32nd Annual General Meeting
Woodside Petroleum Ltd.
Sydney, 15 April 2003

CHAIRMAN'S ADDRESS

In my address this morning, I will provide an overview of Company highlights for the 2002 year and a view on the year ahead, before inviting our Managing Director, John Akehurst, to summarise the operational highlights for the past 12 months and the strategic direction for the coming years.

We will then move on to the procedural matters where there will be opportunities for shareholders to ask questions.

However, before proceeding further I wish to refer to an announcement made this morning to the Australian Stock Exchange.

Mr John Akehurst's employment contract is due to expire on 2 April 2005, at which time he would have served nine years as Chief Executive Officer. In view of the Board's wish to see a new Chief Executive Officer at that time and, given the long-term nature of the Company's projects and initiatives presently under consideration, the Board will now commence a search for a new Chief Executive Officer.

It is the intention that Mr Akehurst will continue in his current role until a new Chief Executive Officer takes office and the handover to his successor is complete.

The Board has agreed to pay Mr Akehurst his current salary and short-term incentive for the period until he leaves the Company and to pay Mr Akehurst A$3 million by way of final settlement, plus his accrued holidays and for the loans under the Employee Share Plan to be repaid within three years after his departure. He also has entitlements under the Company superannuation scheme.

Although John won't be leaving us immediately, I believe it is timely to thank him for his leadership, commitment and contribution to the Company.

The Board wishes to acknowledge John's contribution during a period of significant milestones for Woodside, including the unbroken delivery of LNG exports to Japan from the North West Shelf Venture, Woodside's response to two takeover attempts, Australia's first LNG contract with China, new LNG sales to South Korea, and the discovery of the Laminaria-Corallina, Chinguetti, Enfield and Otway oil and gas fields.

I now wish to give an overview of our progress plus a brief look at our financial health, our growth objectives and corporate activity.

Overview

By way of overview, 2002 was a year of considerable progress in the Company's medium term growth projects. Strong growth in production for the second half of this decade has been assured with successful appraisal programmes at Enfield in north west Australia and at Mauritania in West Africa; combined with the new gas supply agreements for the North West Shelf Venture and the Otway Basin, off the Victorian south coast.

The commercialisation of these projects will reinvigorate our production.

Indeed, the need to replace existing production is clearly demonstrated by the declining reservoirs of the Laminaria and Corallina oil fields in the Timor Sea. Despite production increases from other assets in 2002, the decline at Laminaria resulted in an overall 3 percent fall in production from the record level achieved in 2001. Our production is forecast to fall a further 14 percent in 2003, with further smaller reductions in 2004 and 2005 before the new projects commence operation. John Akehurst will shortly present the actions that Woodside is taking to optimise production and returns during this period.

A strong increase in both Proven and Probable Reserves during the year further supports our confidence in the future.

There were also improvements achieved in health, safety and environment performance, an area of prime focus for the Company. Woodside can rightly be proud of the fact that the North West Shelf Venture's train four expansion project recently received the Worksafe Golden Safety Award for 4.5 million hours without a Lost Time Injury. This is an outstanding achievement!

The progress achieved in 2002 was a product of the commitment and skills of the Company's staff, contractors and management led by John Akehurst. On your behalf, I express our appreciation for their dedication to the task.

Financials

Turning first to the financial results, it was disappointing to report a $92 million loss for 2002. However, it should be realised that the result was impacted by two large, one-off, significant items. The decision to move the Company to the successful efforts method of accounting for exploration expenditure resulted in a $715 million downward adjustment to earnings in the year. Successful efforts is the policy applied in the United States and adopted by many of Woodside's peers. In view of Woodside's development as an international exploration and production company and in view of our financial strength, your Board believes it is the more appropriate accounting treatment of exploration expenditure. The other significant item was the $106 million write-down of the investment in Oil Search Limited following a lack of progress in the development of the proposed Papua New Guinea to Queensland gas pipeline.

Without the one-off significant items, the underlying result was a solid profit of $729 million, only 10.8 percent lower than that of 2001.

The after tax result before significant items of $729 million was achieved on sales revenues of $2,241 million, with a net operating cash flow of $1,207 million, which represented an 8.9 percent increase over the previous year. The Company achieved earnings per share of one dollar and nine cents, a return on shareholder funds of 31.4 percent and a return on average capital employed of 19.1 percent. Woodside's strong cash flows once again allowed the Company to pay a solid dividend, which totalled 62 cents per share, fully franked, for 2002.

Growth Objectives

Moving now to our growth objectives.

The Company's long term growth prospects were considerably enhanced during the year by the selection of the North West Shelf Venture as the preferred supplier of China's first LNG project in the Guangdong Province of southern China. As you can see in the slide behind me, the deal was rightly celebrated in the press, being a wonderful culmination of many, many years of hard, diligent and meticulous work. Under agreements signed in October, the Venture, which is operated by Woodside and in which we will have a one-seventh interest, is to supply about 3.3 million tonnes of LNG per year for 25 years, starting in 2006. The contract is worth about 25 billion Australian dollars in export income for Australia, and represents the country's largest single export transaction.

Development initiatives were also assisted by the successful appraisal programme in the Enfield area off the north west coast of Western Australia. The programme confirmed the economics of a stand-alone development, with or without the tieback options, and will allow a move to the project design stage this quarter.

Considerable progress has also been made at the Chinguetti project in Mauritania following the drilling of two successful appraisal wells during the year. A move to the project design stage is expected this quarter.

The sale of Woodside's equity share of Otway Basin gas to TXU Electricity Ltd. in August 2002 and the equalisation of equity between the adjacent permits containing the gas fields which Woodside operates, provides high confidence that the project will move to a development concept selection, again during this quarter.

Also contributing to the 2002 year of progress were: the continued development on the fourth LNG train at the North West Shelf, now 66% complete; the new long term contracts signed with Osaka Gas and with Kyushu Electric Power; plus the new oil discoveries made in offshore Western Australia, Mauritania and the Gulf of Mexico.

Corporate Activities

Turning now to corporate activities.

During the year, Woodside continued to assess acquisition opportunities as a way of accelerating growth in shareholder value. In particular, two opportunities were taken to an advanced stage of evaluation. At this time last year, I discussed the first opportunity, our bid for Veba Oil & Gas and its portfolio of international oil and gas assets. We were not prepared to go beyond our assessed valuation and the bid was unsuccessful.

In 2002, extensive evaluation was also conducted on a US based corporate opportunity. The US is seen as a very attractive region for Woodside to grow its businesses by leveraging off its core, seismic, development, deep-water, operational skills and experience. The acquisition opportunity was not pursued as the cost was viewed as too high in terms of the perceived risk and estimated reward.

This investment discipline is a constant for the Company, not only for acquisition opportunities but for all investment decisions.

Our focus remains on creating long term growth in shareholder value.

In achieving that goal, we are also committed to the objective of being an active contributor to the community. The Company's community support activities have a particular emphasis on young people and on making a difference to the future of our society. During the year, the Company committed more than $2 million in sponsorship and support.

Woodside Board

Turning now to our Board.

I would like to take this opportunity to thank the two non-Executive Directors who have left the Woodside Board in the last 12 months. They are Peter Duncan and Alan Parsley. Both gentlemen made valuable contributions to the Board and I thank them on behalf of the Company.

I would also like to welcome to the Board Tim Warren and Peter de Wit as the Shell nominated Directors appointed in July and August respectively, together with Erich Fraunschiel and Pierre Jungels, who were appointed in December. These Directors will come before you for election later during today's proceedings and I commend them to you.

I would now like to introduce our Managing Director, John Akehurst.

<<<<Managing Director's speech>>>>

Outlook

In this section of my address, I will examine Woodside's outlook, review our governance principles, look at some national issues and then make some concluding remarks before moving to the formal proceedings of the meeting.

Let me now discuss the outlook for the current year.

Woodside has an exciting year ahead in terms of its production, development and exploration programmes and objectives.

Woodside is an exploration and production company which is focused on long term growth, achieving top quartile total shareholder return, building a diversified revenue stream and maintaining an appropriate portfolio of projects to manage key risks.

Our challenge is clear. We need to minimise the impact of our forecast lower production levels by optimising production, lowering costs, creating production and earnings growth, exploiting opportunities in our existing portfolio as well as expanding our portfolio through exploration success and value adding acquisitions. The Company has the objective of increasing annual production to a level of 100 million barrels of oil equivalent within five years.

Governance

If I may now turn to governance issues, let me point out that the corporate failures experienced in both Australia and overseas in recent times, serve to highlight the need for continued diligence in regard to corporate governance policies and practice. The role of the external auditor and the relationship to the Audit Committee is a critical element in ensuring best practice governance processes. During the year, the Board revised its policy on the external auditor engagement to avoid conflict of interest, bias or compromise. The relationship with the Audit Committee is such that the external auditor should add value beyond mere compliance auditing and provide maximum support for the Committee in achieving its governance objectives. To do this, the auditors need to have a good understanding of the business process of the Company, of its strategic direction and the major risks of the business and the processes in place to manage these risks.

The revised policy includes controls based upon the Code of Ethics published by the International Federation of Accountants. These controls classify a range of non-audit services which are acceptable and not acceptable in relation to services being undertaken by the auditor. In addition, the policy requires audit partner rotation at least every five years.

On 31 March 2003, the ASX Corporate Governance Council released its principles of good corporate governance and best practice recommendations.

The principles are a set of best practice corporate governance guidelines for Australian public listed companies and accordingly will apply to Woodside. Woodside, along with other listed entities, is required to report on how it complies with the Guidelines in its annual reports. In the case of Woodside those requirements will not have to be met before reporting for the year ending December 2004. Woodside has, however, positioned itself ahead of the release of the Guidelines. It is now in substantial compliance with them and it will report in future as though the Guidelines had immediate application. Woodside's current governance practices are outlined in the Corporate Governance Statement section of the 2002 Concise Annual Report, commencing at page 47. I offer the following comment on some of the more important practices, in the light of the new Guidelines.

* The first point to make is that, the only directors not adjudged to be independent are the managing director (by virtue of his role as the chief executive officer) and the 3 non-executive directors who are nominees of the Royal Dutch/Shell Group (a major shareholder of the Company).

* Secondly, the Board has concluded that the non-executive directors, including those offering themselves for election at this Meeting, bring the range of skills, knowledge and experience necessary to direct the Company, going forward.

* Thirdly, the Board sees its primary responsibility as overseeing Woodside's business activities and management for the benefit of shareholders. It has identified its key responsibilities and they are set out in the Corporate Governance Statement.

* Fourthly, the Board is supported by audit, compensation and governance/nominations committees, each with a board approved charter. Independent non-executive directors constitute a majority of the membership of each committee.

* Fifthly, the Board has a policy and clear rules in place covering Woodside's relationship with its external auditors, and these are monitored by the audit committee.

* And, finally, Woodside's remuneration and benefits policy, applicable to senior executives, is described in the Directors' Statutory Report and non-executive directors are remunerated by way of fees only and a shareholder approved non-executive directors' retirement benefit scheme, details of which are also mentioned in the Directors' Statutory Report. The Board has resolved to terminate this scheme insofar as new Board appointments are concerned and to give due consideration to the restructuring of current entitlements on a basis which is both equitable and in line with market expectations.

In governance terms, I think Woodside is in good shape and is, as I have said, now in substantial compliance with the ASX Corporate Governance Council Guidelines.

National Issues

Turning to national issues, the tragic events in the Middle East remind us of the volatility of the current oil market. I included in my address to you last year my view that the Australian government must focus on the need to reverse the decline in Australia's self-sufficiency in liquid hydrocarbons. That need is now more acute than ever. Woodside continues to believe the answer includes reforms to the Petroleum Resource Rent Tax regime in order to encourage deep water exploration and the development of marginal oil reservoirs and stranded gas reserves. The level of exploration around Australia, despite the high oil price, is falling at an alarming rate. Australia's taxation regime must reflect the relatively unattractive level of prospectivity, and the consequent high risk, explorers face in this region.

Conclusion

In closing, the 2002 year has been a strong year operationally for Woodside, falling just below the record levels set in 2001 despite declining reservoirs at Laminaria. Notwithstanding our continued high dividend payout ratio, the fall in the share price, which took place in a broadly declining share market environment, meant our total shareholder return objective was not achieved in the past year.

The Board and Management of Woodside are determined to demonstrate the value of the Company through success in optimising the existing assets, bringing on the new projects and finding new resources for future growth. We look forward to seeing production in the years ahead from the Enfield and hopefully Mauritanian oilfields plus production from the fourth LNG train and the Otway Basin. The numerous growth projects plus our active and significant exploration programme provide the Company with an exciting future of expansion from 2006 onwards.

Thank you.