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ASX Announcement

Thursday, 12 May 2011

WOODSIDE APPOINTS NEW CEO

The Board of Woodside has appointed Peter Coleman as the company's Chief Executive Officer and Managing Director.

Mr Coleman will succeed Don Voelte, who announced last October that he intended to retire from Woodside after more than seven years with the company.

Mr Coleman will take up his appointment with Woodside on Monday, 30 May 2011.

He comes to Woodside with 27 years industry experience with the ExxonMobil group, where he has filled a variety of roles in Australia, Africa, Asia and the United States.

Mr Coleman's most recent position was Vice President of the ExxonMobil Development Company, with responsibility for oil and gas developments around the world. This included ExxonMobil's Papua New Guinea liquefied natural gas project, and oil and gas developments in Malaysia, Indonesia and Australia.

Previous key roles with ExxonMobil included Vice President, Americas, responsible for leadership of all activities related to production in the United States, Canada and South America.

Mr Coleman is an Australian citizen. He joined ExxonMobil from its Australian subsidiary Esso.

Woodside Chairman Michael Chaney said Mr Coleman's appointment followed an extensive recruitment process which considered a strong field of internal and external candidates.

"The Board is delighted that Mr Coleman has agreed to lead Woodside through the company's next phase of growth," Mr Chaney said.

"Mr Coleman brings to the role a wealth of experience across all aspects of the oil and gas industry."

Mr Chaney paid tribute to the achievements of Mr Voelte, who will step down as CEO and Managing Director at Mr Coleman's commencement, but will remain with Woodside for several weeks to assist with the transition.

"Mr Voelte oversaw a significant expansion of Woodside's LNG portfolio and created a strong 'can do' culture within the company," Mr Chaney said.

"He has made an enormous contribution during his tenure, leaving Woodside in a great position from which it can continue to build under Mr Coleman's leadership."

Mr Coleman said he was excited to be joining Woodside, a company he had long admired.

"I have followed Woodside closely since beginning my career in the oil and gas industry nearly three decades ago and I relish the opportunity to lead this great Australian company," Mr Coleman said.

"Woodside has an impressive portfolio of Australian oil and gas assets right across the development timeframe and I look forward to growing the company as successfully as my predecessors, and in a manner which continues to provide superior returns to shareholders.

"I am committed to maintaining the excellent reputation Woodside has in the industry for safe, reliable and responsible operations. This is a testament to the quality of Woodside's people, and the strong relationships the company has with the communities, customers, governments and partners with which it works."

Mr Voelte welcomed Mr Coleman's appointment, saying his wide industry experience and unique oil and gas skills would stand him in good stead in his new role.

"I am confident that Mr Coleman has the right qualities to take Woodside through its next phase of growth," he said.

Mr Voelte said he would continue to closely follow the fortunes of Woodside after he formally leaves the company on Thursday 30 June 2011.

"I am privileged to have served in the best job of my career over the past seven years.

"It was a hard decision to make way for a new CEO, but it was the right call and I leave the company happy with the contribution I have made."

ATTACHMENTS

- Attachment A: Peter Coleman – CV Summary
- Attachment B: Summary of key terms of engagement

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NOTE TO MEDIA

*Chairman Michael Chaney will conduct a media conference with Don Voelte and Peter Coleman at 11am (Perth time) on **Friday, 13 May** at Woodside Plaza, 240 St Georges Terrace Perth. The media conference will be recorded. It will be available for viewing on Woodside's website at www.woodside.com.au from approximately 2pm (Perth time).*

A photograph of Mr Coleman will be available at http://www.woodside.com.au/Investors-Media/resources/Pages/Image-Gallery.aspx.

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ATTACHMENT A

PETER COLEMAN – CV SUMMARY

History

2010 Vice-President, ExxonMobil Development Company (Houston)
Responsible for leading development and project work in excess of US$40 billion including PNG LNG, and activities in Australia, Malaysia, Indonesia and Hong Kong.

2008 Vice-President Americas, ExxonMobil (Houston)
Responsible for leadership of all activities related to production business in the USA, Canada and South America.

2004 Senior Vice President, then later, President and General Manager, ExxonMobil Indonesia (Jakarta)
Responsible for asset management including onshore and offshore gas fields, in addition to PT Arun LNG facilities.

2004 Production Operations Manager, Onshore and Offshore Operations, Esso Australia (Melbourne)
Responsible for operation of offshore and onshore oil and gas production facilities, in addition to loading facilities, marine operations base and aircraft operations.

2003 Oso Restoration Executive, Mobil Nigeria (Eket)
Responsible for restoring the offshore facility to production.

2001 Manager, Strategic Planning and Business Analysis, ExxonMobil Production Co. (Houston)
Responsible for development of company operating plan and budget, in addition to managing a restructure following a company merger.

Role included leading a comprehensive review of all pre-start readiness activities for the Chad-Doba Development in 2002.

1986 Various engineering and operating positions, Esso Australia

1984 Drilling Engineer, Esso Australia

Qualifications

Bachelor of Engineering, Civil and Computing, Monash University, Melbourne Australia
Master of Business Administration, Deakin University, Melbourne Australia

Personal

Age: 51
Born: Sale, Victoria, Australia

ATTACHMENT B

SUMMARY OF KEY TERMS OF ENGAGEMENT

The key terms of the employment arrangements are summarised below. They are in line with industry practice and ASX corporate governance guidelines. They have been developed with the benefit of expert external advice and information on Australian peer company benchmarks.

The remuneration package is designed to ensure alignment of reward with achievement of corporate objectives as determined by the Board and with returns for shareholders.

Term

Mr Coleman's employment as Chief Executive Officer and Managing Director and will be effective from 30 May 2011. The appointment will continue until the employment is terminated in accordance with the Executive Employment Agreement.

Remuneration

Mr Coleman will be provided with the following elements of remuneration:

- fixed annual reward of $2,100,000 (which includes certain fringe benefits and associated taxes);
- variable annual reward composed of a short term incentive component and a long term incentive component; and
- a sign-on incentive of Woodside shares to the value of $3,000,000.

Short term incentive
The short term incentive is determined by the Board annually and will be based on the CEO's performance against key performance indicators and the company's performance.

Short term incentive awards are allocated as two-thirds cash and one-third variable pay rights. The short term incentive payable to Mr Coleman in any year, for achieving targeted performance is one times fixed annual reward for the relevant year. The short term incentive will increase for over achievement of targeted performance up to a maximum of two times his fixed annual reward.

The number of variable pay rights is determined by dividing the amount of the short term incentive to be satisfied by variable pay rights by the volume weighted average sale price of Woodside shares for the month of December in the relevant year.

On vesting, the variable pay rights may be satisfied by the transfer of Woodside shares (which will be acquired by Woodside) or, at the election of the Board, payment of the cash equivalent value of those shares.

The variable pay rights will vest on the third anniversary of their allocation provided that Mr Coleman's employment has not been terminated for cause or by Mr Coleman's resignation prior to that date.

Long term incentive
The long term incentive is granted in the form of variable pay rights representing 133% of the fixed annual reward payable to Mr Coleman. The number of variable pay rights is determined by dividing the amount of the long term incentive by the volume weighted average sale price of Woodside shares for the month of December in the relevant year.

The vesting of the variable pay rights is conditional on a satisfactory ranking of Woodside's relative total shareholder return over a three or four year period in comparison with a selected international peer group of companies.

The total shareholder return is calculated in accordance with Mr Coleman's Executive Employment Agreement and takes into account the growth in share price after incorporation of dividends, distributions and other rights during the relevant period. The total shareholder return test is assessed as at the third anniversary of the allocation of the variable pay rights. The number of variable pay rights which will vest depends on the ranking of Woodside's total shareholder return percentile position within the peer group. At less than the 50th percentile, no variable pay rights vest. At the 50th percentile, 50%

of the variable pay rights vest; at the 75th percentile, 100% of the variable pay rights vest; and at the 100th percentile, 150% of the variable pay rights vest (that is, there is an entitlement to 1.5 shares for each variable pay right in these circumstances).

If no variable pay rights vest on the third anniversary (because Woodside has not performed at or above the 50th percentile of the peer group), the performance test is reapplied on the fourth anniversary of the allocation date. Any unvested variable pay rights after that test will lapse.

Unvested variable pay rights will also lapse if Mr Coleman's employment has been terminated for cause or he has resigned prior to the satisfaction of the relative total shareholder return test.

On vesting, the variable pay rights may be satisfied by the transfer of Woodside shares (which will be acquired by Woodside) or, at the election of the Board, payment of the cash equivalent value of those shares.

Sign on Incentive
Mr Coleman will be giving up certain rights with his former employer to join Woodside and to recognise these interests he will be paid a one off sign on incentive. Woodside will acquire Woodside Shares to the value of $3,000,000 to be held in trust for Mr Coleman. One third of these shares will vest each anniversary after the date of his appointment. Any unvested entitlements will be forfeited if Mr Coleman's employment is terminated for cause or by his resignation.

Impact of a Control Event
On a control event occurring, an allocation of variable pay rights for the period up to the control event will be made and all unvested entitlements to variable pay rights and sign on incentives will vest. A control event includes a takeover bid where a person (and his associates) becomes legally or beneficially entitled to 50% or more of the shares in Woodside, a scheme of arrangement resulting in an amalgamation of Woodside with another company or a person (and his associates) becoming legally or beneficially entitled to 50% or more of the shares in Woodside, or a resolution or order for the winding up of Woodside. Vesting of the variable pay rights which are to be tested for the relative total shareholder return will assume that Woodside is ranked at the 75th percentile in the event of a control event occurring. However, the Board may decide to conduct the relative total shareholder return test as at the date of the control event if the result of the test is not less than the award if Woodside was ranked at the 75th percentile.

Relocation and other transitional assistance
Woodside will cover the cost of relocating Mr Coleman and provide compensation of $100,000 for other incidental costs incurred as a result of the relocation. Woodside will also compensate Mr Coleman for taxation liabilities incurred as a result of accepting employment with Woodside and changing residence for tax purposes, up to a maximum of $500,000.

Termination
The employment of Mr Coleman may be terminated in the following circumstances:

- By Woodside giving 12 months' notice of its intention to terminate Mr Coleman's employment or 6 months' notice given by Mr Coleman. A material downgrading in the nature of Mr Coleman's duties, status or rewards or if he is removed as a director will be treated as Woodside giving notice of termination. Subject to any limitations at law, Woodside may pay Mr Coleman in lieu of him serving out his notice period. Where Woodside has given notice to terminate employment, it may accelerate any unvested variable pay rights or sign on incentives, subject again to any limitations at law.
- Woodside may immediately terminate Mr Coleman's employment if, among other things, Mr Coleman commits a serious or wilfully persistent breach of the Executive Employment Agreement, is found guilty of serious or wilful misconduct in the discharge of his duties, or commits any act which has the potential to detrimentally affect Woodside or bring Woodside into disrepute. In these circumstances, all unvested variable pay rights and sign on incentives will lapse.
- Woodside may terminate Mr Coleman's employment if he dies or suffers total or permanent disablement. In this circumstance, an allocation for the incomplete year of employment will be made and all unvested variable pay rights and sign on incentives will vest; and
- Woodside may terminate Mr Coleman's employment on 3 months notice if he becomes incapacitated due to illness, accident or other cause which renders Mr Coleman unable to perform his duties in certain circumstances.

Other key terms
Mr Coleman is subject to a 6 month non-compete restriction after his employment ceases with Woodside or he is required to serve a period of gardening leave (Cessation Date). Under this restraint, Mr Coleman cannot participate in a business that competes with Woodside during that 6 month period. Additionally, Mr Coleman cannot solicit or approach any employee, contractor, agent, customer or supplier for a period of 12 months from the Cessation Date.

The terms relating to the short term incentives and long term incentives and future allocations can be suspended or amended so far as they relate to variable pay rights which have not been allocated, provided that if the right to incentives are suspended, reasonable compensation will be provided.