next opportunity we have to increase our LNG production.

The success of our Martell-1 exploration well in February has increased the immediate case for Pluto Train 2. We continue to expect Pluto will be home to three LNG processing trains and a domestic gas plant in the future.

Last month, our Browse LNG Development took a major step forward with the signing of a Heads of Agreement between the State of Western Australia and the Kimberley Land Council on behalf of Traditional Owners, related to the establishment of an LNG precinct in the James Price Point area, north of Broome.

The Kimberley is now Woodside's favoured location for processing Browse gas, and we look forward to the Browse joint venture making its decision soon on the site for a processing facility, which we expect to have a production capacity in the range of 10 to 15 million tonnes per annum.

Since 2005 we have drilled 11 appraisal wells in the three fields which make up our Browse development: Torosa, Calliance and Brecknock. This appraisal program has established greater certainty around the size of the resource.

We remain keen to move into front end engineering and design for Browse in 2010.

In the second half of this year we expect to take a significant step forward with our Sunrise development, when the joint venture chooses between a floating LNG processing facility, or a plant based in Darwin.

International agreements require the joint venture to progress the concept which develops the Greater Sunrise reservoir to the best commercial advantage, consistent with good oilfield practice.

Once a location is chosen, Woodside will work with the Timor–Leste and Australian governments to secure the timely approval of a field development plan for Sunrise.

In 2009 we are still targeting production of between 81 and 86 million barrels of oil equivalent, although the lower oil price inevitably means revenue, and therefore profit, will be lower than that achieved in 2008.

Michael has already discussed many of the external challenges we face this year, while reiterating that our company's core strategy remains unchanged.

Likewise, Woodside's values will not be affected by the current global downturn. We maintain our commitment to not compromise on safety, and continue to strive for the perfect year in which no-one gets hurt and there are no incidents.

You will see no relaxation of our environmental standards, or the commitment we have to develop our people.

Finally, you will be aware that earlier this year we updated our logo. The new logo is designed to place greater emphasis on the gas projects which will underpin our company's growth. It is the first change for 32 years. We like to think this logo will remain unchanged for at least as long.

At Woodside we continue to take a long-term view of everything we do. In this, our 25th year of operating the North West Shelf, we remain committed to developing further opportunities we believe will benefit shareholders for decades to come.

Thank you.