woodside

Annual Report 2009

Contents

Visit Woodside website

See table in this section

We have partnered with Green Reports™ in an initiative that ensures our Annual Report obligations are not impacting the environment.

About this report

This 2009 Annual Report is a summary of Woodside's operations, activities and financial position as at 31 December 2009.

Woodside Petroleum Ltd (ABN 55 004 898 962) is the parent company of the Woodside group of companies. In this report, unless otherwise stated, references to 'Woodside' and 'the Group', 'we', 'us' and 'our' refer to Woodside Petroleum Ltd and its controlled entities, as a whole. References to 'the company' refer to Woodside Petroleum Ltd unless otherwise stated. The text does not distinguish between the activities of the parent company and those of its controlled entities.

References in this report to a 'year' is to the calendar year ended 31 December 2009 unless otherwise stated. All dollar figures are expressed in Australian currency unless otherwise stated.

Woodside is continuing efforts to reduce its environmental footprint associated with production of the Annual Report.

Printed copies of the Annual Report will only be posted to shareholders who have elected to receive a printed copy of the report.

The Annual Report is also printed on an environmentally responsible paper manufactured under ISO 14001 environmental management standards, using Elemental Chlorine Free pulps from sustainable, well managed forests.

2009 Woodside Sustainable Development Report

Woodside also publishes a Sustainable Development Report that combines our Health, Safety, Environment and Community performance.

Available on request or from the company's website (www.woodside.com.au).

About Woodside

Woodside is an independent Australian oil and gas company playing a key role in supplying energy to our region.

We are one of the world's leading producers of liquefied natural gas, helping meet the demands for cleaner energy from Japan, China, Korea and other countries in the Asia Pacific region.

Woodside was formed in 1954, focused initially on oil exploration off Australia's south coast.

Major natural gas discoveries off the Western Australian coast in the 1970s changed the company's direction, and today Woodside is one of the world's pre-eminent producers of LNG.

We operate the $27 billion North West Shelf project, which in 2009 celebrated 25 years of natural gas production and 20 years of LNG production.

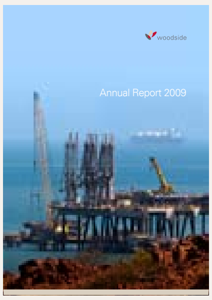
We pride ourselves as a stable and reliable supplier with a focus on delivering on our commitments.

Woodside's production of LNG continues to grow, with the Pluto foundation project on track for first gas by end 2010, with first LNG in early 2011 contingent on a productive industrial relations environment.

We are already planning for an expansion of our Pluto project, and are seeking to develop a further two LNG projects – Browse in Australia's Kimberley region and Sunrise off the northern coast.

Woodside also maintains a portfolio of non-LNG projects. We produce natural gas, liquefied petroleum gas, condensate and oil for customers in Australia and elsewhere.

With our large natural gas resource base, Woodside is a sought-after provider of cleaner energy. We seek excellence in environmental performance, and aim to ensure that wherever we operate, the local community benefits from our presence.

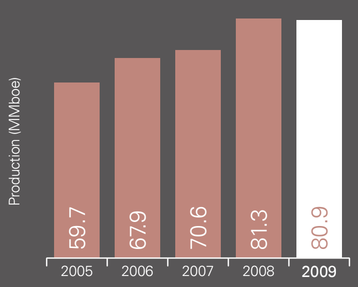


About the cover

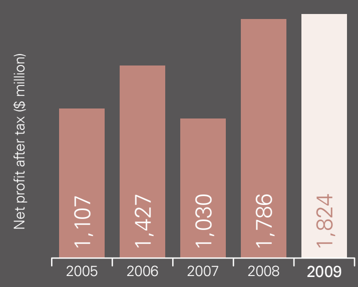
Pluto LNG Project loading jetty construction nearing completion. In the background a fully laden North West Shelf LNG tanker sails to Asia.

Performance at a glance

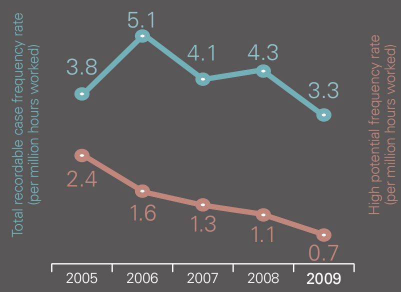
Production



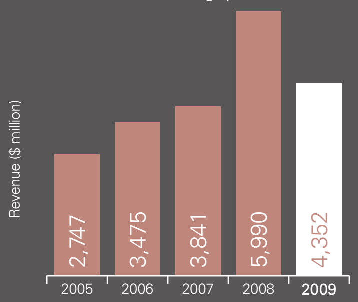
Reported net profit after tax
(post significant items)



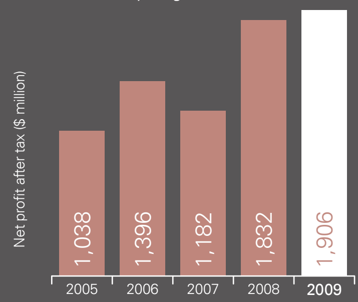
Safety



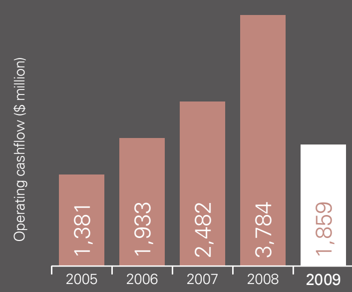
Sales revenue
(from continuing operations)



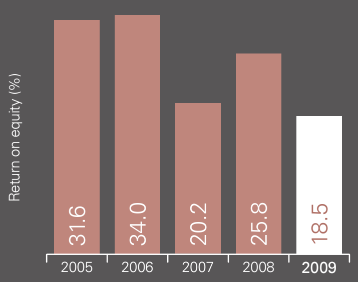
Net profit after tax
(pre significant items)



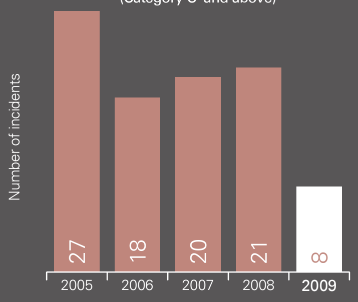
Operating cashflow



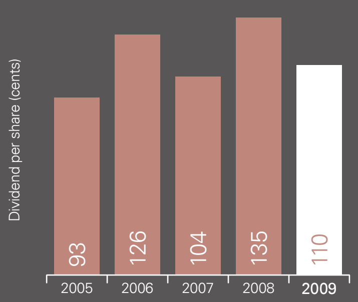
Return on equity
(after significant items)



Environmental incidents
(Category C and above)



Dividend per share



Results at a glance

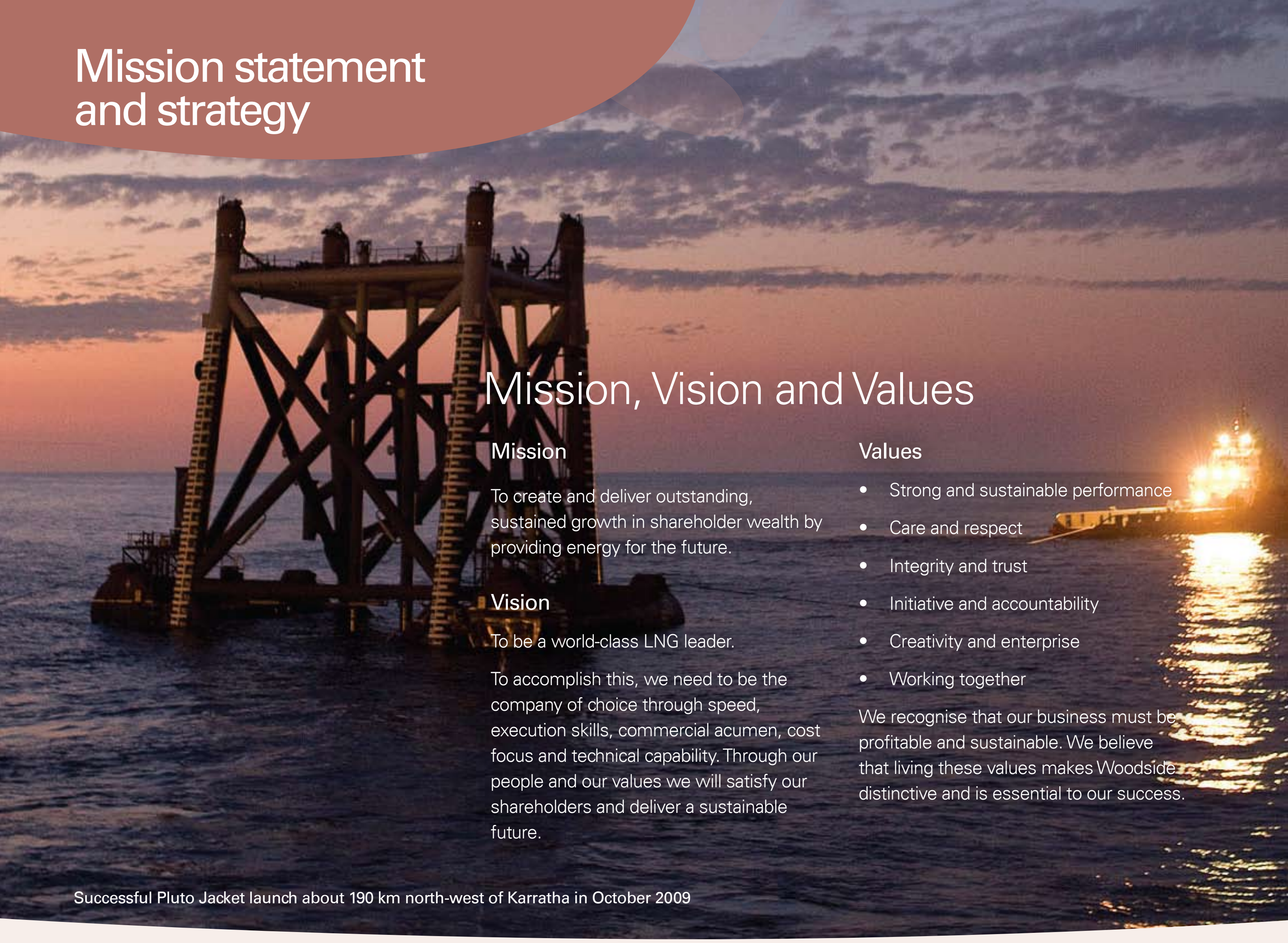
		2009	2008	% Change
Net profit after tax	($ million)	1,824	1,786	2.1%
Sales revenue	($ million)	4,352	5,990	-27.3%
Cashflow from operating activities	($ million)	1,859	3,784	-50.9%
Earnings per share	(cents)	259	260	-0.3%
Total recordable case frequency	(TRCF)	3.3	4.3	23.3%
Total shareholder return	(TSR, %)	42*	23*	82.6%
Production	(MMboe)	80.9	81.3	-0.5%
Proved reserves	(MMboe)	1,296	1,328	-2.4%
Proved plus Probable reserves	(MMboe)	1,651	1,703	-3.1%
Contingent resources	(MMboe)	1,867	1,940	-3.8%

* Source: Bloomberg, 5 year average, annualised, USD

Results highlights

- Record reported net profit after tax, up 2% to $1,824 million
- Record underlying profit, up 4% to $1,906 million
- Production volumes, down 0.5% to 80.9 million boe
- Record sales volumes, up 0.6% to 80.7 million boe
- Final dividend of 55 cents per share lifted full year dividend to 110 cents per share
- Record investment spend of $5.7 billion
- $2.9 billion of undrawn debt and cash on hand - gearing at 29.8%
- Improved safety performance, TRCF reduced 23% to 3.3
- Improved environmental performance, Category C and above incidents down 62% to 8
- Proved plus Probable reserves over 1.6 billion boe

Mission statement and strategy



Mission, Vision and Values

Mission

To create and deliver outstanding, sustained growth in shareholder wealth by providing energy for the future.

Vision

To be a world-class LNG leader.

To accomplish this, we need to be the company of choice through speed, execution skills, commercial acumen, cost focus and technical capability. Through our people and our values we will satisfy our shareholders and deliver a sustainable future.

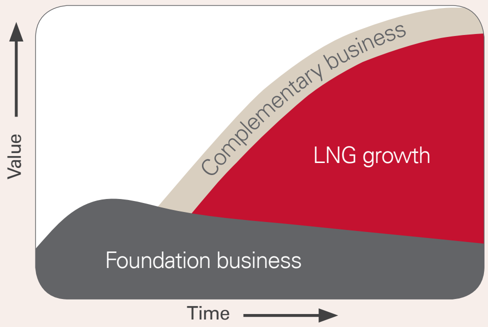
Values

- Strong and sustainable performance
- Care and respect
- Integrity and trust
- Initiative and accountability
- Creativity and enterprise
- Working together

We recognise that our business must be profitable and sustainable. We believe that living these values makes Woodside distinctive and is essential to our success.

Successful Pluto Jacket launch about 190 km north-west of Karratha in October 2009

Woodside's strategy



In June 2009 the Board of Directors reviewed Woodside's long-term strategy and confirmed the importance of maintaining the existing strategic direction and delivering against the LNG growth plan.

Woodside continues to focus on improving its foundation business and delivering long-term growth in shareholder value through development of the Australian liquefied natural gas (LNG) portfolio.

Woodside's foundation Australian business includes the producing assets in the North West Shelf Venture (NWSV) and Greater Exmouth area. These are complemented by producing assets elsewhere in Australia and the Gulf of Mexico. By maximising the returns from these assets Woodside will meet its financial obligations and contribute funds to support the company's growth ambitions.

To further maximise the value of the investment in these existing assets Woodside will also pursue selective exploration and development opportunities. Continued operation of these facilities to appropriate safety, environmental and stakeholder standards will maintain Woodside's licence to operate.

Longer term growth in Woodside's value and its overall future will be shaped by LNG. The company's significant natural gas assets and infrastructure in Australia provide unparalleled opportunities within an industry struggling to access an ever depleting resource base. With increasing global demand for energy, driven by the continued growth of the Asian economies, we believe Woodside is well positioned to capitalise on new opportunities in emerging LNG markets. Delivery of the Pluto foundation project will support future LNG growth opportunities through expansion of Pluto and the development of Sunrise and Browse. Maintaining momentum on these projects will continue to build Woodside's internal LNG capabilities and ensure access to the necessary external resources.

A complementary business theme will be retained to provide options for future business through selective exposure to exploration outside of Australia.

Chairman's overview

The quality of our people at all levels allows us to look to the future with confidence

The year 2009 may well be remembered, at least in Australia, as one in which the liquefied natural gas industry captured the public's imagination.

With large numbers of conventional and non-conventional LNG projects around Australia at various stages of development, the industry stood out as a hive of activity at a time many other sectors of the economy were in recession as a result of the global financial crisis.

Members of the public could easily be excused for thinking the LNG industry is new to Australia.

On the contrary, in 2009 Woodside celebrated 20 years of production of LNG from the North West Shelf Project, during which time we have loaded more than 2800 cargoes. This anniversary served as a pertinent reminder of our company's pioneering role in the industry.

The release during the year of a report on the economic impact of the North West Shelf, timed to coincide with 25 years of pipeline gas production and 20 years of LNG production, illustrated the enormous contribution this project has made to Australia.

According to the report, the North West Shelf has contributed $70 billion to the nation's gross domestic product. Annual federal, state and local government revenues are in the order of $5 billion a year.

Today, Woodside has a presence across the development timescale of LNG projects.

At the North West Shelf, we have an extensive track record as a proven, reliable and safe operator with an international reputation to match.

At Pluto, we are close to completing the construction of our first LNG train and have entered the front-end engineering and design phase for an expansion of the project.

At Browse and Sunrise, we have the opportunity to further significantly enhance our LNG portfolio. Both of these developments made strong progress in 2009.

This time last year I commented that, even during periods of economic downturn, good businesses should remain profitable. The past year demonstrated Woodside's robustness in this regard.

In spite of the economic difficulties, the company recorded a profit of $1.82 billion, 2% higher than that earned in 2008 during a period of record oil prices.

The Board of Directors declared a fully franked final dividend of 55 cents per share, resulting in a full-year dividend of 110 cents per share.

We go into 2010 with a healthy balance sheet, having received strong support from banks, the bond market and, in our recent rights issue, equity investors. Woodside is in a sound financial position.

On the political front two issues continue to be of particular concern to the board.

At the time this report was published, the fate of the Commonwealth Government's proposed Carbon Pollution Reduction Scheme remained unknown. While we recognise the significant improvements made to the scheme since the Green Paper was released in July 2008, Woodside has been vocal in pointing out that placing a carbon price on Australian LNG will put our industry at a disadvantage relative to any international competitors who are not similarly burdened. To the extent that this results in our potential customers continuing to use carbon-intensive fuels rather than cleaner LNG, it will result in a net increase in greenhouse emissions.

Secondly, we remained concerned about the prospect of increased industrial disruption in our industry following the enactment of new Commonwealth workplace legislation. The Australian LNG sector has enjoyed relative workplace harmony for several years and this has been a central factor in developing and maintaining our reputation internationally as a reliable supplier. Any change to this risks damaging the sector's standing with customers.

As we celebrated 20 years of North West Shelf LNG production, we were pleased during the year to take the opportunity to name our first Woodside-branded LNG ship the 'Woodside Donaldson', in honour of Geoff Donaldson, whom many would regard as the father of the company.

Geoff chaired Woodside from soon after its creation in 1954 until he retired 28 years later. At 96 years old he has reason to be proud of the company's status as a successful, independent Australian oil and gas company.

I take this opportunity to thank all our employees, led by Chief Executive Officer Don Voelte, for their efforts on behalf of the company; and I thank my fellow directors for their ongoing dedication and support. The quality of our people at all levels allows us to look to the future with confidence.

Michael Chaney, AO

Michael has been on Woodside's Board since 2005 and Chairman since 31 July 2007.

CEO report

We started 2009 in the shadow of the global financial crisis, yet Woodside continued to build on its reputation as a world-class LNG leader

In the same way well built ships come into their own in rough weather, well built companies prove themselves in rough economic conditions.

The global financial crisis that gripped the world in 2009 reaffirmed Woodside's position as a quality company with outstanding people, a robust long-term business strategy and excellent assets.

Throughout this economic downturn we have kept our people, stood firmly by our strategy and continued to aggressively develop our assets. It is pleasing for me to report to shareholders our success on these three fronts.

It also pleases me that, at the same time we made great gains in our LNG growth strategy, we produced a very solid profit for our shareholders.

Our employees did a great job of converting revenue to the bottom line in this weaker commodity price environment. Our profit in 2009 of $1.82 billion was a new record.

Our growth ambitions would amount to nothing unless we had the financial capacity to make them happen, so our ability to readily access global capital markets to fund our LNG growth portfolio has been a highlight of 2009.

Support from the capital markets recognised the extensive appetite of lenders to provide funding to bring on Woodside's growth portfolio.

The past year saw us raise approximately $5.8 billion in additional debt and equity. This figure excludes the proceeds from the sale of our interest in the Otway gas project (expected to be completed in Q1 2010) and approximately $1.2 billion received in early February 2010 from the closure of the retail portion of our accelerated equity rights issue.

In many ways, this has been the most satisfying year since my appointment as CEO in 2004. In difficult conditions, our people demonstrated why Woodside continues to be regarded as one of the world's premier independent oil and gas companies.

Health and safety improves

Nothing is more important at Woodside than keeping our people safe, and I'm pleased that our focus on health and safety in 2009 produced outstanding results. We were successful in embedding the Woodside safety culture throughout all our activities.

To emphasise the company's determination to make every day a perfect safety day, in 2009 I elevated the health and safety function to report directly to the CEO.

I am pleased to report that our leading indicator of safety performance, total recordable case frequency, or TRCF, has improved to 3.3 per million hours worked against a target of 3.8, and a 2008 performance of 4.3.

We have had outstanding safety results in our overseas construction sites and must continue to transfer the learnings to our Australian operations. We will continue to work towards our goal of 'no-one gets hurt, no incidents'.

Operational overview

Our foundation business continues to underpin our LNG growth ambitions.

Despite all of our oil assets being in natural field decline, and no new project start-ups in 2009, our full year production was a solid 80.9 million barrels of oil equivalent (MMboe). This was only marginally lower than our 2008 record of 81.3 MMboe.

The North West Shelf Venture (NWSV) with five trains operating at full capacity, delivered record production in 2009. The redevelopment of the North Rankin platform remains on schedule and on cost for first production in 2013, and a front-end engineering and design (FEED) decision on the Greater Western Flank gas development is expected in 2010.

Both of these projects will ensure that peak production is maintained at the NWS facilities well into the next decade. Our goal for the NWS facilities is to continue to improve on the new performance baseline set in 2009.

While our focus going forward is on LNG, we remain a substantial producer of oil, and oil remains an important part of Woodside. Almost all our oil assets have delivered new production wells this year and currently offer further similar opportunities in the next few years.

LNG growth continues

Woodside's growth will come from the company's exposure to significant natural

Tower under construction at Pluto LNG Park

Don Voelte
MANAGING DIRECTOR AND CHIEF EXECUTIVE OFFICER

Don has been with Woodside since April 2004 and has more than 35 years of global experience in the oil and gas industry.


North West Shelf Karratha Gas Plant LNG loading jetty

gas assets and infrastructure in Australia.

At Pluto, our phase one project went from 42% complete at the beginning of the year to 83% complete by year end. The performance on this project makes me very proud.

In an industry where long delays and massive cost overruns are commonplace, I'm pleased to report the Pluto foundation project in progressing quickly and is expected to have a final cost of 6% to 10% over the initial $11.2 billion budget.

We continue to work extremely hard to contain costs at Pluto.

Of course, we have no intention of resting on our laurels at Pluto after we complete work on the foundation project, and in November we initiated FEED for Pluto Trains 2 and 3.

In October 2009 we commenced our 20-plus exploration well campaign in the Carnarvon basin for the gas to feed Pluto Trains 2 and 3. With the Martell discovery earlier in the year, the Eris discovery in November, and the arrival of the new drilling rig, the Maersk Discoverer in December 2009, we aim to be in a position to make a final investment decision (FID) on Train 2 by the end of 2010 and Train 3 by the end of 2011.

Our Browse development continued to make huge strides in 2009 and we welcomed the recent announcement by the Joint Authority and the Minister for Mines and Petroleum regarding the renewal terms for the Browse retention leases.

The renewal terms require the joint venture to undertake a $1.25 billion work program to place it in a position to make a FID by mid 2012. On 9 February 2010 the joint venture participants selected the Western Australian Government's Browse LNG precinct near James Price Point in the Kimberley region as the location for the project's onshore plant.

Our Sunrise development is also making excellent progress. After exploring and assessing five development concepts for the Greater Sunrise fields, including Darwin LNG, Floating LNG and an onshore LNG facility in Timor–Leste, the joint venture has narrowed the selection to Floating LNG or Darwin LNG as the preferred development options.

The joint venture is now preparing a field development plan for submission to both the Australian and Timor–Leste regulators. The approval of this plan is an important precursor to an FID on the Greater Sunrise fields.

Looking forward

There are signs that economies around the world are starting to expand again, led by resurgence in Asia. Oil prices have recovered from their lows in early 2009 and, despite current global economic conditions, the fundamental drivers for medium and long term LNG demand remain strong for both the Asia-Pacific and Atlantic basins.

Recession-moderated forecasts still indicate that LNG demand will double through 2009 to 2020. Woodside's LNG portfolio provides a unique opportunity to deliver outstanding and sustained shareholder wealth.

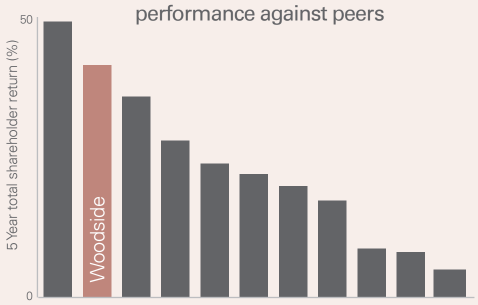
Execution capabilities have now become paramount in delivering our LNG growth ambitions. The ability to deploy the appropriate skills and experience, as well as the technology and innovation required for developing remote deepwater fields, will remain keys to Woodside's future success.

While mindful of the challenges that lie ahead, we have a demonstrated track record on delivering and we relish the opportunity to repeat it again and again.

We will continue to drive forward the development of our world class resources at Browse and Sunrise. We look forward to first gas at the Pluto LNG Project and exploration success which will help us create further value from the expansion opportunities we have at Pluto.

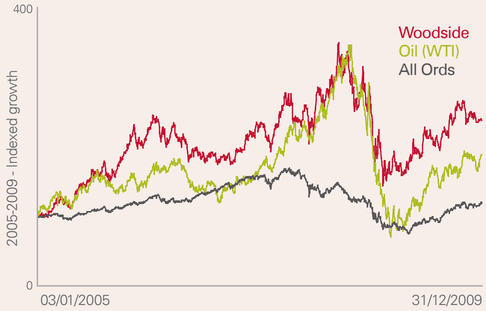
To all our employees and contractors at Woodside I would like to take this opportunity to thank you for the special year you helped deliver in 2009.

Total shareholder return (TSR) performance against peers

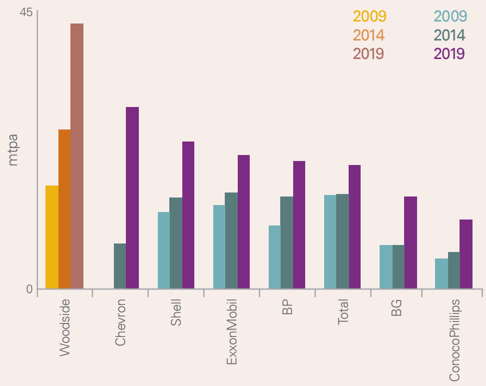


Woodside's peer group comprises the following companies: Anadarko, Apache, BG, CNOOC, Marathon, Murphy, Pioneer, Repsol, Santos and Talisman.
Source: Bloomberg, 5 year average, annualised, USD.

Share price performance

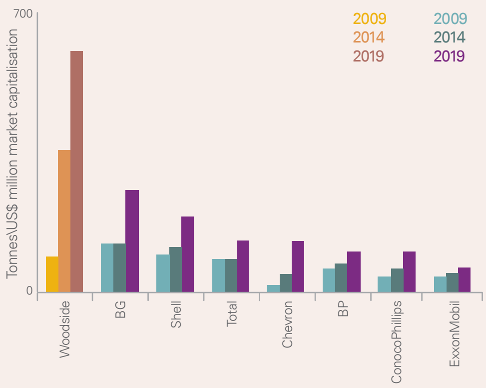


Potential operated LNG capacity to 2019
(excludes national oil companies)



Equity Source: Poten & Partners (September 2009)

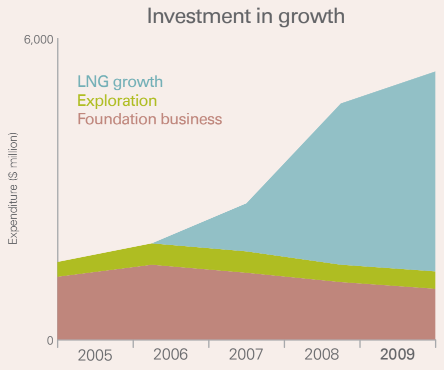
Ratio of tonnes of LNG equity to market capitalisation
(excludes National Oil Companies)

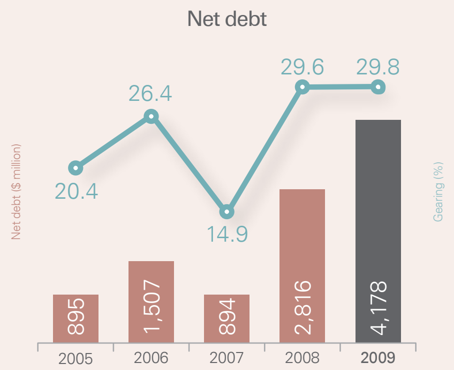


Equity Source: Poten & Partners (September 2009)
Market Capitalisation Source: Bloomberg (30 September 2009)

Overview

LNG growth continued in 2009 with record levels of investment and profit





In 2009 Woodside achieved reported net profit of $1.824 billion and underlying profit of $1.906 billion. In addition we invested a record $5.7 billion in our business, while raising approximately US$3.3 billion in debt, approximately $770 million through the dividend reinvestment plan (DRP) and launching a $2.5 billion equity raising.

The impact of lower commodity prices and the revaluation of our US dollar debt had opposing but material outcomes on our 2009 financial results.

With the average WTI in 2009 being approximately US$38 per barrel less than in 2008, revenue was negatively impacted by $1.9 billion while the revaluation of our US denominated debt resulted in a gain of $886 million.

Robust balance sheet

Woodside enters 2010 with $2.9 billion of cash and undrawn debt and a further $1.2 billion received in early 2010 from the conclusion of the retail portion of the equity raising. Sales proceeds are also expected in Q1 2010 from the divestment of the Otway Gas Project. We are therefore well positioned to fund our LNG growth plans.

Funding

At the time we took FID on Pluto we made the decision to fund the project through a combination of operating cashflow, debt, and the use of the fully underwritten DRP. We subsequently complemented that with the divestment of the Otway Gas Project.

We also stated that we would need a compelling reason before we would approach our shareholders for equity.

That compelling reason occurred on 2 December 2009 with the announcement by the Federal and Western Australian Governments that the renewal of the Browse retention leases was conditional on the joint venture undertaking a $1.25 billion work program to enable an FID by mid-2012. Given this development, the company took the decision to de-leverage the balance sheet in preparation for undertaking the large capital expenditure program which would be required by a Browse FID. On 14 December 2009 we announced a $2.5 billion fully underwritten 1 for 12 accelerated renounceable entitlement offer, which closed successfully in early February 2010.

Drivers of Woodside's 2009 profit versus 2008 profit

Revenue from sale of goods – decreased by $1638 million

Lower gas and liquids prices in 2009 reduced revenue by $1909 million. This was partially offset by a weaker average AUD against the USD, $270 million.

While sales volumes were 0.5 MMboe higher in 2009, the product mix reflected lower liquid and higher gas sales. The change in product mix reduced revenue by $250 million.

During 2009, approximately 4.4 million barrels of Greater Exmouth Area crude oil zero cost collars settled, resulting in a hedging gain of $28 million compared to a loss of $220 million in 2008.

External factors

	2009	2008	Change
Avg WTI oil price US$/bbl	62.0	99.9	▼
Avg AUD:USD	0.78	0.84	
Closing AUD:USD	0.89	0.69	
Avg one month LIBOR* %	0.3	2.7	▼
Avg derived oil price A$/bbl	79.5	118.9	▼

*London Inter-Bank Offer Rate

Realised price per boe

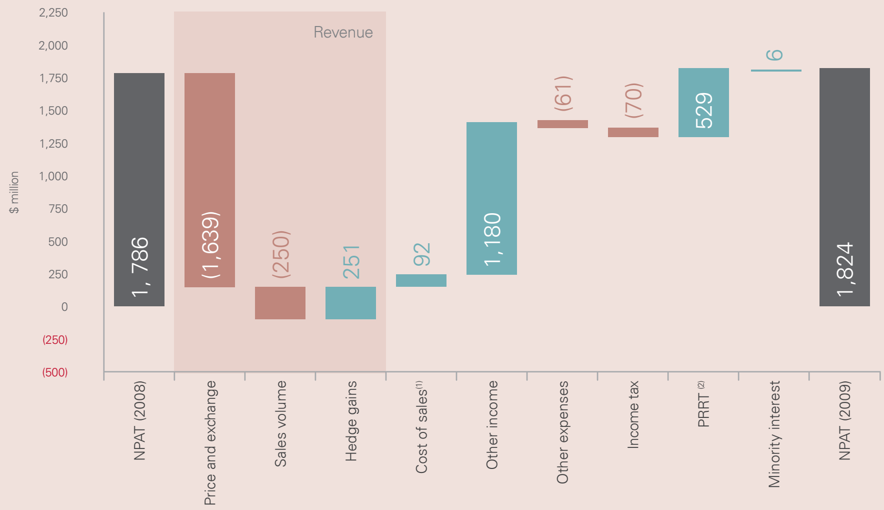
	2009 US$/boe	2008 US$/boe	Change
Pipeline gas	16.7	20.6	▼
LNG	36.1	61.8	▼
Condensate	57.6	73.1	▼
LPG	64.7	65.1	▼
Oil	61.0	91.6	▼
Average realised price (US$/boe)	43.0	64.0	▼
Average realised price (A$/boe)	55.1	76.3	▼

Mark Chatterji

EXECUTIVE VICE PRESIDENT AND CHIEF FINANCIAL OFFICER

Mark has held senior finance and commercial roles over the past 12 years. He has been with Woodside since 2004 and became CFO in 2007.

Drivers of Woodside's 2009 reported net profit after tax (NPAT)



[1] Cost of Sales includes production costs, royalties and excise, insurance, inventory movement, shipping, depreciation and amortisation.

[2] Petroleum and Resources Rent Tax.

Underlying NPAT versus reported NPAT

Net profit after tax (NPAT)	2009 $m	2008 $m
Underlying net profit after tax (NPAT)	1,906	1,832
Significant items after tax		
Libya writeoff	(91)	
Sale of exploration permit equity	15	
Oceanway writeoff	(6)	(78)
Pluto Equity sell down		19
Sale of Vermillion and High Island		(12)
Sale of Geodynamics		13
Success fee on Kitan (Jahal kuda tasi)		12
NPAT as reported	1,824	1,786

Costs of sales – decreased by $92 million

Lower production costs at Laminaria–Corallina, Mutineer–Exeter, Stybarrow, Goodwyn A platform and North Rankin A platform offset the increase in production costs at Vincent as a result of the fire in a gas compression unit, and additional costs associated with the first full year of production from NWSV Train 5 and Angel, $2 million.

Royalties and excise costs decreased in line with lower sales revenue, $160 million.

The timing of cargo liftings resulted in an unfavourable stock movement, $13 million.

Shipping costs decreased in 2009 in line with a lower number of diverted cargoes, $21 million.

Depreciation and amortisation expense increased by $88 million in 2009. While depreciation varies across facilities from year to year in line with production, the main change to depreciation in 2009 was at Laminaria–Corallina following successful start-up of the Corallina-2 development well.

Other income — increased by $1180 million

This result was primarily influenced by a foreign exchange gain of $886 million as at 31 December 2009 on US denominated debt partially offset by hedge of net investment adjustments, compared to a loss in 2008 of $282 million.

Other expenses — net decrease of $61 million

This result was primarily influenced by:

- reduction in general and administrative costs, $56 million (as part of a broader cost reduction program in 2009)
- lower exploration and evaluation expense, $28 million
- reduction in impairment of other oil and gas properties from 2008, $104 million
- impairment of exploration, evaluation and other assets in Libya, $91 million
- loss on derivative financial instruments, $65 million, due to an unfavourable fair value revaluation of interest rate swaps and Greater Exmouth Area hedges, compared to a gain in 2008 of $99 million.

Income tax costs – increased by $70 million

This was predominantly due to write down of deferred tax assets ($40 million) coupled with higher foreign tax losses.

Petroleum resource rent tax (PRRT) – decreased by $529 million

PRRT expense decreased primarily due to lower revenues and higher augmentation on Pluto spend.

Minority interest decreased by $6 million

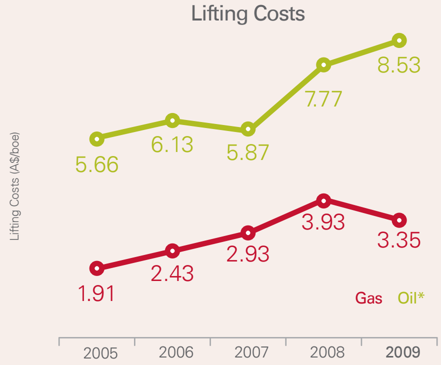
This was due to foreign currency revaluation losses attributable to Kansai Electric and Tokyo Gas' minority interest in various Pluto LNG companies.

Lifting costs

Total gas lifting costs decreased to $177 million from $186 million in 2008. On a unit basis gas lifting costs decreased 15% to $3.35/boe (excluding Ohanet) largely as a result of reduced costs at the Karratha Gas Plant and increased production at Otway and NWS.

Total oil lifting costs decreased to $221 million from $245 million in 2008. On a unit basis, oil lifting costs increased to $8.53/bbl as a result of repair works following the fire in the gas compression unit at Vincent and maintenance on the gas lift riser shutdown at Enfield, coupled with reduced production from our oil fields due to natural field decline.

Lifting Costs

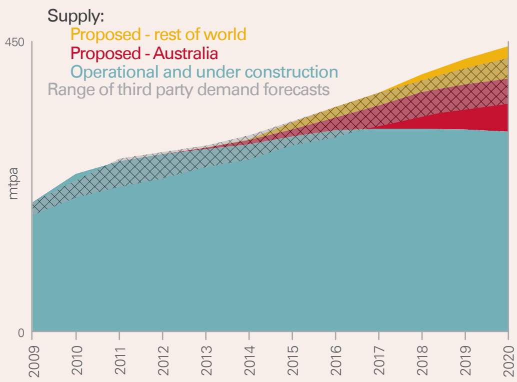


*Excluding FPSO service contract costs

LNG markets

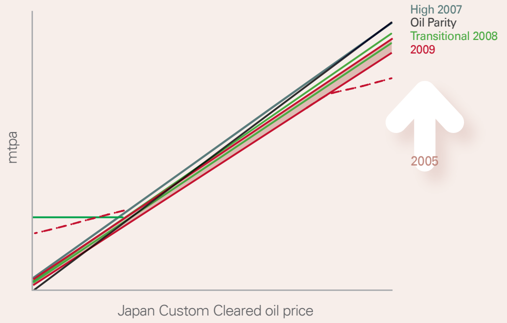
Contract extensions with all our original NWS customers are a testament to the strong relationships we share

Global LNG demand and supply forecast



Source: Supply data is a Woodside view. Demand forecast from various sources including WoodMacKenzie, Cambridge Energy Research Associates and FACTS Global Energy

Indicative industry pricing into Asia-Pacific



Long-term demand growth

Recent impacts of the global financial crisis on the LNG market and increases in US domestic gas supplies have not significantly altered our expectation of robust long-term LNG demand growth.

At an average growth rate of 7% per annum, demand will approximately double between 2009 and 2020 from about 190 mtpa to about 380 mtpa.

This view reflects many independent forecasts of global LNG demand. It is underpinned by population growth, rising standards of living and importantly the increasing emphasis world-wide on the use of cleaner energy sources. LNG is competitively positioned relative to other hydrocarbon fuels.

Long-term growth in LNG demand is uneven across and within the two major regional markets of the Asia-Pacific and Atlantic basin. A closer look at our core target market of the Asia-Pacific shows that the traditional markets of Japan, Korea and Taiwan continue to be dominant in terms of market share. However, the emerging markets of India and China combined with new markets, including Singapore, Thailand and Pakistan, are expected to have a considerably higher rate of demand growth. Our view is that the demand in this region from both traditional and non-traditional markets is sufficient to support all of our projects.

Market to tighten in next few years

In the short term, the market is arguably well-supplied. This is due to the slowing of demand growth in the wake of the global financial crisis, the increase in gas supply from the start up of a number of new supply projects over a relatively short period of time and increased production of unconventional gas in the US.

In the longer term, the world still needs a new Browse or Gorgon-sized LNG project every year in order to meet expected growth in LNG demand, especially in light of declining production from some legacy projects.

During 2009 the Gorgon and PNG LNG projects moved into construction phase. These decisions followed a very lean period for commitment to new greenfield supply – only Pluto, Angola and Peru have achieved FID during 2006 to 2008.

Globally, there are a large number of new projects under discussion. Even a one year delay of a small number of the proposed projects or those under construction could result in a supply-constrained market. We expect that the global market will tighten from about 2012. The strong interest Woodside continues to receive in the earliest start up of Pluto Trains 2 and 3 is evidence that many customers share a similar view.

Woodside is well positioned to be a leading supplier

A significant proportion of proposed new global LNG supply will come from Australian projects. Indeed, with the Qatari moratorium on new projects, Australia is recognised as having the potential to become the leading new LNG supply country. The Australian Government's clearly stated support for the industry and the continuation of Australia's relatively stable political and fiscal regimes will provide the environment to achieve further growth in Australian LNG supply.

Given our extensive experience in developing, constructing and operating LNG projects, together with our strong relationships with government and customers in the region, Woodside is well-placed to proceed with its portfolio of offshore projects, which will access conventional gas. In doing so we continue to play a leading role in the industry, both in Australia and more widely.

Robust long-term Asia-Pacific LNG pricing continues

Based on our long-term view of the global LNG supply-demand balance, our outlook for long-term Asia-Pacific pricing remains strong (Asia-Pacific contracts represent more than 85% of our LNG portfolio).

This view is supported by recent long-term LNG deals in the region which are continuing to achieve very high indexation to movements in crude oil prices.

Reinhardt Matisons
PRESIDENT MARKETING

Reinhardt has 28 years industry experience and joined Woodside in 1996.

'Woodside Donaldson' on its maiden cargo voyage

'Woodside Donaldson', Samsung Heavy Industry Goeje shipyard, South Korea, 28 September 2009

Spot sales balance market

Spot sales (short-term sales of a small number of cargoes over a period of less than a year) now account for approximately 20% of the global LNG market, or about 40 mtpa. The healthy growth of short-term trade is a welcome development for us as spot markets help both buyers and sellers deal with uncertainties such as weather and technical issues such as the ramp-up profiles of new projects.

In terms of pricing, we have seen some cycling of spot prices. In 2009 we have been very pleased by the pricing levels we have achieved for our NWS spot cargoes. This gives us confidence for further spot sales in 2010 from NWS and for uncommitted Pluto volumes from 2011.

Value-adding shipping

During 2009 our first 100% equity LNG vessel, the 'Woodside Donaldson' was launched.

This vessel has been chartered for an initial period of 15 years to deliver our Pluto volumes. It is part of a fleet of three joint venture controlled ships operating on an integrated low cost basis. The 'Woodside Donaldson' is instantly recognisable with three Kangaroos painted on each side.

For our new projects we will develop shipping strategies that reflect our long-term view of the shipping market. As for Pluto, this may involve construction of new project ships, and there is currently ample shipyard capacity available for this. World shipping capacity currently exceeds demand and as a consequence very reasonably priced time-charters are available in the mid-term.

The current shipping market therefore provides us with options for our new projects that will allow us to continue to add value through our involvement in shipping.

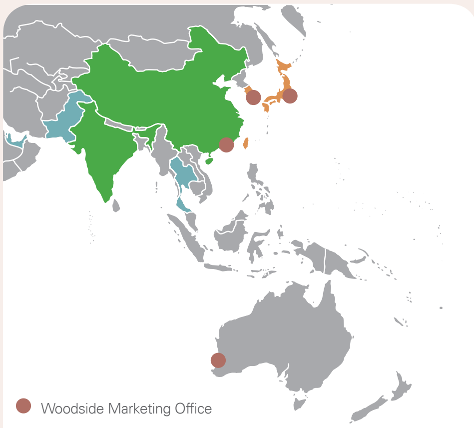
Investing in long-term relationships

In early December we celebrated 20 years of continuous, safe and reliable supply with our Japanese customers. This is a major achievement by global LNG standards. It is testimony to our good relationships with these customers that all of our original 1985 NWS customers have extended their contracts.

We continue to leverage our long-term NWS relationships for our new projects. Osaka Gas is an equity participant in Sunrise and more recently Tokyo Gas and Kansai Electric have joined us as participants in Pluto. We value and respect these companies as joint venture participants and we look forward to working with them to progress our projects.

An example of the investment we continue to make in these relationships are annual staff exchanges with Japanese customers dating back to the early 1990s. These have created a network of personal connections that has benefited both sides and will continue to do so for years into the future.

We take our role in the region very seriously and actively engage with all of our existing and potential customers. We have overseas offices in Japan, South Korea and China to support these engagements. It is part of our LNG history in the region that Woodside has had in-country representation in Tokyo for more than 25 years, in Seoul since 2004 and in Beijing since 2005.



Traditional markets:
Continue to dominate global LNG demand

Developing markets:
India and China have strong growth in demand

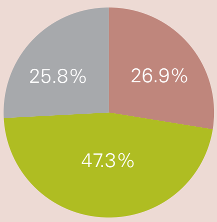
Market entrants:
Thailand, Singapore, Pakistan and Kuwait

Reserves statement

Key reserve changes

- Proved reserves[1] of 1295.9 MMboe decreased by 31.8 MMboe as annual production[5] (78.8 MMboe) was partially offset by upward revisions of 32.5 MMboe at Pluto–Xena, 10.3 MMboe in the Enfield, Mutineer–Exeter, Vincent and Laminaria-Corallina oil fields, 5.9 MMboe in the North West Shelf oil and gas fields and 3.5 MMboe at Otway. Downward revisions at Neptune and other fields in the United States comprised 5.5 MMboe.
- Proved plus Probable reserves of 1651.2 MMboe, decreased by 52.0 MMboe largely due to annual production. Reserves maturation of 19.9 MMboe at Pluto–Xena, and upward revisions of 8.2 MMboe in the North West Shelf oil and gas fields and 5.9 MMboe at Otway were offset by downward revisions of 8.4 MMboe at Neptune and other fields in the United States.

Proved plus Probable reserves



Woodside's reserves overview

		2009	2008	% Change
Proved[2]	MMboe	1,295.9	1,327.7	-2.4%
Proved plus Probable[3]	MMboe	1,651.2	1,703.2	-3.1%
Contingent Resources[4]	MMboe	1,866.6	1,939.6	-3.8%

Key metrics		Proved	Proved plus Probable
2009 Reserves Replacement Ratio[6]	%	60	34
Organic 2009 Reserves Replacement Ratio[6]	%	60	34
3yr Reserves Replacement Ratio including A&D[i]	%	146	132
3yr Organic Reserves Replacement Ratio	%	146	132
Reserves Life	Years	16	21
Annual Production[5][ii]	MMboe	78.8	78.8
Net Acquisitions and Divestments[iii]	MMboe	0.0	0.0

(i) Acquisitions and Divestments (ii) 2009 Annual Production for Reserves Statement (iii) Title transfer for Otway to take place in 2010

'Proved plus Probable' reserves annual reconciliation by product*

(Woodside share)

	Dry gas[8] Bcf[10]	Condensate[9] MMbbl[11]	Oil MMbbl	Total MMboe[12]
Reserves as at 31 December 2008	7,883	151.4	168.8	1,703.2
Revision of Previous Estimates[13]	155	6.4	-6.8	26.8
Extensions and Discoveries[14]	0	0.0	0.0	0.0
Acquisitions and Divestments	0	0.0	0.0	0.0
Annual Production	-245	-10.0	-25.8	-78.8
Reserves as at 31 December 2009	7,794	147.8	136.1	1,651.2

* Small differences are due to rounding to first decimal place

'Proved plus Probable' reserves summary by project*

(Woodside share, as at 31 December 2009)

Project	Dry gas Bcf	Condensate MMbbl	Oil MMbbl	Total MMboe
Pluto–Xena	4,146	53.4	0.0	780.7
North West Shelf	3,276	88.8	37.1	700.7
Greater Exmouth	0	0.0	79.0	79.0
Otway	347	4.5	0.0	65.4
Neptune and Gulf of Mexico	20	0.1	10.4	14.0
Laminaria–Corallina	0	0.0	9.2	9.2
Ohanet	5	0.9	0.0	1.7
Mutineer–Exeter	0	0.0	0.4	0.4
Reserves	7,794	147.8	136.1	1,651.2

* Small differences are due to rounding to first decimal place

Feisal Ahmed
EXECUTIVE VICE PRESIDENT PROJECT DEVELOPMENT

Feisal has 34 years industry experience and has been with Woodside since February 2007.

Wilcraft jack-up rig drilling the Torosa-6 appraisal well

Review of assets

North West Shelf		Proved	Proved plus Probable
Dry gas	Bcf	3,020	3,276
Condensate	MMbbl	63.3	88.8
Oil	MMbbl	15.1	37.1

Dry gas and condensate reserves decreased primarily due to production in 2009. Ultimate recovery[7] for dry gas increased by 24 Bcf (Proved) and 21 Bcf (Proved plus Probable) as a result of minor increases at the Angel, Echo–Yodel, Goodwyn, Perseus and Searipple fields. North Rankin ultimate recoveries decreased at both confidence levels. Total condensate ultimate recovery increases were 1.5 MMbbl (Proved) and 4.4 MMbbl (Proved plus Probable).

Minor revisions were made to the Cossack, Wanaea, Lambert and Hermes fields increasing ultimate recovery of oil by 0.1 MMbbl at the Proved, and 0.2 MMbbl at the Proved plus Probable level.

Probabilistic aggregation[15] of individual fields in the North West Shelf accounts for 15% (449 Bcf) of Proved dry gas reserves.

Greater Exmouth		Proved	Proved plus Probable
Enfield	MMbbl	11.5	25.4
Vincent	MMbbl	20.4	37.8
Stybarrow–Eskdale	MMbbl	7.7	15.9

Proved ultimate recovery estimates increased in Enfield by 2.8 MMbbl and Vincent by 2.4 MMbbl as a result of field performance and multi-disciplinary studies. No revisions were made at the Proved plus Probable level.

Total reserves for Stybarrow–Eskdale decreased due to annual production.

Other Australia		Proved	Proved plus Probable
Laminaria–Corallina	MMbbl	5.0	9.2
Mutineer–Exeter	MMbbl	0.2	0.4
Otway dry gas	Bcf	207	347
Otway condensate	MMbbl	2.7	4.5

Proved oil reserves for Laminaria–Corallina were fully replaced in 2009 with an upward revision of ultimate recovery by 4.9 MMbbl at the Proved level and 1.3 MMbbl at the Proved plus Probable level.

Ultimate recovery at Mutineer–Exeter increased by 0.2 MMbbl at the Proved level. Proved plus Probable volumes decreased by 0.5 MMbbl.

Woodside's share of Otway dry gas and condensate reserves are included in Woodside's 2009 Reserves Statement as title transfer had not occurred as at 31 December 2009. Development studies continued on Otway during the second half of 2009 resulting in maturation of reserves and an upward revision of 19 Bcf (Proved) and 32 Bcf (Proved plus Probable) dry gas.

United States		Proved	Proved plus Probable
Neptune oil	MMbbl	5.6	9.8
Neptune gas	Bcf	4	7
Other US oil	MMbbl	0.4	0.7
Other US gas	Bcf	8	13

Ultimate recovery of oil at Neptune decreased by 5.4 MMbbl and 7.8 MMbbl at the Proved and Proved plus Probable confidence levels, as a result of field performance and multi-disciplinary studies completed during 2009. Dry gas ultimate recoveries decreased by 3 Bcf at the Proved and 4 Bcf at the Proved plus Probable level.

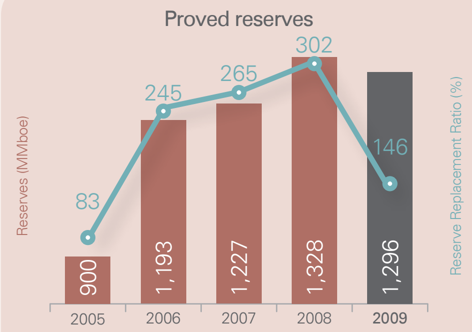
Woodside's petroleum assets in the United States including Neptune, total nine fields.

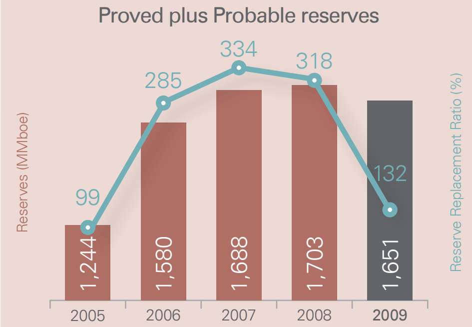
Greater Pluto		Proved	Proved plus Probable
Dry gas	Bcf	3,156	4,146
Condensate	MMbbl	40.7	53.4

Completion of multi-disciplinary studies for Pluto–Xena supported the maturation of 173 Bcf dry gas contingent resources to reserves at the Proved level and 106 Bcf at the Proved plus Probable level. The project remains on schedule for first gas in late 2010.

Africa		Proved	Proved plus Probable
Ohanet gas	Bcf	4	5
Ohanet condensate	MMbbl	0.9	0.9

Woodside has a 15% interest in the Ohanet project in Algeria (operated by BHP Billiton) governed by a risk services contract with Algeria's national oil company, Sonatrach. Woodside does not have any share in the sales gas delivered[16].





Reserves statement (continued)

At 31 December 2009, Woodside's share of contingent resources was 1866.6 MMboe, down from 1939.6 MMboe in 2008. The reductions are due to revisions in the Greater Browse and Greater Sunrise fields as part of ongoing appraisal and development studies and maturation of contingent resources to reserves for Otway and Pluto–Xena.

New bookings were made in Australia for the Coniston–Novara oil field (2.8 MMbbl) and the Argus gas field (66 Bcf). In Brazil 11.8 MMbbl of oil, 82 Bcf of dry gas and 3.8 MMbbl of condensate was added as a result of the Panoramix discovery.

Contingent resources in Woodside are associated with the following key assets:

- Greater Browse: 5892 Bcf dry gas and 154.1 MMbbl condensate. Dry gas and condensate volumes have decreased to reflect the results of concept select studies.
- Greater Sunrise: 1717 Bcf dry gas and 75.6 MMbbl condensate. The volumes were updated in 2009 to reflect the results of appraisal and multi-disciplinary studies.
- Greater Pluto: 449 Bcf dry gas and 5.8 MMbbl condensate. Volumes have decreased in 2009 as a result of maturation to reserves.

Best estimate contingent resources annual reconciliation by product*

(Woodside share)

	Dry gas Bcf	Condensate MMbbl	Oil MMbbl	Total MMboe
Contingent resources as at 31 December 2008	9,022	259.5	97.4	1,939.6
Transfer to Reserves	-140	-2.2	0.0	-26.8
Revision of Previous Estimates	-510	-12.9	9.0	-93.4
Extensions and Discoveries	160	4.4	14.6	47.1
Acquisitions and Divestments	0	0.0	0.0	0.0
Contingent resources as at 31 December 2009	8,531	248.8	121.0	1,866.6

* Small differences are due to rounding to first decimal place

Best estimate contingent resources summary by project*

(Woodside share, as at 31 December 2009)

Project	Dry gas Bcf	Condensate MMbbl	Oil MMbbl	Total MMboe
Greater Browse	5,892	154.1	0.0	1,187.7
Greater Sunrise	1,717	75.6	0.0	376.7
Greater Pluto	449	5.8	0.0	84.6
Greater Exmouth	0	0.5	74.0	74.5
North West Shelf	201	6.2	25.6	67.0
Other[17]	273	6.7	21.4	76.0
Total	8,531	248.8	121.0	1,866.6

* Small differences are due to rounding to first decimal place

Western Legend seismic survey vessel

Notes to the Reserves statement

1 'Reserves' are estimated quantities of petroleum that have been demonstrated to be producible from known accumulations in which the company has a material interest from a given date forward, at commercial rates, under presently anticipated production methods, operating conditions, prices and costs. Woodside reports reserves net of non-hydrocarbons not present in sales products and upstream (offshore) gas required for production, processing and transportation to a reference point defined as the inlet to the downstream (onshore) processing facility. Downstream fuel and flare represents 10.9% of total Proved reserves and 11.0% of total Proved plus Probable reserves.

2 'Proved reserves' are those reserves which analysis of geological and engineering data suggests, to a high degree of certainty (90% confidence), are recoverable. There is relatively little risk associated with these reserves.

3 'Probable reserves' are those reserves which analysis of geological and engineering data suggests are more likely than not to be recoverable. There is at least a 50% probability that the quantities actually recovered will exceed the sum of estimated Proved plus Probable reserves.

4 'Contingent resources' are those quantities of petroleum estimated, as at a given date, to be potentially recoverable from known accumulations, but the applied project(s) are not yet considered mature due to one or more contingencies. Contingent resources may include, for example, projects for which there are currently no viable markets, or where commercial recovery is dependent on technology under development, or where evaluation of the accumulation is insufficient to clearly assess commerciality. Woodside reports contingent resources net of the upstream (offshore) fuel and non-hydrocarbons not present in sales products. Contingent resource estimates may not always mature to reserves and do not necessarily represent future reserves bookings. All contingent resource volumes are reported at the 'best estimate' (P50) confidence level.

5 'Annual production' is the volume of dry gas, condensate and oil (see Notes 8 and 9) produced during the year and converted to 'MMboe' (see Note 12) for the specific purpose of reserves reconciliation and the calculation of annual reserves replacement ratios (see Note 6). The Reserves Statement Annual Production differs from production volumes reported in the company's annual and quarterly reports due to differences in the sales product definitions and the 'MMboe' conversion factors applied.

6 The term 'reserves replacement ratio' means reserves change during the year, before the deduction of production, divided by production during the year. The term 'three-year reserves replacement ratio' means reserves change over the three years, before the deduction of production for that period, divided by production during the same period. The term 'organic annual reserves replacement ratio' means reserves change during the year, before the deduction of production and adjustment for acquisition and sales, divided by production during the year.

7 The term 'ultimate recovery' means resource volumes which will ultimately be economically produced and equals production to date plus reserves plus non saleable non-hydrocarbons plus future own use offshore fuel and flare.

8 'Dry gas' is defined as 'C4 minus' petroleum components including non-hydrocarbons. These volumes include LPG (propane and butane) resources. Dry gas reserves include 'C4 minus' hydrocarbon components and non-hydrocarbon volumes that are present in sales products.

9 'Condensate' is defined as 'C5 plus' petroleum components for NWS Venture and Otway Basin fields, but is sales product for the Ohanet project and the Gulf of Mexico fields.

10 'Bcf' means billions (10^9) of cubic feet of gas at standard oil field conditions of 14.696 psi (101.325 kPa) and 60 degrees Fahrenheit (15.56 degrees Celsius).

11 'MMbbl' means millions (10^6) of barrels of oil or condensate at standard oil field conditions of 14.696 psi (101.325 kPa) and 60 degrees Fahrenheit (15.56 degrees Celsius).

12 'MMboe' means millions (10^6) of barrels of oil equivalent. In common with international practice, dry gas volumes are converted to oil equivalent volumes via a constant conversion factor, which for Woodside is 5.7 Bcf of dry gas per 1 MMboe. Volumes of oil and condensate are converted from MMbbl to MMboe on a 1:1 ratio.

13 Revisions representing changes in previous estimates of reserves or contingent resources, either up or down, resulting from new information normally obtained from development drilling and production history or resulting from a change in economic factors.

14 Additions to reserves or contingent resources that result from a) increased areal extensions of previously discovered fields demonstrated to exist subsequent to the original discovery, and/or b) discovery of reserves in new fields or new reservoirs in old fields.

15 As the NWS consists of a portfolio of 14 gas fields, probabilistic aggregation is more appropriate than arithmetic summation as inter-field dependencies reflecting different reservoir characteristics between fields are incorporated.

16 Reserves associated with Woodside's interest in Ohanet are reported using an economic interest approach. Woodside has estimated equivalent reserves volumes that reflect the value of this asset, using a five-year average condensate price and an LPG price consistent with other Woodside reserves estimations. The revision in reserves reflects revised project costs, effective production entitlement and revisions to future production forecasts.

17 Includes Mutineer–Exeter, Otway, Laminaria–Corallina, Tocra, Argus, Panoramix and Neptune fields.

Governance and assurance

Woodside as an Australian company listed on the Australian Securities Exchange, reports its petroleum resource estimates using definitions and guidelines consistent with the 2007 Society of Petroleum Engineers (SPE), World Petroleum Council (WPC), American Association of Petroleum Geologists (AAPG) and Society of Petroleum Evaluation Engineers (SPEE) Petroleum Resources Management System (SPE–PRMS).

In accordance with the SPE–PRMS guidelines, Woodside uses crude oil price forecasts and, where applicable, individual project production sales contract terms or other financial products for the purpose of reserve estimation. Dry gas reserves are reported inclusive of LPG sales products. Unless otherwise stated, all petroleum resource estimates are quoted as net Woodside share at standard oil field conditions of 14.696 psi (101.325 kPa) and 60 degrees Fahrenheit (15.56 degrees Celsius).

Woodside has several processes to provide assurance for its reserves reporting, including Woodside's Reserves Policy, management standards, staff competency requirements and external reserves audits. The audit program is aimed at having all major reserves bookings verified, as a minimum, every four years. More than 95% of Woodside's Proved reserves have been externally verified by independent review within the past four years.

The Reserves Statement has been compiled by Mr Ian F Sylvester, Woodside's Chief Reservoir Engineer who is a full-time employee of the company. Mr Sylvester's qualifications include a Master of Engineering (Petroleum Engineering) from Imperial College, University of London, England, and he has more than 20 years of relevant experience. Mr Sylvester has consented in writing to the inclusion of this information in this report.

North West Shelf 25 years

A COMMEMORATIVE TIMELINE

In 2009 the Woodside-operated North West Shelf (NWS) Project celebrated 25 years of pipeline gas production in Western Australia and 20 years of LNG exports.

An ambitious and visionary development, the NWS Project has played a pivotal role in the development of Australia's upstream energy industry. It has underpinned the reputation of Australian gas projects for unrivalled reliability of supply, a reputation that has contributed to the success of the latest generation of Australian LNG projects.

Woodside's founding father, Geoff Donaldson, took a giant leap of faith in 1962 when he applied for vast exploration acreage in Western Australia's Carnarvon Basin which led to the great 1970s gas discoveries including North Rankin, Angel and Goodwyn. These discoveries underwrote the NWS Project and established Woodside's reputation as Australia's premier operator.

When it was developed in the 1980s the NWS Project was the largest construction project Australia had ever seen. Today, this $27 billion project represents Australia's largest oil and gas resource development and is synonymous around the world with safety, reliability and truly world-class performance. As operator, Woodside has been instrumental in establishing and maintaining that reputation, and today we are developing a new generation of projects on the back of that success.

Since 1989 more than 2800 cargoes of LNG have been delivered to customers in the Asia-Pacific region and other parts of the world. Production from the NWS Project currently accounts for more than 40% of Australia's oil and gas production, and about 65% of Western Australia's total domestic gas supply, playing a key role in the development of the State's industrial sector.

To build this project today would require an investment of over $50 billion. As Western Australia's Premier The Hon. Colin Barnett MLA acknowledged in 2009 during our anniversary celebrations "…no other project compares to the NWS Project in the prosperity it has brought to Western Australia… this is Australia's greatest industrial project."

Woodside pays tribute to all those people, including past and present employees, who have been involved with the development, and ongoing safe and reliable operation of our NWS facilities. These people were pioneers in their day, forging a new Australian industry. In doing so, they have laid the foundation for Woodside's next exciting phase of growth.

Geoff Donaldson's legacy remains with Woodside today. Woodside continues to take great pride in being the independent Australian operator of the NWS facilities and embraces his vision of Australian LNG as we take our place as a global industry leader.

1970s

North West Shelf Venture discovers vast quantities of natural gas and condensate on Australia's north-west continental shelf.

1980

First phase of development begins with the construction of the Karratha Gas Plant and a jetty for the loading of LNG and condensate.

1984

Domestic gas deliveries from the North Rankin field to Western Australia begin.

Condensate cargoes also begin leaving the port.

The Karratha Gas Plant is officially opened on 4 September, marking the first sale of gas to the State Energy Commission of Western Australia.

1985

Second phase of development begins with the construction of the first two LNG processing trains and four LNG storage tanks at the Karratha Gas Plant.

Agreements are signed with eight foundation customers in Japan for the 20-year supply of LNG.

1989

First LNG cargo departs for Japan in August following completion of the second phase of development.

LNG project is officially launched in September by then Prime Minister of Australia Bob Hawke.

1990

First gas and condensate production from the Perseus field.

1992

Construction of a third LNG processing train is completed at the Karratha Gas Plant.

1995

Goodwyn A platform is commissioned.

New LPG extraction and storage facilities are commissioned at the Karratha Gas Plant and a second jetty is built for loading LPG and condensate.

Debottlenecking of the Karratha Gas Plant lifts annual LNG production capacity to 7.5 million tonnes.

Production of crude oil from the Cossack and Wanaea fields begins on the Cossack Pioneer FPSO.

1997

Oil from the Hermes and Lambert fields comes on line for processing on the Cossack Pioneer FPSO.

2000

North West Shelf Venture participants sign Letters of Intent with existing and new Japanese customers, underpinning the fourth phase of development.

2001

The fourth phase of development begins with construction of a fourth, 4.4 mtpa LNG processing train at the Karratha Gas Plant.

First gas and condensate production from the Yodel subsea development.

2003

The North West Shelf Venture signs a new seven year contract with Korean utility Kogas.

2004

LNG Train 4 begins production, increasing total annual LNG production capacity to 11.9 million tonnes.

2005

Fifth phase of development, the Phase V LNG Expansion Project, begins in August with the construction of a fifth LNG processing train, a second LNG loading berth and associated infrastructure at the Karratha Gas Plant

2006

North West Shelf Venture delivers the first cargo of Australian LNG to China in June marking the start of a 25 year contract with Guangdong Dapeng LNG.

China National Offshore Oil Corporation acquires an interest in the North West Shelf Venture's reserves.

2007

First gas and condensate production from the Perseus over Goodwyn subsea development, including the Searipple field.

Goodwyn Low Pressure Train is commissioned.

2008

LNG Train 5 begins production in late August, boosting total annual production capacity to 16.3 million tonnes.

The North West Shelf Venture approves funding of the $5 billion North Rankin Redevelopment Project in March.

The Angel platform produces first gas for processing at the Karratha Gas Plant in October.

Woodside acquires Shell Development Australia's 16.67% interest in the Cossack Wanaea Lambert Hermes (CWLH) oil interests in May.

The CWLH Venture approves funding for the CWLH Redevelopment Project in December.

2009

The North West Shelf Venture along with the Western Australian Premier, The Hon. Colin Barnett celebrates two significant milestones with 25 years of domestic gas production and 20 years of LNG exports to international customers in the Asia Pacific region.

North West Shelf

We celebrated two significant milestones with 25 years of pipeline gas production and 20 years of LNG exports to international customers

North West Shelf (NWS)

INTEREST	NWS Venture	16.67%
	Domestic Gas JV	50.00%*
	Incremental Pipeline JV	16.67%
	China LNG JV	12.50%
	CWLH (crude oil)	33.33%
OPERATOR	Woodside	
FACILITIES	North Rankin A platform Goodwyn A platform Angel platform Cossack Pioneer FPSO, Karratha Gas Plant	
LOCATION	~130 km north-west of Karratha, WA	
WATER DEPTH	80 - 130 metres	
PRODUCTS	LNG, pipeline gas, condensate, crude oil and LPG	
FIRST PRODUCTION	1984 (pipeline gas)	

* During 2009 Woodside's average share of gas production was approximately 39%. Woodside's exact share of domestic gas production depends on the quantities and aggregate rate of production.

This year Woodside celebrated its 25 year operatorship of the North West Shelf facilities, which have exported more than 2800 LNG cargoes and currently supply around 65% of Western Australia's pipeline gas.

In 2009 there was strong performance from Trains 1, 2 and 3 and improved reliability from Trains 4 and 5, delivering approximately 57% of our foundation production.

During the year, Woodside loaded 246 cargoes of LNG, of which 31 were sold on the spot market. Woodside's share of 2009 LNG production was 2.40 million tonnes.

Pipeline gas production was lower for the year due to decreased customer demand given re-established Varanus Island gas supply and a reduction of Woodside's equity share in accordance with foundation agreements between the joint venture participants. Condensate production continued to be strong throughout the year as a result of the additional Stabiliser 6 capacity and supply from the condensate-rich Searipple and Angel reservoirs. LPG production also remained strong throughout the year. Woodside's NWS oil production was lower in 2009 primarily due to natural field decline.

Expansion continued with the North Rankin and NWS oil redevelopment projects currently underway. Progress was also made on the proposed Lady Nora oil development and the Greater Western Flank (GWF) gas and condensate development, which will assist in maintaining offshore supply and onshore capacity to around 2020.

Train 5 and Stabiliser 6

Modification of the main cryogenic heat exchangers on Train 5 was completed during planned maintenance in May, bringing the train to nameplate capacity. Train 5 is now contributing to increased LNG, condensate and LPG production.

A sixth condensate stabilisation unit at the Karratha Gas Plant (KGP) was brought into production in May 2009 adding 25,000 barrels per day of additional condensate processing capacity.

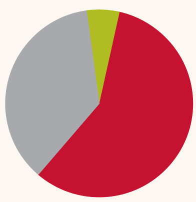
Angel

The Angel platform, which commenced production in Q4 2008 and supplies most of the additional gas needed for a five train operation, achieved unmanned status in mid 2009. The platform is remotely operated from the North Rankin A (NRA) platform, and gas and condensate from three wells are exported through a 50 km subsea pipeline to the NWS second trunkline.

North Rankin redevelopment project

The North Rankin B (NRB) substructure fabrication continues ahead of schedule in Indonesia with the topsides fabrication on

NWS contribution to Woodside's total production (MMboe)



NWS gas and condensate	57%
NWS oil	6%
Woodside other	37%

During 2009, NWS contributed 50.9 MMboe to Woodside's 80.9 MMboe annual production.

NWS key metrics (Woodside share)

		2009	2008
Sales revenue	($ million)	2,493	3,102
Net gas production	(MMboe)	37.0	32.6
Net liquids production	(MMbbl)	13.9	13.5
Proved plus Probable reserves	(MMboe)	701	742
		Gross	*Net*
Acreage	(km²)	4,667	770

The operations and activities outlined on this page form part of the NWS Business Unit. Financial details can be found on page 81.

Eve Howell

EXECUTIVE VICE PRESIDENT NORTH WEST SHELF

Eve has 37 years industry experience and joined Woodside in 2006.

North West Shelf Karratha Gas Plant

schedule in Korea. At year end the project was 41% complete.

Modification continues on the NRA platform for process tie-ins and the bridge-link to the NRB platform. NRB will provide compression to recover low pressure reserves in the North Rankin and Perseus fields.

The project is expected to cost approximately $5 billion ($840 million Woodside share) and is scheduled for completion in 2013.

Greater Western Flank development

Pre-development studies, including appraisal drilling of Tidepole-2, to define the development plan sequence for commercialisation of the undeveloped petroleum resources in the GWF area, continued throughout the year. This area, to the south-west of the Goodwyn A (GWA) platform, contains 14 fields which are estimated to hold approximately 3 Tcf of recoverable gas and approximately 100 MMbbl of condensate. Concept selection and FEED for the GWF development is expected in 2010.

North West Shelf oil redevelopment project

This $1.8 billion project ($600 million Woodside share) includes the conversion of the 'Okha' to a floating production storage and offloading vessel (FPSO) to replace the Cossack Pioneer FPSO in 2010, and the replacement of associated subsea infrastructure.

Progress on the refurbishment and conversion of the Okha, along with construction, continues at the Keppel Shipyard in Singapore and at year end was 71% complete. Topside module fabrication progressed according to plan with installation and processing equipment underway. Refurbishment of existing NWS oil subsea infrastructure will commence in Q4 2010.

The redevelopment project will provide state of the art facilities for continuous production from the Cossack Wanaea Lambert Hermes (CWLH) fields beyond 2020.

Alinta arbitration

The gas price arbitration process which has been ongoing for some time between the North West Shelf Domestic Gas Joint Venture and Alinta Sales Pty Limited is now complete. The decision of the independent Arbitrator, in respect to a price review clause in the Alinta Sales contract, triggered a negotiated outcome with Alinta that will see the price for this contract compare favourably with recent new industry contract terms in Western Australia.

Outlook

In 2010 LNG, condensate and LPG production is expected to remain relatively constant. Overall, Woodside's share of NWS production is expected to be approximately the same as in 2009.

Continued focus on achieving top quartile performance (97.5% reliability) and increased capacity will be maintained with further investment in maintenance and debottlenecking respectively.

Redevelopment work at North Rankin and development of the GWF fields is expected to progress to maintain plateau production for over 10 years.

Feasibility studies are also progressing for development of the Lady Nora field which has approximately 100 MMbbl of oil in place.

Following two successful Hermes appraisal wells, planning is underway for a Hermes development well and workover in 2010.

Further exploration success and/or third party gas may result in a full plant to end of asset life in approximately 2040.

'Okha' vessel in Keppel Shipyard, Singapore

Train 5 is now contributing to increased production

GWA platform team on the helideck with the Fremantle Dockers

The Angel platform

Australia Business Unit

In 2009 we continued to deliver strong and stable cash flow through aggressive cost focus, drilling of successful new infill wells and world class reservoir management

Enfield oil field

INTEREST	WA-28-L	60%
OPERATOR	Woodside	
FACILITIES	Nganhurra FPSO	
LOCATION	~40 km off the North West Cape, WA	
WATER DEPTH	400 - 550 metres	
PRODUCTS	Crude oil	
FIRST PRODUCTION	July 2006	

Since start up in 2006 Enfield has produced 47.8 million barrels of oil and in 2009 produced 10.6 million barrels.

At Enfield, 2009 has been a year of high activity. Three months after the acquisition of the 4D seismic in late 2008, data processing and interpretation identified locations for the Sliver South development well and a paired water injector. By mid 2009 the wells had been proposed, approved and completed. The wells were delivered on budget, and have produced at almost double the predicted rates adding approximately 1.5 million barrels of additional production this year.

The Enfield development currently comprises six oil production wells, eight water injection wells and two gas injection wells tied back to the Nganhurra FPSO. At the end of the year the facility was producing 38,000 barrels of oil per day.

Following our very successful infill drilling campaign in 2009 we now plan to drill one new production well for start up by the end of Q3 2010. We are also evaluating a second production well opportunity for late 2010 as well as two near field exploration targets which could be tested in 2010.

Stybarrow oil field

INTEREST	WA-32-L	50%
OPERATOR	BHP Billiton	
FACILITIES	Stybarrow Venture FPSO	
LOCATION	~50km off the North West Cape, WA	
WATER DEPTH	825 metres	
PRODUCTS	Crude oil	
FIRST PRODUCTION	November 2007	

Since start up in 2007, Stybarrow has produced 38.6 million barrels of oil and in 2009 produced 11.4 million barrels.

While Stybarrow was one of our best performing assets in 2008, natural field decline due to increasing water cut has caused production rates to drop from start-up levels nearing 80,000 barrels of oil per day to an average rate of 21,000 barrels of oil per day through Q4 2009.

The Stybarrow development currently comprises five oil production, one gas injection and three water injection wells tied back to the Stybarrow Venture FPSO. At the end of the year the facility was producing 24,000 barrels of oil per day.

In Q4 2010 we plan to drill the Stybarrow North development well with production anticipated in early 2011. One near field exploration well could be tested in 2010. In addition, production upside will be pursued by actively supporting the evaluation of 4D seismic to mature additional infill drilling opportunities.

Vincent oil field

INTEREST	WA-28-L	60%
OPERATOR	Woodside	
FACILITIES	Maersk Ngujima-Yin FPSO	
LOCATION	45 km off the North West Cape, WA	
WATER DEPTH	350 - 400 metres	
PRODUCTS	Crude oil	
FIRST PRODUCTION	August 2008	

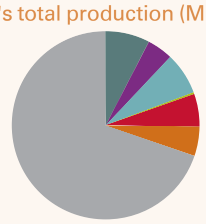
Since start up in 2008, Vincent has produced 10.0 million barrels of oil and in 2009 produced 6.6 million barrels.

Earlier this year Vincent production was impacted by a fire in the gas compression module in the FPSO. This resulted in the facility being shut-down while the damage was assessed and repairs were made to restart the facility. While this was a disappointing incident we were extremely pleased with our team's efforts to safely restart the facility within two months of the outage. As a result of the incident, production has been constrained to minimise gas flaring due to the gas compressor outage. We plan to have the gas compressor reinstated and in full production in Q2, 2010.

The Vincent development currently comprises eight producing oil wells tied back to the Ngujima-Yin FPSO. At the end of the year the facility was producing 30,000 barrels of oil per day.

In 2010 we plan to drill two development wells and bring them online by the end of Q2.

Australia (non-NWS) contribution to Woodside's total production (MMboe)



Enfield	8%
Laminaria–Corallina	4%
Stybarrow	7%
Mutineer–Exeter	<1%
Otway	6%
Vincent	5%
Woodside other	70%

During 2009, Australia (non-NWS) contributed 24.5 MMboe to Woodside's 80.9 MMboe annual production.

Australia (non-NWS) Business key metrics

		2009	2008
Sales revenue	($ million)	1,633*	2,586*
Net gas production	(MMboe)	4.6	3.8
Net liquids production	(MMbbl)	20.1	25.0
Proved plus Probable reserves	(MMboe)	154	172
		Gross	*Net*
Acreage	(km²)	34,628	28,235

* Includes hedge loss/gain

Kevin Gallagher

SENIOR VICE PRESIDENT AUSTRALIA BUSINESS UNIT

Kevin has more than 20 years industry experience and has been with Woodside since 1998.

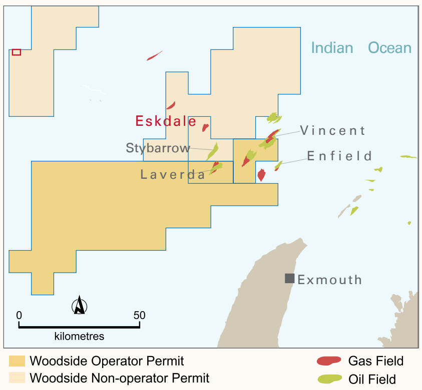
Mutineer–Exeter oil field

INTEREST	WA-26-L, WA-27-L 8.20%
OPERATOR	Santos
FACILITIES	Modec Venture 11 FPSO
LOCATION	~150 km north of Dampier, WA
WATER DEPTH	~165 metres
PRODUCTS	Crude oil
FIRST PRODUCTION	March 2005

Since start up in early 2005 Mutineer–Exeter has produced 52.0 million barrels of oil and in 2009 produced 3.0 million barrels.

Consistent with our previously announced strategy of reviewing non-core assets, Woodside is reviewing options to monetise the remaining value in this field.

Greater Enfield Map



Laminaria–Corallina oil field

INTEREST	Laminaria 59.90%* Corallina AC/L5 66.67%
OPERATOR	Woodside
FACILITIES	Northern Endeavour FPSO
LOCATION	Timor Sea, 550 km north-west of Darwin
WATER DEPTH	~340 metres
PRODUCTS	Crude oil
FIRST PRODUCTION	1999

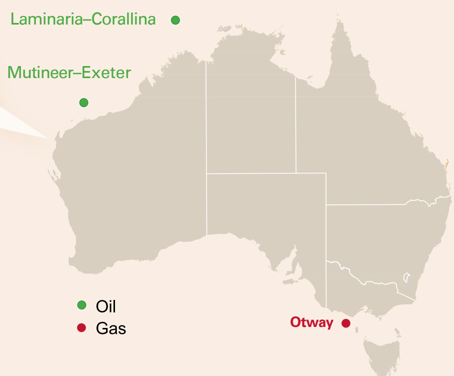
* Interests on a post-unitisation basis, i.e. after agreeing to pool Woodside's interest with other field owners and to exploit the field as a single venture

Since start up in 1999, the Laminaria-Corallina fields have produced 191.6 million barrels of oil and in 2009 produced 5.4 million barrels.

In 2009 the subsea infrastructure replacement program was completed allowing us to maximise production beyond 2009. Additionally, following a successful appraisal well in 2008 proving up our attic oil theory, a successful infill production well (Corallina-2) was drilled and commenced production in August at 26,000 barrels per day. The new well has produced over one million barrels since start-up through to the end of 2009.

The Laminaria–Corallina development currently comprises five production wells and one gas injection well tied back to the Northern Endeavour FPSO. At the end of the year the facility was producing 15,000 barrels of oil per day.

In 2010 further technical work is planned to better understand the implications of the Corallina-2 well which has proved up the concept that there is likely significant attic oil remaining throughout the Laminaria and Corallina fields.



Otway gas field

INTEREST	T/L2, T/L3, VIC/L23, VIC/P43, T/30P, T/34P 51.55%
OPERATOR	Woodside
FACILITIES	Thylacine Wellhead platform, Otway Onshore Gas Plant.
LOCATION	70 km south of Port Campbell, VIC
WATER DEPTH	85 - 100 metres
PRODUCTS	Gas, condensate, LPG
FIRST PRODUCTION	September 2007

Woodside completed construction of the Otway Gas Plant in 2007, which processes gas from the offshore Thylacine field.

Since start up in 2007, the Otway gas project has produced approximately 92,000 TJ of pipeline gas, 1.1 million barrels of condensate and 110,000 tonnes of LPG. In 2009 Otway produced approximately 48,000 TJ of pipeline gas, 0.6 million barrels of condensate and 70,000 tonnes of LPG.

Consistent with our previously announced strategy of reviewing non-core assets we announced in November 2009 that we had entered an agreement for the sale of our 51.55% interest in the Otway gas project to Origin Energy Resources Ltd (Origin) for a total of $712.5 million.

The transaction was subject to pre-emptive rights held by the other joint venture parties which allowed those joint venture parties to proportionally increase their interest in the joint venture on terms equivalent to those agreed in the Origin-Woodside transaction. In December 2009, Benaris International Pty Ltd and related entities (Benaris) notified Woodside of its intention to exercise its pre-emption right in respect of the Otway exploration and development joint venture interests.

Upon completion, Benaris' interest in the exploration and development Joint Operating Agreement will be 27.77% and Origin's will be 67.23%. Subject to joint venture approval, Origin will assume operatorship of Woodside's interest in the Otway Basin offshore and onshore facilities and permits. The transition of operatorship is targeted to occur during Q2 2010.

Pluto LNG

The Pluto LNG Project, together with its growth potential, will consolidate Woodside's position as a global LNG leader

Pluto LNG

INTEREST	WA-34-L	90%
	WA-350-P, WA-347-P	90%
	WA-369-P, WA-401-P	50%
	WA-370-P, WA-404-P	50%
	WA-428-P;WA-430-P	70%
	WA-433-P	70%
	WA-348-P, WA-353-P	100%*
	WA-434-P	100%
	WA-269-P	53.33%**
OPERATOR	Woodside	
LOCATION	Pluto–Xena field 190 km north-west of Karratha, WA	
WATER DEPTH	400 - 1,000 metres	
PROVED + PROBABLE RESERVES (NET)	4,146 Bcf dry gas, 53.4 MMbbl condensate	
FIRST PRODUCTION	first LNG in early 2011	

* Tokyo Gas and Kansai Electric have options to each take 5% equity in these permits

** Subject to Government approval and registration of Woodside's acquisition of 13.33% interest in the permit

The Thailand workforce 'Stand together for safety'

Overview

At the end of 2009, the foundation Pluto LNG Project was 83% complete and on target to become the fastest developed LNG project in the world from discovery in 2005 to first gas from the field by late 2010, with first LNG in early 2011 contingent on a productive industrial relations environment.

Approved for development in July 2007, the project will process gas from the Pluto and Xena gas fields, located about 190 km north-west of Karratha in Western Australia, into LNG and condensate.

The Pluto–Xena gas fields are estimated to contain 4.6 Tcf of dry gas reserves and an additional 0.5 Tcf of contingent resources.

Onshore, the foundation project consists of a single LNG train, which will have an expected average production capacity of 4.3 mtpa, and storage and export facilities at the Pluto LNG Park. Offshore, the 180 km trunkline connects to the offshore platform and five production wells on the Pluto gas field.

The project is underpinned by 15 year sales contracts for up to 3.75 mtpa with Pluto foundation customers and participants, Tokyo Gas and Kansai Electric, who each hold a 5% equity interest in the foundation project. Additional LNG capacity is available for either the spot market or further contracts.

The project has generated thousands of jobs and is making a significant contribution to the Western Australian and Australian economies, as well as providing opportunities for local businesses.

Cost and schedule review

A review of the cost and schedule of the foundation project in November 2009 resulted in a revision to the expected final costs, due to lower than budgeted productivity in both onshore and offshore construction. The review confirmed that the project remains on schedule.

Depending on the drawdown of project contingencies, the final cost of the foundation project is expected to be 6% to 10% over the $11.2 billion approved by Woodside at the time of the FID in July 2007.

2009 achievements

Onshore, more than 90% of the 264 modules for the LNG plant have now arrived from Thailand, including the four gas turbine generators and liquefaction modules.

The flare tower and the jetty structures were assembled and the main cryogenic heat exchangers for the LNG train were lifted into place. The LNG and condensate storage tanks were successfully hydro tested in the second half of 2009.

The project entered into a phase of peak construction in late 2009, with up to 4000 people working at the Pluto LNG Park.

Offshore, more than 200 km of pipelines were laid, connecting the production wells to the platform and onshore plant. Flooding, gauging and testing of the pipelines was completed in Q4 2009.

The Pluto offshore platform was assembled in Q4 2009

Lucio Della Martina

EXECUTIVE VICE PRESIDENT PLUTO

Lucio has more than 20 years industry experience and has been with Woodside since 1991.

The Pluto LNG Park reached peak construction phase in late 2009

The platform substructure (or jacket) built in China was loaded from the fabrication yard in China in late August. The jacket was successfully launched into the ocean about 190 km north-west of Karratha in October. The topside modules and flare boom were lifted onto the jacket in the following months, completing the assembly of the platform. Commissioning of the platform commenced during Q4 2009 and will continue into 2010.

The second drilling campaign for Pluto's production wells concluded in late 2009. The campaign successfully completed and tested four Pluto production wells providing more than the required production volumes. The timing for completion of the fifth and final well will be determined in 2010.

In addition to construction, the project met and in most cases exceeded its performance targets in safety, environment, cultural heritage and Indigenous participation in 2009.

Pluto expansion: ready for exploration success

Woodside's vision for the Pluto site could see expansion with up to five LNG trains and a pipeline gas plant. Engineering studies have demonstrated that Train 1, Train 2 and Train 3 could be co-located on the lower plateau at the Pluto site.

In November 2009 Woodside awarded dual FEED contracts for Pluto Train 2 and Train 3, comprising the same scope of work, to a Foster Wheeler WorleyParsons joint venture and KBR. The FEED studies are scheduled for completion in mid-2010.

Progressing FEED studies gives Woodside the flexibility to capture exploration success from multiple exploration hubs leading to an integrated, multi-train Pluto LNG development, while infrastructure constructed as part of the foundation Pluto LNG Project will allow us to capture additional value from an expansion at our Pluto LNG Park.

Gas supply for expansion continues to be focused on Woodside equity gas, both discovered and through ongoing exploration.

During 2009 we have continued to build our acreage position in the Carnarvon Basin around the Pluto gas field. The acquisition of five new permits across the Claudius, Ragnar and Central hubs has increased the number of prospects in the portfolio, but more importantly it has also added new geologic plays and diversity to the portfolio increasing our probability of finding new gas reserves.

In the past year we have provided our geoscientists with 17,000 km^2 of new 3D seismic data, and by the end of 2010 we plan to add another 23,000 km^2 of 3D data. Woodside continues to build towards collating complete 3D seismic coverage of the Carnarvon Basin. This level of 3D seismic coverage is unprecedented in Australia. Woodside's exploration portfolio to support Pluto now extends over 13 exploration permits, covering almost 40,000 km^2.

Following the Martell gas discovery in early 2009 we commenced our Phase 1, 20-plus exploration well campaign in October 2009 with early success at the Eris prospect. Although the Pelion exploration prospect was dry, it encountered the Pluto reservoir high to prognosis with the potential to add Pluto volumes. With the arrival of the new drilling rig, the Maersk Discoverer, in December 2009 we expect the ongoing results of this campaign to substantially contribute to an expansion of the foundation Pluto LNG Project.

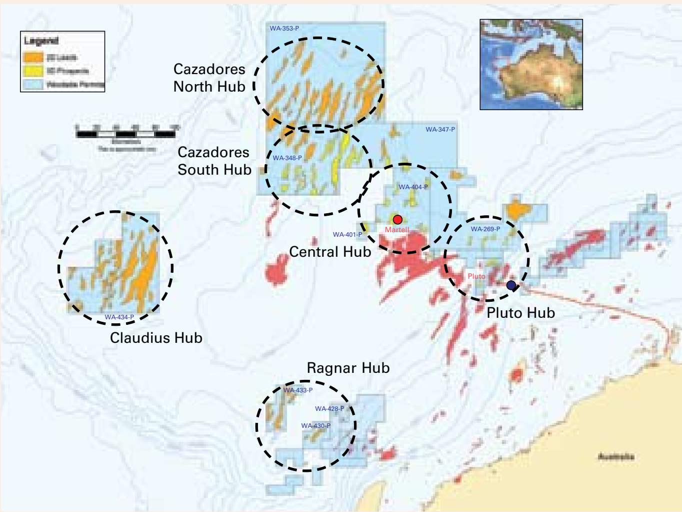
Woodside also remains in discussions with third party gas owners in the Carnarvon Basin over the potential processing of their gas through Pluto.

Final investment decisions on Pluto Train 2 and Train 3 are targeted by end 2010 and end 2011 respectively, based on accessing sufficient gas through exploration success or other means.

Business reviews

Pluto LNG Project Onshore Expansion Concept Plan

Pluto LNG Park expansion concept plan showing possible location of up to four additional LNG trains



Pluto exploration area

Sunrise LNG

At Sunrise the focus for 2010 will be on working with the Timor–Leste and Australian Governments, Sunrise Commission and Regulators to deliver the FDP approval

Sunrise LNG

INTEREST	JPDA 03-19, JPDA 03-20, NT/RL2, NT/RL4		33.44% (unitised)
OPERATOR	Woodside		
LOCATION	Offshore 450 km north-west of Darwin, NT 150 km south-east of Timor–Leste		
WATER DEPTH	less than 100 metres to greater than 600 metres		
CONTINGENT RESOURCES	1,717 Bcf dry gas, 75.6 MMbbl condensate		
ACREAGE	(km^2)	Gross 2,998	Net 958

Drilling rig at sunrise

The Sunrise LNG Project involves the development of the Sunrise and Troubadour gas fields, collectively known as Greater Sunrise, located offshore, approximately 450 km north-west of Darwin, Northern Territory. These fields contain a combined contingent resource of about 5 Tcf of dry gas and 226 million barrels of condensate.

Development opportunity

During 2009 the Sunrise joint venture (JV) has continued to apply its wealth of international LNG experience to a comprehensive and robust commercial and technical evaluation to select the development option which develops the Greater Sunrise fields to the best commercial advantage consistent with good oilfield practice. This is a requirement of the international treaties agreed by both the Timor–Leste and Australian Governments.

The theme selection evaluation took more than 320,000 hours to complete and has positioned the JV to finalise its selection of a preferred development option in 2010.

Developing Greater Sunrise

In mid-2008, the Sunrise JV completed a lengthy, $33 million concept screening process which fully explored and assessed five development concepts for the Greater Sunrise fields, including Darwin LNG, Floating LNG and an onshore LNG facility in Timor–Leste.

The screening study found that an onshore LNG facility in Timor–Leste was the least likely of these options to develop the reservoir to the best commercial advantage consistent with good oilfield practice. Since completing its concept screening work, the Sunrise JV has undertaken an extensive technical and commercial evaluation of both the Floating and Darwin LNG development options. It also updated its analysis of the Timor–Leste LNG option, including updating its assessment of the costs and operability of a pipeline to Timor–Leste and an onshore LNG facility in Timor–Leste.

As a result of the concept screening study and subsequent technical and commercial evaluation, the Sunrise JV has sufficient technical and commercial information to agree on the development option that will maximise recovery and value. Following theme selection, the Sunrise JV will submit a field development plan (FDP) to the Australian and Timor–Leste regulators. The approval of a FDP is an important precursor to an FID on the Greater Sunrise fields.

The Governments of Timor–Leste and Australia will receive an equal share (50% each) of government upstream revenues from the development of the Greater Sunrise fields. This revenue will deliver long-term, stable and significant cash flow to Timor–Leste and Australia over approximately 30 years.

Floating LNG (FLNG) option

The Sunrise floating facility would be designed to produce around 4 million tonnes per annum of LNG for export, plus the associated condensate. The facility would be permanently moored via a geostationary turret, held on station via mooring chains. The Sunrise subsea facilities would be developed in stages to include approximately 26 production wells and a number of main flow line headers linking into the FLNG facility. The Floating LNG facility, would store and export LNG via an LNG carrier and condensate via a shuttle tanker.

Darwin LNG (DLNG) option

The Darwin LNG development concept is based on an offshore upstream processing facility that would transport the dry gas to shore via an export pipeline. The new Sunrise LNG processing train would have a capacity of around 5 million tonnes per annum and would be located within the existing LNG processing complex at Wickham Point in Darwin. An FPSO is the preferred concept for combining the upstream processing facilities with condensate storage.

Outlook

At Sunrise the focus for 2010 will be on selecting a development option and working with the Timor–Leste and Australian Governments, Sunrise Commission and regulators to deliver the FDP approval.

Our process will see a natural progression through basis of design (BOD) and into FEED.

Jon Ozturgut

SENIOR VICE PRESIDENT SUNRISE

Jon has almost 30 years of industry experience and joined Woodside in 2005.

The way forward to deliver a world-class facility at the Browse LNG Precinct is now clear

Browse LNG

INTEREST	TR/5; R2;WA-30-R	50%
	WA-31-R;WA-32-R	50%
	WA-28-R;WA-29-R	25%
	WA-275-P	25%
	WA-378-P;WA-396-P	70%
	WA-397-P;WA-429-P	70%
	WA-432-P;AC/P48	70%
	AC/RL8	60%
	WA-415-P;WA-416-P	100%
	WA-417-P	100%
OPERATOR	Woodside	
LOCATION	Offshore 425 km north of Broome, WA	
WATER DEPTH	400 - 800 metres	
CONTINGENT RESOURCES	5,892 Bcf dry gas, 154.1 MMbbl condensate	
ACREAGE	(km²) Gross 21,944	Net 14,156

The Browse LNG Development is seeking to commercialise the Browse Basin gas and condensate fields, Torosa, Calliance and Brecknock, located offshore approximately 425 km north of Broome, Western Australia.

In 2009 the Browse LNG Development achieved a number of significant milestones, including the successful completion of extensive concept select work and a comprehensive assurance process involving the Browse joint venture (JV) participants. In early 2010 the Browse Joint Venture announced its selection of the Western Australian Government's Browse LNG Precinct near James Price Point as the location to process gas from Browse Basin fields, completing the development concept phase.

The Browse LNG Development then entered into the Basis of Design (BOD) phase for the development. The BOD phase determines the major design parameters which would enable the optimal development of the offshore gas fields and the onshore facilities at the Browse LNG Precinct.

Browse retention lease renewal

In December, the Browse JV accepted retention lease renewal offers from the State and Federal Governments for retention leases WA-28-R, WA-29-R, WA-30-R, WA-31-R, WA-32-R, TR/5 and R 2. The conditions of the retention leases require the Browse JV to undertake a $1.25 billion work program, select a development concept and undertake BOD in 2010 and FEED in 2011 for the selected concept.

Importantly the conditions require the Browse JV to be in a position to apply for a production licence and make a final investment decision by mid-2012. A final investment decision for the development will be subject to necessary approvals and consents.

Browse LNG Precinct

In 2009 Woodside executed a number of agreements relating to the Western Australian Government's Browse LNG Precinct near James Price Point. In April, Woodside signed a Heads of Agreement (HOA) with the Kimberley Land Council (on behalf of Traditional Owners) and the State of Western Australia. The HOA commits Woodside and the State to a range of financial and other benefits for the Indigenous people of the Kimberley, triggered by the development of the precinct. In addition, Woodside entered into a Preliminary Development Agreement with the State of Western Australia, which appointed Woodside as the foundation commercial proponent for the precinct.

These agreements followed the Western Australian Government's December 2008 announcement that it had selected the James Price Point coastal area as its preferred location for the Browse LNG Precinct. In late 2009 the Western Australian Government announced that a specific area near James Price Point had been identified as the site for the precinct.

The State is the proponent for the Browse LNG Precinct and is responsible for securing land access and State and Commonwealth environmental approvals via the Strategic Assessment process. The State is seeking strategic environmental approvals for the precinct by the second half of 2010. The Browse JV may then seek subsequent environmental approvals for its project within the precinct.

Heads of Agreement signing ceremony

Indicative layout of the precinct

Outlook

To date 14 appraisal wells have been drilled (including two in 2009) and the Browse JV now has a very sound understanding and knowledge of the three Browse Basin fields. In 2010, Woodside will establish a Broome office and increase engagement with all stakeholders as key approvals progress for upstream, downstream and early site works. Contracts for the BOD, for both the onshore and offshore components, were awarded in Q1 2010 and workforce numbers are increasing in support of the BOD work program.

Woodside is committed to a world class, socially and environmentally responsible development of its Browse Basin reserves by 2017.

Michael Hession
SENIOR VICE PRESIDENT BROWSE

Michael has over 20 years industry experience and has been with Woodside since 1998.

United States

Returning to drilling in the deepwaters of the Gulf of Mexico with the arrival of the Maersk Developer

Neptune oil field

INTEREST	AT 573-575, 617, 618	WI 20% NRI 17.5%
OPERATOR	BHP Billiton	
LOCATION	Atwater Valley, 220 km offshore Louisiana, USA	
WATER DEPTH	~2,000 metres	
FIRST PRODUCTION	6 July 2008	

WI - Working Interest NRI - Net Revenue Interest

Neptune is a multi-well subsea development tied back to a stand-alone tension leg platform (TLP). The Neptune field produced first oil on 6 July 2008 and quickly reached a peak production rate of more than 53,000 barrels of oil and 42,000 Mcf of gas per day.

During 2009, Neptune experienced production declines from its peak rates, such that production rates were approximately 15,500 barrels of oil and 9500 Mcf of gas per day (gross) at the end of 2009. Woodside's net share of Neptune's production at the end of 2009 was approximately 2700 barrels of oil and 1700 Mcf of gas per day.

In late 2009, secondary development drilling efforts began with the drilling of the SB-02 well. This well was spudded on 21 September 2009 with first production on 19 December 2009. Woodside is planning for the drilling and completion of up to two additional development wells at Neptune during 2010.

Shelf gas fields

PRODUCING FIELDS	7
OPERATED FIELDS	4
WATER DEPTH	5–100 metres
AVERAGE INTEREST	37% (reserve basis)

At the end of the year, Woodside's net shelf production was 260 barrels of oil and 18,500 Mcf of gas per day. In 2009, the company plugged and abandoned several depleted non-producing fields in order to reduce risks, expenses and liabilities associated with these assets. This campaign will continue over the next few years as the remaining producing shelf assets' reserves are depleted.

Gulf of Mexico exploration

Woodside drilled the Rickenbacker exploration prospect in late 2009. The well was found to contain an uneconomical amount of hydrocarbon and was subsequently plugged and abandoned. The company anticipates drilling two to three exploration wells in 2010.

In November 2006, Woodside and StatoilHydro signed a rig sharing agreement for a new build drilling rig. In August 2009, the Maersk Developer arrived in the Gulf of Mexico and commenced drilling. Under the rig sharing agreement we anticipate taking receipt of the drilling rig in July 2010.

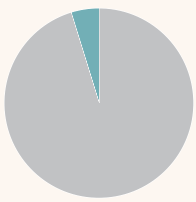
Power Play oil field

INTEREST	GB 302	WI 20.0% NRI 16.3%
OPERATOR	Anadarko	
LOCATION	Garden Banks, 200 km offshore Louisiana, USA	
WATER DEPTH	700 metres	

Power Play began production in June 2008 and was producing 4750 barrels of oil per day and 13,400 Mcf of gas (gross) at the end of 2009. Woodside's net share of Power Play's production was 775 barrels of oil and 2200 Mcf of gas per day at the end of 2009.

Maersk Developer

Gulf of Mexico production



Production	4%
Woodside other	96%

During 2009, our United States business contributed 3.2 million barrels of oil equivalent to Woodside's production.

Gulf of Mexico key metrics (Woodside share)

		2009	2008
Sales revenue	($ million)	156	237
Net production	(MMboe)	3.2	3.1
Proved plus Probable reserves	(MMboe)	14	26
		Gross	*Net*
Acreage	(km²)	2,785	1,219

Jeff Soine

PRESIDENT WOODSIDE ENERGY (USA) INC

Jeff has 18 years industry experience and has been with Woodside since 2005.

During 2009 we have continued to rationalise the portfolio, sharpening the focus of our international efforts

Ohanet condensate and LPG

INTEREST	Ohanet North, Ohanet South, Askarene Guelta, Dimeta West	15%
OPERATOR	BHP Billiton	
FACILITIES	Ohanet Gas Processing Plant	
LOCATION	Onshore Illizi Basin, Southern Algeria	
PRODUCTS	LPG and condensate	
FIRST PRODUCTION	October 2003	

In 2009, the Ohanet joint venture received its full revenue entitlement of $70 million (Woodside share), which equals 1.4 million barrels of condensate and 112,000 tonnes of LPG (at a 10 year average price at the time of initial production).

Libya EPSA III Woodside 45% (operator)

Woodside completed its onshore exploration and appraisal program, drilling the final two commitment exploration wells during 2009. Both wells were unsuccessful. The EPSA III contract expired in Q4 2009 and the remaining assets have been sold to Gaz De France subject to Libyan Government approval.

Libya EPSA IV Woodside 55% (operator)

Woodside also holds a 55% interest in four offshore exploration blocks. No seismic or drilling activity took place during 2009 and the EPSA contract expires in Q1 2010.

Sierra Leone Woodside 25% (non-operator)

Woodside holds a 25% interest in blocks SL-6 and SL-7 in Sierra Leone operated by Anadarko. The blocks cover 10,567 km^2 in water depths ranging from 50 to 3750 m. The Venus-B well was drilled in Q3 2009 and encountered 14 metres of hydrocarbons. This discovery attracted considerable industry attention, because this part of the deep water West African continental margin had never been drilled before and the results established the presence of a hydrocarbon system. A second drill campaign is planned for late 2010 when the results of Venus-B have been integrated with the 3D seismic covering the area.

Liberia Woodside 17.5% (non-operator)

Woodside holds a 17.5% interest in the offshore PSCs L15, L16 and L17 operated by Anadarko. An extensive 3D seismic program (6,200 km^2) was completed in April 2009 and the processed data was received in late December.

Canary Islands

Woodside 30% (non-operator)

Woodside holds a 30% interest in blocks 1-9 operated by Repsol. Activity remains suspended until such time as a Royal Decree provides full rights to permit activity.

Brazil Woodside 12.5% (non-operator)

Woodside holds a 12.5% interest in two concession agreements covering 2095 km^2 in the Santos Basin, offshore south-eastern Brazil. The blocks are about 180 km south-east of Sao Paulo.

The Panoramix-1 well in block S-M-674 was finished in Q1 2009. The well intersected potentially commercial gas columns of 85 m and 39 m in two Santonian aged reservoirs, and a 20 m column of light oil in a third Campanian aged zone. One of the Santonian reservoirs was tested and flowed
12.8 MMcf of gas and 1670 barrels condensate per day. An appraisal well is planned in 2010 to determine commerciality of the Campanian oil discovery and test the second gas zone.

During Q3 2009 the Vampira-1 well was drilled in block S-M-789. This well found a 20 m light oil column in a Santonian reservoir. Analysis of the Vampira discovery continues into 2010.

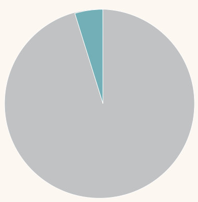
Korea Woodside 50% (operator)

Woodside holds a 50% interest in offshore Block 8/6-1 N, which covers 9922 km^2. During 2009, Woodside entered into the second exploration period of the contract and will drill the first well in this block in early 2011.

Peru Woodside 20% (non-operator)

Woodside has executed an agreement for a 20% interest in onshore block 108, operated by Pluspetrol and covering approximately 12,000 km^2. The basin is only lightly explored but contains numerous large leads and oil seeps. Pluspetrol is currently conducting field studies in advance of 800 km 2D seismic survey scheduled for 2011.

Ohanet production



Ohanet 3%
Woodside other 97%

During 2009 international activities contributed 2.3 MMboe to Woodside's annual production.

International key metrics (Woodside share)

		2009	2008
Sales revenue	($ million)	70	65
Net production	(MMboe)	2.3	2.3
Proved plus Probable reserves	(MMbbl)	1.7	2.6
		Gross	*Net*
Acreage	(km^2)	93,422	42,229

Peter Moore
SENIOR VICE PRESIDENT EXPLORATION

Peter has more than 30 years of industry experience and joined Woodside in 1999.

Production

Maximising production… while safeguarding our facilities and people

Our approach

The Production division is responsible for operating and maintaining Woodside's producing assets.

The division utilises an integrated one-team approach that ensures lean, reliable and profitable operations. Common standards, processes and tools are applied to all our activities to ensure efficiency.

Our focus areas

During 2009 we focused on the following eight strategic themes aimed at improving our performance and making us the operator of choice in our industry.

- People - we are committed to fostering an engaging and rewarding organisational climate that allows us to attract and retain the best people, now and in the future.
- Health and safety - we continue to work with our supervisors, managers and workforce to improve behaviours that can influence our health and safety performance. Through our structured and simplified health and safety initiatives our performance in this area continues to improve.
- Production - our goal is simple, maximise production revenue. We focus on the reliability and availability of our facilities and we consistently pursue optimisation opportunities.
- Cost management - we seek value for money and eliminate unnecessary expense through the pursuit of cost sharing and cost reduction opportunities.
- Environment - we are committed to a cleaner environment and we conduct all our activities in such a way as to minimise any adverse effects.
- Integrity - by maintaining and safeguarding the integrity of our facilities we protect our people, the environment and our business.
- Maintenance - we strive to achieve optimal reliability while ensuring the delivery of our production targets. This requires the continued development of maintenance strategies that support our facilities throughout their life cycle.
- Operations readiness - we engage early in a project's life cycle to ensure that all facilities are ready and capable of delivering design intent at start up.

In 2009 we achieved a number of significant milestones including a reduction in TRCF and maintenance backlog and improved integrity metrics. This was a culmination of a number of years of concerted effort.

At the same time our continued maintenance focus has improved our reliability. We were particularly pleased with the improved safety performance on our shutdowns. Equally we introduced a range of innovative cost saving initiatives that were successful and will be applied again in future maintenance campaigns.

Progress against a sample of our Key Performance Indicators (KPIs) in 2009 is shown in the table below.

We have maintained the same strategic themes for 2010 but have continued to tighten our KPIs ensuring that these are set at challenging industry benchmarked levels. We look forward to continuing the improvement in our health and safety performance, while maximising production and implementing ongoing efficiencies as Pluto Train 1 starts up.

Production division 2009

Theme	Key performance indicator	Achieved
People	Turnover	4.2%
	People objectives met	86%
Health and safety	Health and safety objectives met	96%
	Divisional total recordable case frequency - % improvement	29%
	First priority actions overdue	0
Production	Production (MMboe)	80.9
Cost management	Opex spend versus budget - $m	96%
	Capex minor spend versus budget - $m	81%
Environment	Environment incidents Category C or greater (includes reportable)	7
	Loss of containment plans in place and active	100%
Integrity	Technical deviations overdue - % improvement	70%*
	Alarms standing - % improvement at year end	78%*
Maintenance	Maintenance backlog - % improvement	52%*

* Excludes Vincent, non-operated and international assets

Vince Santostefano
EXECUTIVE VICE PRESIDENT PRODUCTION

Vince has 27 years industry experience and has been with Woodside since 1999.

Health and safety

We believe that the health and safety of our people comes first in all our decisions and actions.

Our goal is 'no-one gets hurt, no incidents' and we aspire to be recognised, by our people and peers, as an industry leader in the management of health and safety.

Safety

During 2009, Woodside's frequency of safety incidents, as measured by total recordable case frequency (TRCF), decreased from 4.3 to 3.3. The total number of safety incidents increased by 21% relative to a 59% increase in hours worked in 2009 compared with 2008.

In terms of frequency, this is the best result we have achieved. However, it still means that 199 people were hurt performing work for Woodside. We will continue striving to eliminate injury and occupational illness from our work and locations.

In 2009, we experienced a fire in one of the two gas compression units on the Vincent FPSO, the Maersk Ngujima-Yin. While no-one was hurt as a result of this event, it gave us cause to reflect on the serious nature of the incident and review our activities.

As with most large organisations, there are some areas of our business that consistently achieve better health and safety performance than others. Applying learnings from these 'pockets of excellence', whether they are within Woodside or our contractors, represents a considerable opportunity for improvement.

A highlight in 2009 was the outstanding performance achieved by all of our Asian construction yards, but in particular, a Thailand-based company, STP&I, which Woodside contracted to build modules for the Pluto LNG train.

Underpinning this performance was a strategy focused on establishing mechanisms to motivate, educate, support and reinforce positive health and safety behaviours, which were customised to the Thai cultural environment. The project's TRCF was comparable to industry best performance for this type of activity.

Despite these improvements, significant health and safety challenges remain for Woodside and its contractors. In particular, the ongoing construction of the offshore and onshore components of the Pluto project, must continue to be carefully managed in 2010.

Contractor safety

Working closely with our contractors, Woodside also made some significant strides towards improving safety throughout 2009. In February 2009, Woodside's Chief Executive Officer Don Voelte hosted a Contractor Safety Forum that brought together 100 senior leaders from Woodside and 35 of our most significant contractors. The event provided a forum to focus and align our efforts on health and safety and identify opportunities to improve performance across all of our work sites.

Stand together for safety

Taking a concept initially proposed at the Contractor Safety Forum, Woodside and its contractors played a key role in developing and establishing a two-hour safety 'stand down' event, called 'Stand together for safety'. At Woodside about 20,000 people, including contractors, at more than 40 locations throughout Australia and overseas took part, reinforcing a shared responsibility for improving safety performance.

Working in conjunction with the Australian Petroleum Production & Exploration Association (APPEA), the wider Australian oil and gas industry was invited to participate in this ground breaking event. Despite a short lead time, APPEA estimate that 80% of the Australian industry participated, including major operators and contractors.

The APPEA Board has decided that a 'Stand together for safety' event will be a permanent fixture on the annual APPEA calendar. Woodside will continue to play an active role in this initiative.

Integrity performance

Ensuring the safe operation of facilities, including carefully managing our assets to contain hydrocarbons and prevent the possibility of a major accident event, is central to our health and safety strategy.

Woodside has an active program for managing our pipelines and plant, including comprehensive maintenance management and corrosion inspection and management programs. Information from inspections is shared with the relevant regulatory authorities.

In the first quarter of 2009, Woodside experienced a number of gas releases from our production facilities, which underscored the importance of effectively implementing our strategies to improve process safety. This remains a key focus for Woodside in 2010.

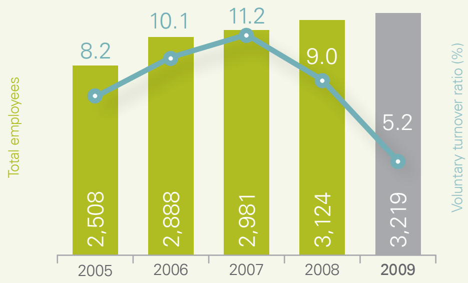
Further information on our 2009 health and safety performance is available in our 2009 Sustainable Development Report.

Agu Kantsler
EXECUTIVE VICE PRESIDENT HEALTH, SAFETY AND SECURITY

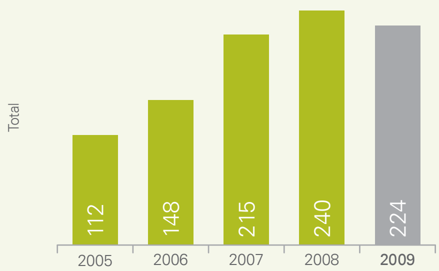
Agu has more than 30 years industry experience and has been with Woodside since 1995.

Our people

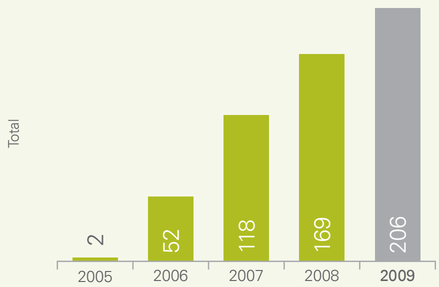
Number of employees and voluntary turnover



Graduates, trainees and apprentices



Indigenous workforce



Our approach

Woodside aims to achieve its business strategy through an engaged, capable and highly motivated workforce.

To achieve this we focus on having the right capability and outstanding leadership which creates an organisational climate that drives high performance.

Our staff

The Woodside workforce grew 3.0% to 3219 in 2009. Recruitment activities during the year resulted in 452 new employees joining the company.

A highlight of 2009 was our voluntary turnover rate, which continued to decline. The annualised voluntary turnover was 5.2%, down from 9.0% in 2008. This result was pleasing against a competitive labour market in the Australian LNG industry.

A new initiative in 2009 to support staff retention was the implementation of an employee equity plan for all Woodside permanent employees with almost 100% of eligible employees accepting the offer.

Diversity

In 2009 we reviewed our Gender Diversity Strategy and Indigenous Employment Participation Strategy. Specific actions, such as Indigenous and female employee mentoring, a review of childcare options and renewed promotion of flexible work practices, will be implemented from 2010 to 2012 to increase female and Indigenous representation.

Indigenous

Woodside has also set an aspiration to triple the number of permanent Indigenous employees by the end of 2012. In 2009 we had 36 Indigenous employees, 33 people on Indigenous employment pathways programs and 137 Indigenous employees engaged by construction contractors.

The Woodside Indigenous employment participation strategy aims to provide clear and accessible pathways to employment. Once employed, our emphasis is on promoting a work environment that motivates and retains employees. Indigenous community programs, training providers, school based education initiatives and direct engagement with Woodside are the entry points into our Indigenous apprenticeships, traineeships and cadetship programs.

People capability

In 2009 we continued to implement our LNG capability plan, a forward-looking approach, ensuring we have the people to match our LNG growth aspirations.

Despite the economic downturn, we continued to actively support our long-standing graduate, apprenticeship and traineeship programs in recognition that these programs provide our pipeline of talent for the future.

Our three-year graduate program covers disciplines including engineering; geoscience and subsea; finance; commercial; health and safety; legal; environment; business technology; and supply chain. In 2009 we had a total of 43 people entering the programs.

Our apprenticeship and traineeship programs currently involve more than 88 apprentices and trainees working towards their qualifications.

Our approach to development is supported by a competency framework which addresses core, leadership and functional competencies. All staff are assessed against the core competencies and actions to address identified gaps are included in their development plans. All employees have a personal development plan, which is developed and agreed at the beginning of each calendar year and staff are encouraged to identify training and other development opportunities for inclusion in their plans.

Leadership and climate

As an organisation, we measure our performance improvement by comparing the level of high performing climates created by our leaders with the results from previous years. Since commencing our leadership development strategy in late 2005, high performance and energising climates have increased significantly to 6% above the Australian average. The leadership development programs are designed to:

- Create an organisational climate that attracts and retains the best people
- Develop a culture of high performance
- Equip the business to sustainably and profitably achieve its growth ambitions.

The programs are supported by regular and ongoing coaching of our leaders with more than 1000 employees having attended our leadership development programs.

Tina Thomas
VICE PRESIDENT, HUMAN RESOURCES

Tina has 20 years industry experience and has been with Woodside since 1989.

Our business principles

Woodside's Business Principles are categorised into three areas - economic performance, environmental excellence, and social contribution. The focus in this section is on environmental excellence and social contribution.

Environmental excellence

Ongoing compliance and continued improvement in environmental performance is central to Woodside's sustainable development as a company.

We operate in a range of environments where our activities have the potential to impact on land, water, air and ecosystems as well as neighbours and communities. We understand that our licence to operate depends on how well we understand and protect these environments and reduce our environmental footprint.

Environmental performance

Air emissions

During 2009 the main change to our air emission footprint was due to unplanned flaring from the Maersk Ngujima-Yin FPSO. This flaring occurred following the loss of gas compression on the FPSO used to reinject associated gas during oil production. A fire on the FPSO in April damaged the compressor. Gas compression will be restored on the facility in the first half of 2010.

The flare rate for our North West Shelf facilities was well under target. However, our annual flaring target was exceeded as a result of the Maersk Ngujima-Yin FPSO flaring issue. The impact of this flaring on our emissions footprint resulted in increases in NOx, VOC and greenhouse emissions during 2009. These changes have been included in our National Pollutant Inventory reporting.

Biodiversity conservation

Woodside has built strong capability for biological and environmental impact studies for onshore and marine environments.

The annual monitoring program for the NWSV performed by an independent specialist has been conducted for more than 20 years and continues to show our operations are not having an adverse impact on the environment.

Our strategy is to ensure we have in place high quality baseline studies in support of environmental impact assessments required as part of the approvals for our developments and to conduct ongoing monitoring of our operational footprint. During 2009 much of our focus was on research to support Pluto construction and our proposed Browse development, including continued support of a major research project at Scott Reef.

Environmental incidents

During 2009, we reduced the number of environmental incidents, with eight events recorded in 2009 as Category C in our internal rating system, where A is an incident with the greatest consequences.

The eight incidents were considered Category C due to the requirement to report them to government as part of legal requirements, such as licence conditions and approval conditions. These incidents comprised six short-term dark smoke events, one exceedence of an oil in water limit and a spill of brine solution to the ocean offshore.

The eight events represent a significant reduction in the number of incidents at this category, with 21 events being recorded in the previous year. Actual environmental impacts for all events were negligible with no long-term environmental impacts.

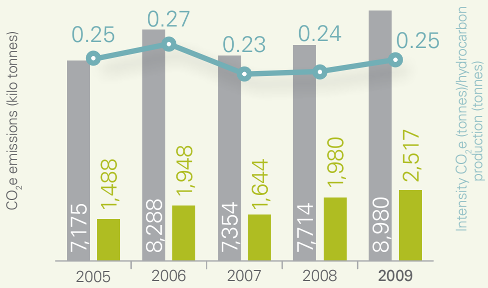
Recognition

In 2009 Woodside was presented with two environmental awards in recognition of our sensitive approach to reservoir appraisal activities at Scott Reef as part of the Browse LNG Development.

We were awarded the Australian Petroleum Production and Exploration Association Environment Award and a Department of Mines and Petroleum

Golden Gecko Award for Environmental Excellence

Greenhouse gas emissions and intensity



Total annual CO_2e emissions for operated ventures
Woodside portion of CO_2e emissions
GHG intensity (t CO_2e / t HC production)

Golden Gecko Award for Environmental Excellence.

The awards specifically recognise the research studies to support the Maxima and Gigas seismic surveys and the drilling of the Torosa-6 appraisal well at Scott Reef.

Research was undertaken to measure the potential effects of seismic surveys on local marine life, demonstrating that surveys like this can be conducted without significant effect on the environment. Innovative techniques, such as a riserless mud recovery system, were developed for the Torosa-6 appraisal well to minimise the environmental footprint.

Further information on our sustainable business principles is available in our 2009 Sustainable Development Report.

Rob Cole
EXECUTIVE VICE PRESIDENT, CORPORATE CENTRE, GENERAL COUNSEL

Rob has 20 years experience and has been with Woodside since 2006.

Social contribution

At Woodside we believe that long-term and meaningful relationships with the communities in which we live and work are essential to maintaining our licence to operate.

The trust and confidence of these communities are fundamental to our business success. They are also prerequisites to growing our business, in our existing communities and in new communities where we are yet to establish a presence.

This year was important for Woodside as we refocused our community relations efforts, with a number of activities undertaken to improve our understanding of social impacts, the way in which we engage with communities and the effectiveness of our social investments.

The Banglamung boy's orphanage in Thailand

Social impacts

In recent years Woodside has undertaken social impact assessments to support new developments and projects such as our Pluto LNG Development and our Browse LNG Development .

In 2007 we undertook a social impact assessment as part of the development of the Pluto LNG Project, near Karratha, Western Australia. In 2008 we conducted an environmental, social and economic evaluation to assess development options for our Browse LNG Development. Both of these studies continue to influence our thinking in managing existing and anticipated impacts on communities as a result of our activities.

In 2009 we sought feedback from members of the Roebourne community about our community programs. Roebourne is about 55 km from our NWSV and Pluto operations and has a predominantly Indigenous population. Like many Australian Indigenous communities, Roebourne faces social and economic disadvantages, high unemployment, lack of educational attainment and poor health.

The feedback we received confirmed the need for Woodside to continue to prioritise training and employment opportunities. The feedback also reinforced the need for us to continue operating our Roebourne office. Woodside opened the office in 2007 and is the only resource development company to have an office in the town.

Social investment

In 2009 Woodside also revised our social investment approach and implemented a new focus on health and wellbeing. The program now has three core themes:

- Living Energy – personal health and wellbeing
- Natural Energy – environmental health and wellbeing
- Creative Energy – community health and wellbeing.

Our equity contribution to social investment in 2009 was over $6 million inclusive of cash value, in-kind and voluntary hours. This is an increase of over $800,000 compared to 2008.

Our total social investment program in 2009 was $9.2 million, an increase of over $1.3 million compared to our 2008 total social investment of $7.9 million. This is inclusive of management costs.

An example of this volunteering activity was our relationship with Conservation Volunteers Australia (CVA), where more than 392 employees volunteered, representing over 3100 hours, on a range of environmental programs. Our work with CVA was recognised in 2009 with the presentation of the Western Australian Government's Environmental Award (Marine and Estuary Category).

In 2009 our employees donated over $126,000 of their own money, up on their contribution in 2008 of $119,000. In 2009 our employees contributed to 46 community-based not-for-profit organisations. Specifically our employees donated over $43,000 to the Mission Australia and Salvation Army Christmas appeals.

2010 Reconciliation Action Plan

The Reconciliation Action Plan (RAP) articulates clear actions and targets to support reconciliation efforts and bring together Woodside commitments and initiatives to Indigenous individuals and communities.

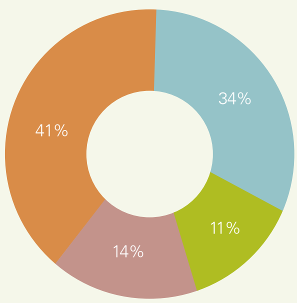
Our vision for reconciliation is to walk alongside the local Indigenous community, with a relationship built on mutual respect, to provide opportunities that contribute towards the community's aspiration of a sustainable future.

Our goal is for the reconciliation message to reach every individual coming into contact with our business.

The RAP commits Woodside to more than 30 actions across three key areas – respect, relationships and opportunities. Every action commits Woodside to measurable outcomes and establishes a timeline to achieve those outcomes.

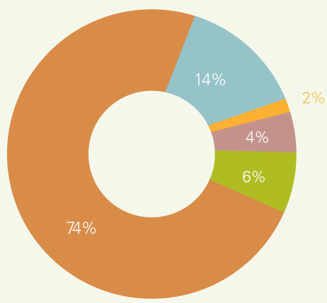
To view the complete 2010 RAP visit www.woodside.com.au

Woodside's social investment by category 2009



Contribute to sustainable communities
Create, maintain and preserve cultural heritage
Marine and coastal research, protection and rehabilitation
Educate and train our future workforce

Woodside's social investment by geographic region 2009



National | WA | Pilbara
Kimberley | International

NB: WA includes social investment programs which were implemented in two or more WA locations.

Michael A Chaney, AO

BSc, MBA, Hon LLD (UWA), FAICD

Chairman

Term of office: Director since November 2005. Chairman since July 2007.

Independent: Yes.

Age: 59.

Experience: 22 years with Wesfarmers Limited, including Managing Director and CEO from 1992 to 2005. Three years with investment bank Australian Industry Development Corporation (1980 to 1983), and prior to that eight years as a petroleum geologist working on the North West Shelf and in the USA and Indonesia. Previously a non-executive director of BHP Billiton Limited (1995 to 2005) and BHP Billiton Plc (2001 to 2005).

Committee membership:
Chair of the Nominations Committee. Attends other Board committee meetings.

Current directorships:
Chair: Gresham Partners Holdings Limited (director since 1985) and National Australia Bank Limited (director since 2004).

Director: The Centre for Independent Studies Ltd (since 2000).

Chancellor: The University of Western Australia (since 2006).

Donald R Voelte

BSc (University of Nebraska), FTSE, FAICD

Managing Director and CEO

Term of office: Director since April 2004.

Independent: No.

Age: 57.

Experience: More than 35 years experience in the global oil and gas business, including 22 years with Mobil Corporation culminating as Executive Vice President New Exploration and Producing Ventures, three years with Atlantic Richfield Company ending as Executive Vice President International Exploration and Production and three years as Director, President and CEO of Chroma Energy Inc, a private exploration and production company.

Committee membership:
Attends Board committee meetings.

Current directorships:
Director: The University of Western Australia Business School (since 2006) and West Australian Newspapers Holdings Limited (since 2008).

Melinda A Cilento

BA, BEc (Hons), MEc

Term of office: Director since December 2008.

Independent: Yes.

Age: 44.

Experience: Deputy Chief Executive (since 2006) and Chief Economist (since 2002) of the Business Council of Australia. Significant public and private sector experience in economic policy development and analysis. Previously worked with County Investment Management (now Invesco) as Head of Economics, and with the Department of Treasury in various roles, and spent two years at the International Monetary Fund.

Committee membership:
Member of the Human Resources & Compensation, Sustainability and Nominations Committees.

From left to right: Din Megat, Ian Robertson, Melinda Cilento, Michael Chaney, David McEvoy, Andrew Jamieson, Erich Fraunschiel, Don Voelte, Pierre Jungels

Erich Fraunschiel

BCom (Hons) (UWA)

Term of office: Director since December 2002.

Independent: Yes.

Age: 64.

Experience: More than 18 years experience in senior executive positions with Wesfarmers Limited, including 10 years as CFO and Executive Director.

Committee membership:
Chair of the Audit & Risk Committee. Member of the Sustainability and Nominations Committees.

Current directorships:
Chair: The West Australian Opera Company (director since 1999) and Wesfarmers General Insurance Limited (since 2003).

Director: Rabobank Australia Limited (since 2003), Rabobank New Zealand Limited (since 2007), The WCM Group Ltd (since 2005) and WorleyParsons Limited (since 2003).

Directorships of other listed entities within the past three years:

Director: West Australian Newspapers Holdings Limited (2002 to 2008).

Andrew Jamieson, OBE

F.R.Eng., C.Eng., F. Inst Chem E.

Term of office: Director since February 2005.

Independent: Yes.

Age: 62.

Experience: Former Executive Vice President Gas and Projects of Shell Gas and Power International BV with more than 30 years experience with Shell in Europe, Australia and Africa. From 1997 to 1999 Dr Jamieson was seconded to Woodside as General Manager North West Shelf Venture. Retired from Shell in June 2009.

Committee membership:
Member of the Sustainability and Nominations Committees.

Current directorships:
Director: Leif Hoegh & Co Ltd (since 2009) and Oxford Catalysts Group PLC (since 2010).

Pierre JMH Jungels, CBE

PhD (Geophysics and Hydraulics) (Caltech)

Term of office: Director since December 2002.

Independent: Yes.

Age: 66.

Experience: Former CEO of Enterprise Oil plc and President of the Institute of Petroleum. More than 30 years experience in the international oil and gas industry.

Committee membership:
Member of the Human Resources & Compensation, Audit & Risk and Nominations Committees.

Current directorships:
Chair: Oxford Catalysts Group PLC (since 2006) and Rockhopper Exploration plc (since 2005).

Director: Baker Hughes Inc (since 2006) and Imperial Tobacco Group PLC (since 2002).

Directorships of other listed entities within the past three years:

Director: Offshore Hydrocarbon Mapping plc (2004 to 2008) and Offshore Logistics Inc (2002 to 2006).

David I McEvoy

BSc (Physics), Grad Dip (Geophysics)

Term of office: Director since September 2005.

Independent: Yes.

Age: 63.

Experience: 34 year career with ExxonMobil involving extensive international exploration and development experience.

Committee membership:
Chair of the Sustainability Committee. Member of the Audit & Risk and Nominations Committees.

Current directorships:
Director: AWE Limited (since 2006), Innamincka Petroleum Ltd (since 2002) and Po Valley Energy Ltd (since 2004).

Ian Robertson

BA (Business Management), FCMA (UK)

Term of office: Director since June 2008.

Independent: No.

Age: 51.

Experience: Almost 30 years experience with Royal Dutch Shell Group working in the downstream, upstream, transport and trading elements of the business. Currently Executive Vice President for Shell's finance operations.

Committee membership:
Member of the Audit & Risk and Nominations Committees.

Tan Sri Dato' Megat Zaharuddin (Din Megat)

BSc (Hons) (Mining Engineering)

Term of office: Director since December 2007.

Independent: Yes.

Age: 61.

Experience: 31 year career with Royal Dutch Shell Group including Regional Business CEO of Shell Exploration and Production BV with responsibilities for the Middle East, Central and South Asia and Russia region (1999 to 2004) and Chairman /CEO of Shell group companies in Malaysia (1995 to 1999). Retired from Shell in early 2004.

Committee membership:
Chair of the Human Resources & Compensation Committee. Member of Sustainability and Nominations Committees.

Current directorships:
Chair: Malaysian Rubber Board (since 2009) and Malayan Banking Berhad (since October 2009, director from 2004 to February 2009).

Director: International Centre for Leadership in Finance (since 2004).

Directorships of other listed entities within the past three years:

Chair: Maxis Communications Berhad (2004 to 2007).

Corporate governance statement

Contents

1 Corporate Governance at Woodside

Woodside is committed to a high level of corporate governance and fostering a culture that values ethical behaviour, integrity and respect.

This statement reports on Woodside's key governance principles and practices. These principles and practices are reviewed regularly and revised as appropriate to reflect changes in law and developments in corporate governance.

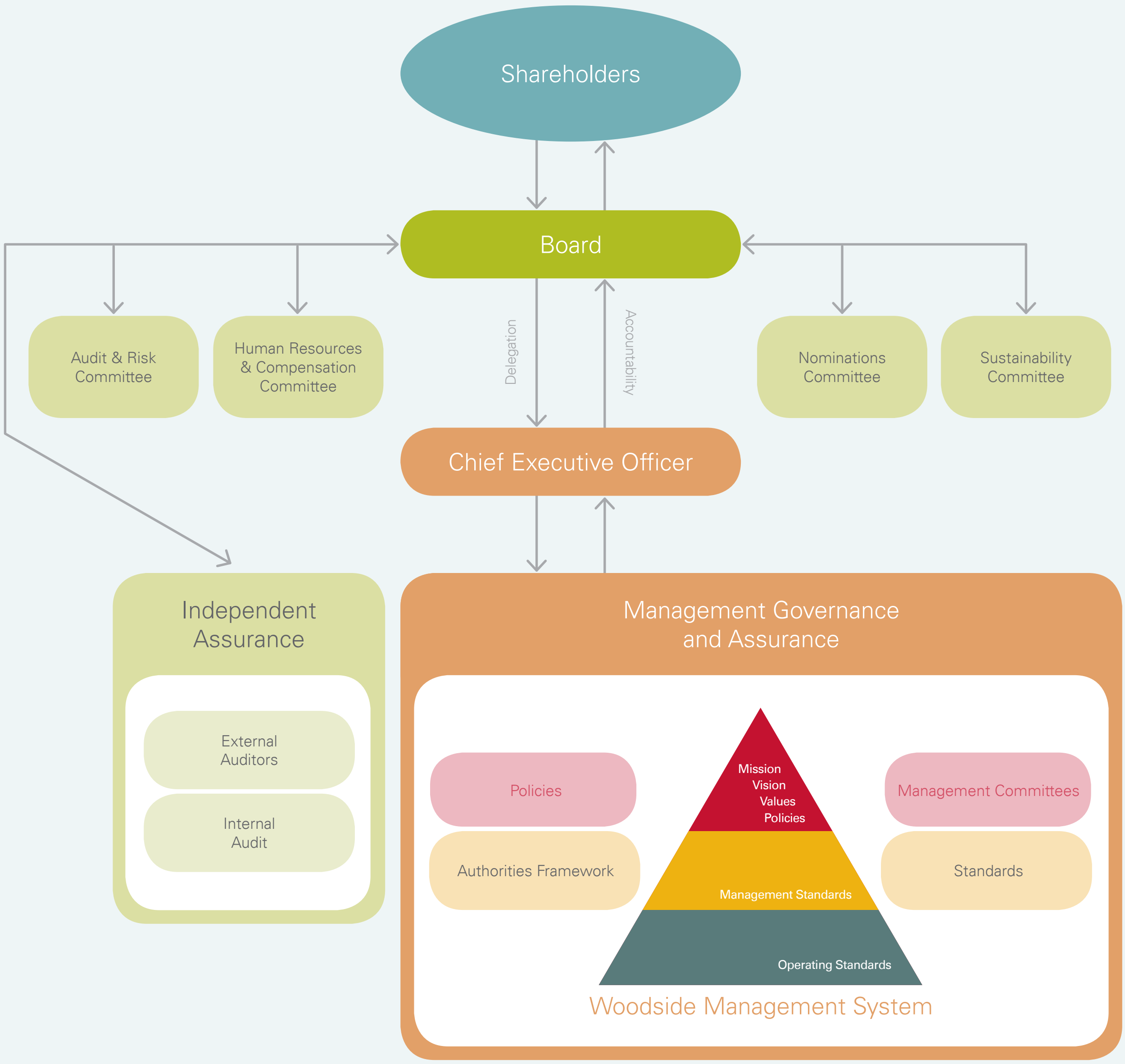
Woodside's corporate governance model is set out below. During 2009 the company reviewed and made substantial improvements to the Woodside Management System (WMS) which sets out how Woodside provides management governance and assurance. The WMS defines how Woodside will deliver its business objectives and the boundaries within which Woodside employees and contractors are expected to work.

The company, as a listed entity, must comply with the Corporations Act 2001 (Cwlth) (Corporations Act), the Australian Securities Exchange (ASX) Listing Rules (ASX Listing Rules) and other Australian and international laws. The ASX Listing Rules require the company to report on the extent to which it has followed the Corporate Governance Recommendations contained in the ASX Corporate Governance Council's (ASXCGC) second edition of its Corporate Governance Principles and Recommendations (August 2007). Details of Woodside's compliance with the ASXCGC Recommendations are set out below.

A checklist cross-referencing the ASXCGC Recommendations to the relevant sections of this statement and the Remuneration Report is provided on page 43 of this report and is published in the corporate governance section of Woodside's website (www.woodside.com.au).

Woodside believes that, throughout the 2009 year and to the date of this report, it has complied with all the ASXCGC Recommendations.

Woodside Corporate Governance Model



2 Board of Directors

2.1 Board Role and Responsibilities

ASXCGC Recommendations 1.1, 1.3

The Board has approved a formal Board Charter which details the Board's role, powers, duties and functions. The central role of the Board is to set the company's strategic direction, to select and appoint a CEO and to oversee the company's management and business activities.

In addition to matters required by law to be approved by the Board, the following powers are reserved to the Board for decision:

- the appointment and removal of the CEO and the Company Secretary and determination of their remuneration and conditions of service;
- approving the appointment and, where appropriate, the removal of executives who report directly to the CEO together with their remuneration and conditions of service;
- approving Group remuneration issues, including periodic adjustments and short and long term incentive payments;
- approving senior management succession plans and significant changes to organisational structure;
- authorising the issue of shares, options, equity instruments or other securities;
- authorising borrowings, other than in the ordinary course of business, and the granting of security over the undertaking of the company or any of its assets;
- authorising expenditures which exceed the CEO's delegated authority levels;
- approving strategic plans and budgets;
- approving the acquisition, establishment, disposal or cessation of any significant business of the company;
- approving annual and half year reports and disclosures to the market that contain or relate to financial projections, statements as to future financial performance or changes to the policy or strategy of the company;
- approving policies of company-wide or general application;
- the appointment of directors who will come before shareholders for election at the next Annual General Meeting (AGM); and
- establishing procedures which ensure that the Board is in a position to exercise its powers and to discharge its responsibilities as set out in the Board Charter.

Other than as specifically reserved to the Board in the Board Charter, responsibility for the management of Woodside's business activities is delegated to the CEO who is accountable to the Board. The Board Charter and the delegation of Board authority to the CEO are reviewed regularly.

A copy of the Board Charter is available in the corporate governance section of Woodside's website.

2.2 Board Composition

ASXCGC Recommendations 2.1, 2.2, 2.3, 2.6

The Board is comprised of eight non-executive directors and the CEO. Details of the directors, including their qualifications, experience, date of appointment and independent status, are set out on pages 31 to 32.

The Board considers that collectively the directors have the range of skills, knowledge and experience necessary to direct the company. The non-executive directors contribute operational and international experience, an understanding of the industry in which Woodside operates, knowledge of financial markets and an understanding of the health, safety, environmental and community matters that are important to the company. The CEO brings an additional perspective to the Board through a thorough understanding of Woodside's business.

In assessing the composition of the Board, the directors have regard to the following principles:

- the Chairman should be non-executive, independent and an Australian citizen or permanent resident;
- the role of the Chairman and the CEO should not be filled by the same person;
- the CEO should be a full-time employee of the company;
- the majority of the Board should comprise directors who are both non-executive and independent;
- the Board should represent a broad range of qualifications, experience and expertise considered of benefit to the company; and
- the number of Shell-nominated directors, as a proportion of the Board, should normally be in the proportion that Shell's holding of fully paid ordinary shares in the company bears to all of the issued fully paid ordinary shares in the company.

For the time being the Board has determined that the number of directors on the Board should be eight non-executive directors and the CEO. This number may be increased (providing it does not exceed 15) where it is felt that additional expertise is required in specific areas, where an outstanding candidate is identified or to ensure a smooth transition between outgoing and incoming non-executive directors.

2.3 Chairman

ASXCGC Recommendations 2.2, 2.3

The Chairman of the Board, Mr Michael Chaney, is an independent, non-executive director and a resident Australian citizen.

The Chairman is responsible for leadership and effective performance of the Board and for the maintenance of relations between directors and management that are open, cordial and conducive to productive cooperation. The Chairman's responsibilities are set out in more detail in the Board Charter.

A copy of the Board Charter is available in the corporate governance section of Woodside's website.

Mr Chaney is also Chairman of National Australia Bank Limited (NAB). The Board considers that neither his Chairmanship of NAB, nor any of his other commitments (listed on page 31), interfere with the discharge of his duties to the company. The Board is satisfied that Mr Chaney commits the time necessary to discharge his role effectively.

2.4 Director Independence

ASXCGC Recommendations 2.1, 2.6

The independence of a director is assessed in accordance with Woodside's Policy on Independence of Directors.

A copy of the Policy on Independence of Directors is available in the corporate governance section of Woodside's website.

In accordance with the policy, the Board assesses independence with reference to whether a director is non-executive, not a member of management and who is free of any business or other relationship that could materially interfere with, or could reasonably be perceived to materially interfere with, the independent exercise of their judgement.

2 Board of Directors (continued)

In making this assessment, the Board considers all relevant facts and circumstances. Relationships that the Board will take into consideration when assessing independence are whether a director:

- is a substantial shareholder of the company or an officer of, or otherwise associated directly with, a substantial shareholder of the company;
- is employed, or has previously been employed in an executive capacity by the company or another Group member, and there has not been a period of at least three years between ceasing such employment and serving on the Board;
- has within the last three years been a principal of a material professional advisor or a material consultant to the company or another Group member, or an employee materially associated with the service provided;
- is a material supplier or customer of the company or other Group member, or an officer of or otherwise associated directly or indirectly with a material supplier or customer; or
- has a material contractual relationship with the company or another Group member other than as a director.

The test of whether a relationship or business is material is based on the nature of the relationship or business and on the circumstances and activities of the director. Materiality is considered from the perspective of the company and its Group members, the persons or organisations with which the director has an affiliation and from the perspective of the director. To assist in assessing the materiality of a supplier or customer the Board has adopted the following materiality thresholds:

- a material customer is a customer of Woodside which accounts for more than 2% of Woodside's consolidated gross revenue; and
- a supplier is material if Woodside accounts for more than 2% of the supplier's consolidated gross revenue.

The Board reviews the independence of directors before they are appointed and on an annual basis. The Board has reviewed the independence of each of the directors in office at the date of this report and has determined that seven of the nine directors are independent. The two directors that are not considered independent are:

- Mr Don Voelte as he is an executive director and a member of management; and
- Mr Ian Robertson as he is a current executive of Shell, which is a substantial shareholder of the company.

Dr Andrew Jamieson was nominated to the Woodside Board by Shell and was previously an executive of Shell. He retired from Shell on 30 June 2009 and continues to serve on the Woodside Board. Subsequent to his retirement, the Woodside Board assessed Dr Jamieson as being an independent director.

Mr Din Megat was nominated to the Woodside Board by Shell. Over five years have elapsed since Mr Megat retired as an executive of Shell.

The Board is satisfied that Dr Jamieson and Mr Megat have no continuing association with Shell that would interfere with their independent exercise of judgement, and that each is an independent director.

Mr Erich Fraunschiel serves on the board of directors of WorleyParsons Limited, a supplier of engineering services to Woodside. The value of services provided by the WorleyParsons Limited group of companies to Woodside in 2009 exceeded the Board's materiality threshold relating to suppliers. The Board, having regard to the nature and value of the commercial relationship between Woodside and WorleyParsons Limited is satisfied that Mr Fraunschiel remains independent. Where a matter involving WorleyParsons Limited comes before the Board, the Directors' Conflict of Interest Guidelines apply.

Certain non-executive directors hold directorships or executive positions in companies with which Woodside has commercial relationships. Details of other directorships and executive positions held by non-executive directors are set out on pages 31 to 32.

Two of the non-executive directors have been employed by Woodside in the past, however a significant period of time has lapsed since they ceased employment. Dr Jamieson was seconded to Woodside as General Manager NWS Venture from 1997 to 1999 and Mr Chaney was employed by Woodside as a petroleum geologist in the 1970s.

The independence status of directors standing for election or re-election is identified in the notice of AGM. If the Board's assessment of a director's independence changes, the change is disclosed to the market.

2.5 Conflicts of Interest

The Board has approved Directors' Conflict of Interest Guidelines which apply if there is, or may be, a conflict between the personal interests of a director, or the duties a director owes to another company, and the duties the director owes to Woodside. A director with an actual or potential conflict of interest in relation to a matter before the Board does not receive the Board papers relating to that matter and when the matter comes before the Board for discussion, the director withdraws from the meeting for the period the matter is considered and takes no part in the discussions or decision-making process.

Minutes reporting on matters in which a director is considered to have a conflict of interest are not provided to that director. However, the director is given notice of the broad nature of the matter for discussion and is updated in general terms on the progress of the matter.

2.6 Board Succession Planning

ASXCGC Recommendation 2.6

The Board manages its succession planning with the assistance of the Nominations Committee. The committee reviews annually the size and composition of the Board and the mix of existing and desired competencies across members and reports its conclusions to the Board. Where the committee identifies existing or projected competency gaps, it recommends a succession plan to the Board that addresses those gaps. Recognising the importance of Board renewal, the committee takes each director's tenure into consideration in its succession planning. As a general rule directors are not expected to serve on the Board beyond 10 years.

The Nominations Committee is responsible for evaluating Board candidates and recommending individuals for appointment to the Board. The committee evaluates prospective candidates against a range of criteria including skills, experience and expertise that will best complement Board effectiveness at the time. The Board may engage an independent recruitment firm to undertake a search for suitable candidates. Directors appointed by the Board are subject to shareholder election at the next AGM.

Prior to appointment, preferred candidates must disclose to the Chairman the nature and extent of their other appointments and activities. Candidates must also demonstrate that they understand what is expected of them and confirm that they are willing to make the necessary commitments, and will have available the time required, to discharge their responsibilities as a director.

A copy of the Nominations Committee charter and a description of Woodside's procedure for the selection and appointment of new directors and the re-election of incumbent directors is available in the corporate governance section of Woodside's website.

2.7 Directors' Retirement and Re-election

ASXCGC Recommendation 2.6

Non-executive directors must retire at the third AGM following their election or most recent re-election. At least one non-executive director must stand for election at each AGM. Any director appointed to fill a casual vacancy since the date of the previous AGM must submit themselves to shareholders for election at the next AGM.

Board support for a director's re-election is not automatic and is subject to satisfactory director performance (in accordance with the evaluation process described in section 2.9).

2.8 Terms of Appointment, Induction Training and Continuing Education

All new directors are required to sign and return a letter of appointment which sets out the key terms and conditions of their appointment, including duties, rights and responsibilities, the time commitment envisaged and the Board's expectations regarding their involvement with committee work.

Induction training is provided to all new directors. It includes a comprehensive induction manual, meetings with the CEO and senior executives, information on the strategic plan and key corporate and Board policies and the option to visit Woodside's principle operations either upon appointment or with the Board during its next site tour.

All directors are expected to maintain the skills required to discharge their obligations to the company. Directors are encouraged to undertake continuing professional education including industry seminars and approved education courses. These are paid for by the company where appropriate. In addition, the company provides the Board with regular educational information papers and presentations on industry-related matters and new developments with the potential to affect Woodside.

2.9 Board Performance Evaluation

ASXCGC Recommendations 1.3, 2.5, 2.6

The Nominations Committee is responsible for determining the process for evaluating Board performance. Evaluations are conducted every year and have produced improvements in Board processes and overall efficiency.

The Board performance evaluation process is conducted by way of questionnaires appropriate in scope and content to effectively review:

- the performance of the Board and each of its committees against the requirements of their respective charters; and
- the individual performance of the Chairman and each director.

The questionnaires are completed by each director and the responses compiled by an external consultant. The reports on Board and committee performance are provided to all directors and discussed by the Board. The report on the Chairman's performance is provided to the Chairman and to two Committee Chairmen for discussion. The report on each individual director is provided to the individual and copied to the Chairman. The Chairman meets individually with each director to discuss the findings of their report.

The performance of each director retiring at the next AGM is taken into account by the Board in determining whether or not the Board should support the re-election of the director.

The Human Resources & Compensation Committee makes recommendations to the Board on the criteria for the evaluation of the performance of the CEO. The Board conducts the evaluation of the performance of the CEO.

A description of the company's process for evaluation of the Board, its committees and individual directors is available in the corporate governance section of Woodside's website.

The Remuneration Report on pages 45 to 59 discloses the process for evaluating the performance of senior executives, including the CEO.

In 2009, performance evaluations for the Board, its committees, directors and senior executives took place in accordance with the process disclosed above and in the Remuneration Report.

2.10 Board Access to Information and Independent Advice

ASXCGC Recommendation 2.6

Subject to the Directors' Conflict of Interest Guidelines referred to in section 2.5, directors have direct access to members of company management and to company information in the possession of management.

The Board has agreed a procedure under which directors are entitled to obtain independent legal, accounting or other professional advice at the company's expense. Directors are entitled to reimbursement of all reasonable costs where a request for such advice is approved by the Chairman. In the case of a request made by the Chairman, approval is required by a majority of the non-executive directors.

2.11 Directors' Remuneration

Details of remuneration paid to directors (executive and non-executive) are set out in the Remuneration Report on pages 45 to 59. The Remuneration Report also contains information on the company's policy for determining the nature and amount of remuneration for directors and senior executives and the relationship between the policy and company performance.

Shareholders will be invited to consider and approve the Remuneration Report at the 2010 AGM.

2.12 Board Meetings

During the year ended 31 December 2009, the Board held six Board meetings. In addition a strategic planning session was held in conjunction with the June Board meeting. Details of directors' attendance at Board and committee meetings are set out in Table 1 on page 39.

The Chairman, in conjunction with the CEO and the Company Secretary, sets the agenda for each meeting. Any director may request matters be included on the agenda.

Typically at Board meetings the agenda will include:

- minutes of the previous meeting and matters arising;
- the CEO's report;
- the CFO's report;
- reports on major projects and current issues;

2 Board of Directors (continued)

- specific business proposals;
- reports from the chairs of the committees on matters considered at committee meetings; and
- minutes of previous committee meetings.

The Board works to an annual agenda encompassing periodic reviews of Woodside's operating business units, site visits, approval of strategy, business plans, budgets and financial statements, statutory obligations and other responsibilities identified in the Board Charter.

The CFO, General Counsel and Company Secretary attend meetings of the Board by invitation. Other members of senior management attend Board meetings when a matter under their area of responsibility is being considered or as otherwise requested by the Board.

At each scheduled Board meeting there is a session for non-executive directors to meet without management present. This session is presided over by the Chairman.

Copies of Board papers are circulated in advance of the meetings in either electronic or hard copy form. Directors are entitled to request additional information where they consider further information is necessary to support informed decision-making.

2.13 Company Secretaries

Details of the Company Secretaries are set out on page 44 in the Directors' Report. The appointment and removal of a Company Secretary is a matter for decision by the Board. The Company Secretaries are responsible for ensuring that Board procedures are complied with and that governance matters are addressed.

3 Committees of the Board

3.1 Board Committees, Membership and Charters

ASXCGC Recommendations 2.4, 2.6, 4.1, 4.2, 4.3, 4.4, 8.1, 8.3

The Board has four standing committees to assist in the discharge of its responsibilities. These are the:

- Audit & Risk Committee;
- Nominations Committee;
- Human Resources & Compensation Committee; and
- Sustainability Committee.

The committees operate principally in a review or advisory capacity, except in cases where powers are specifically conferred on a committee by the Board.

Each committee has a charter, detailing its role, duties and membership requirements. The committee charters are reviewed regularly and updated as required.

The composition of each committee and the attendance of members at meetings held during the year, is set out in Table 1 on page 39 of this report.

Each committee's charter is available in the corporate governance section of Woodside's website.

All directors are entitled to attend meetings of the standing committees. Papers considered by the standing committees are available on request to directors who are not on that committee. Minutes of the standing committee meetings are provided to all directors and the proceedings of each meeting are reported by the chair of the committee at the next Board meeting.

Each committee is entitled to seek information from any employee of the company and to obtain any professional advice it requires in order to perform its duties.

Ad hoc committees are convened to consider matters of special importance or to exercise the delegated authority of the Board.

3.2 Audit & Risk Committee

ASXCGC Recommendations 4.1, 4.2, 4.3, 4.4

The role of the Audit & Risk Committee is to assist the Board to meet its oversight responsibilities in relation to the company's financial reporting, compliance with legal and regulatory requirements, internal control structure, risk management procedures and the internal and external audit functions.

Key activities undertaken by the Audit & Risk Committee during the year included:

- approval of the scope, plan and fees for the 2009 external audit;
- review of the independence and performance of the external auditor;
- review of significant accounting policies and practices;
- review of Internal Audit reports and approval of the 2010 Internal Audit program;
- review of the Group's key risks and revised risk management framework;
- review of reports from management on the effectiveness of the Group's management of its material business risks;
- review of updates from management on the revised Woodside Management System; and
- review and recommendation to the Board for the adoption of the Group's half year and annual financial statements.

Members of the Audit & Risk Committee are identified in Table 1 on page 39. Their qualifications are listed on pages 31 and 32.

The external auditors, the Chairman, the CEO, the CFO, General Counsel, the Group Financial Controller, the head of Internal Audit and the head of Enterprise Risk attend Audit & Risk Committee meetings by invitation. At each committee meeting, time is scheduled for the committee to meet with the external auditors without management present.

3.3 Nominations Committee

ASXCGC Recommendations 2.4, 2.6

The role of the Nominations Committee is to assist the Board to review Board composition, performance and succession planning. This includes the identifying, evaluating and recommending of candidates for the Board.

Key activities undertaken by the Nominations Committee during the year included:

- review of the size and composition of the Board;
- review of Board succession plans; and
- approval of the process for the annual Board performance evaluation.

3.4 Human Resources & Compensation Committee

ASXCGC Recommendations 8.1, 8.3

The role of the Human Resources & Compensation Committee is to assist the Board in establishing human resources and compensation policies and practices which:

- enable the company to attract, retain and motivate employees who achieve operational excellence and create value for shareholders; and
- reward employees fairly and responsibly, having regard to the results of the Group, individual

performance and general remuneration conditions.

Key activities undertaken by the Human Resources & Compensation Committee during the year included:

- review of the effect of changes to the tax treatment of employee share plan;
- approval of the appointment and remuneration packages of executives reporting directly to the CEO; and
- reviewing and making recommendations to the Board on:
  - the criteria for the evaluation of the performance of the CEO;
  - the remuneration of the CEO;
  - incentives payable to the CEO and senior executives; and
  - the annual Remuneration Report.

The Chairman, the CEO and the head of the Human Resources department attend Human Resources & Compensation Committee meetings by invitation.

3.5 Sustainability Committee

The role of the Sustainability Committee is to assist the Board to meet its oversight responsibilities in relation to the company's sustainability policies and practices.

Key activities undertaken by the Sustainability Committee during the year included:

- review of Woodside's commitment to Indigenous communities and the Woodside Reconciliation Action Plan;
- review of the themes for Woodside's community investment;
- review of the Group's environmental, health, safety and technical integrity performance and incidents; and
- approval of the Sustainable Development Report.

The Chairman, the CEO, General Counsel, the head of the Sustainability department and the head of the Health and Safety department attend Sustainability Committee meetings by invitation.

4 Shareholders

4.1 Shareholder Communication

ASXCGC Recommendations 6.1, 6.2

Directors recognise that shareholders, as the ultimate owners of the company, are entitled to receive timely and relevant high quality information about their investment. Similarly, prospective new investors are entitled to be able to make informed investment decisions when considering the purchase of shares.

Woodside's Continuous Disclosure and Market Communications Policy encourages effective communication with its shareholders by requiring:

- the disclosure of full and timely information about Woodside's activities in accordance with the disclosure requirements contained in the ASX Listing Rules and the Corporations Act;
- all information released to the market to be placed on Woodside's website promptly following release;
- the company's market announcements to be maintained on Woodside's website for at least three years; and
- that all disclosures, including notices of meetings and other shareholder communications, are drafted clearly and concisely.

Briefings on the financial results, and other significant briefings with major institutional investors and analysts, are webcast live and made available on Woodside's website. Presentation material from significant briefings or management speeches is also posted to the website.

Table 1 - Directors in office, committee membership and directors' attendance at meetings during 2009.

Director	Board		Audit & Risk Committee		Human Resources & Compensation Committee		Sustainability Committee		Nominations Committee	
(1) (2)	Held	Attended	Held	Attended	Held	Attended	Held	Attended	Held	Attended
Executive director										
DR Voelte (CEO)	6	6	6	6	6	6	4	4	2	2
Non-executive directors										
MA Chaney	6	6	6	6	6	6	4	4	2	2
MA Cilento	6	6	6	3[3]	6	6	4	4	2	2
E Fraunschiel	6	6	6	6			4	4	2	2
A Jamieson	6	6					4	4	2	2
PJMH Jungels	6	6	6	6	6	6			2	2
DI McEvoy	6	6	6	6			4	4	2	2
D Megat	6	6			6	6	4	4	2	2
I Robertson	6	6	6	6					2	2

Legend:

Chairman

Member

Notes:

(1) 'Held' indicates the number of meetings held during the period of each director's tenure.
(2) 'Attended' indicates the number of meetings attended by the director.
(3) Ms Cilento attended three Audit & Risk Committee meetings by invitation.

The company produces a short form annual and half year shareholder review. These reviews and the Annual Report are available on the company's website or shareholders can elect to receive hard copies. Shareholders can elect to receive email notification when these reports are posted to the website.

Any person wishing to receive email alerts of significant market announcements can subscribe through Woodside's website.

The company recognises the importance of shareholder participation in general meetings and supports and encourages that participation. The company introduced direct voting at its 2009 AGM allowing shareholders unable to attend the AGM to vote directly on resolutions without having to appoint someone else as a proxy. Shareholders are also able register their voting instructions electronically.

The company's AGM is webcast live and is archived for viewing on Woodside's website. The company also makes available podcasts of the AGM. Copies of the addresses by the Chairman and CEO are disclosed to the market and posted to the company's website.

The company's external auditor attends the company's AGM to answer shareholder questions about the conduct of the audit, the preparation and content of the audit report, the accounting policies adopted by the company and the independence of the auditor in relation to the conduct of the audit.

A copy of the Continuous Disclosure and Market Communications Policy is available in the corporate governance section of Woodside's website.

4.2 Continuous Disclosure and Market Communications

ASXCGC Recommendations 5.1, 5.2

Woodside is committed to ensuring that shareholders and the market are provided with full and timely information and that all stakeholders have equal opportunities to receive externally available information issued by Woodside.

A Disclosure Committee manages compliance with market disclosure obligations and is responsible for implementing reporting processes and controls and setting guidelines for the release of information.

Woodside's Continuous Disclosure and Market Communications Policy, referred to in section 4.1, and associated guidelines reinforce Woodside's commitment to continuous disclosure and outline management's accountabilities and the processes to be followed for ensuring compliance. The policy also describes Woodside's guiding principles for market communications.

A copy of the Continuous Disclosure and Market Communications Policy is available in the corporate governance section of Woodside's website.

5 Promoting Responsible and Ethical Behaviour

5.1 Code of Conduct and Whistleblower Policy

ASXCGC Recommendations 3.1, 3.3

Woodside has a Code of Conduct which outlines Woodside's commitment to appropriate and ethical corporate practices.

The Code of Conduct describes Woodside's mission, vision and values together with the business principles approved by the Board. It sets out the principles, practices and standards of personal and corporate behaviour Woodside expects from people working for or with Woodside to adopt in their daily business activities. The Code of Conduct covers matters such as compliance with laws and regulations, responsibilities to shareholders and the community, sound employment practices, confidentiality, privacy, conflicts of interest, giving and accepting business courtesies and the protection and proper use of Woodside's assets.

All directors, officers and employees are required to comply with the Code of Conduct. Senior managers are expected to ensure that employees, contractors, consultants, agents and partners under their supervision are aware of the company's expectations as set out in the Code of Conduct. Employees are required to complete online Code of Conduct training upon appointment and thereafter annually.

The Code of Conduct is available in the corporate governance section of Woodside's website.

Woodside also has a Whistleblower Policy which documents Woodside's commitment to maintaining an open working environment in which employees and contractors are able to report instances of unethical, unlawful or undesirable conduct without fear of intimidation or reprisal.

The purpose of the Whistleblower Policy is to:

- help detect and address unacceptable conduct;
- help provide employees and contractors with a supportive working environment in which they feel able to raise issues of legitimate concern to them and to Woodside;
- provide an external helpline which can be used for reporting unacceptable conduct; and
- help protect people who report unacceptable conduct in good faith.

A summary of the Whistleblower Policy is available in the corporate governance section of Woodside's website.

5.2 Securities Ownership and Dealing

ASXCGC Recommendations 3.2, 3.3, 8.3

Woodside's Securities Dealing Policy applies to all directors, employees, contractors, consultants and advisers. This policy provides a brief summary of the law on insider trading and other relevant laws, sets out the restrictions on dealing in securities by people who work for, or are associated with, Woodside and is intended to assist in maintaining market confidence in the integrity of dealings in the company's securities.

The policy prohibits directors and employees from dealing in the company's securities when they are in possession of price sensitive information that is not generally available to the market.

Directors are also required to seek the approval of the Chairman (or in the case of the Chairman, the CEO) before dealing in the company's securities or entering into any financial arrangement by which Woodside securities are used as collateral. Restricted employees are required to notify their manager and the General Counsel before dealing in the company's securities. In addition, executives reporting directly to the CEO, and the Company Secretaries, have notification requirements in respect of entering into any financial arrangement by which Woodside securities are used as collateral.

Non-executive directors are encouraged to have a minimum holding of shares in Woodside equivalent in value to one year of the base fees for non-executive directors and which should be acquired within four years of appointment or significant remuneration change. This requirement does not apply to non-executive directors that do not receive their directors' fees directly.

Under the terms of the non-executive directors share plan, non-executive directors (other than directors who are both nominated and employed by Shell) may elect to sacrifice a percentage of their remuneration to be applied to the purchase of shares in Woodside. These shares are acquired on market at market value. The purchases are made at predetermined intervals, but only after a determination has been made that the directors are not in possession of price-sensitive information that has not been released to the market.

Participation in the plan is voluntary. Participants ceased contributing to the plan from April 2009, due to changes in tax legislation.

Any dealing in Woodside securities by directors is notified to the ASX within five business days of the dealing.

It is a condition of the Securities Dealing Policy that directors, and executives participating in an equity based incentive plan, are prohibited from entering into any transaction which would have the effect of hedging or otherwise transferring to any person the risk of any fluctuation in the value of any unvested entitlement in Woodside securities. This prohibition is also contained in the terms of the Executive Incentive Plan.

A copy of the Securities Dealing Policy is available in the corporate governance section of Woodside's website.

5.3 Political Donations

The Board's policy is not to donate funds to any political party, politician or candidate for public office in any country. However, in certain circumstances Woodside representatives may attend a party-political function which charges an attendance fee. Attendance at these functions must be approved by the relevant business unit manager and a register of attendances and the cost of attending each function is maintained by Woodside at a corporate level.

6 Risk Management and Internal Control

6.1 Approach to Risk Management and Internal Control

ASXCGC Recommendations 7.1, 7.4

The Board recognises that risk management and internal compliance and control are key elements of good corporate governance.

Woodside's Risk Management Policy describes the manner in which Woodside:

- identifies, assesses, monitors and manages risk;
- identifies material changes to the company's risk profile; and
- designs, implements and monitors the effectiveness of the internal compliance and control system.

A copy of the Risk Management Policy is available in the corporate governance section of Woodside's website.

Woodside considers that effective risk management is about achieving a balanced approach to risk and reward. Risk management enables the company to capitalise on potential opportunities while mitigating potential adverse effects. Both mitigation and optimisation strategies are considered equally important in risk management.

The Woodside Group operates a standardised enterprise-wide risk management process that provides an over-arching and consistent framework for the identification, assessment, monitoring and management of material business risks. In 2009 the company reviewed its approach to risk management and formed the Enterprise Risk function, separate to Internal Audit. A review of the risk management process ensured it was aligned with the Australian/New Zealand Standard for risk management (AS/NZS 4360 Risk Management) and the International Standard for risk management (ISO 31000 Risk Management). Risks are identified, assessed and ranked using a common methodology. Where a risk is assessed as material it is reported to and reviewed by senior executives.

6.2 Risk Management Roles and Responsibilities

ASXCGC Recommendations 7.2, 7.4

The Board is responsible for reviewing and approving Woodside's risk management strategy, policy and key risk parameters, including determining the Group's appetite for country risk and major investment decisions.

The Board is also responsible for satisfying itself that management has developed and implemented a sound system of risk management and internal control. The Board has delegated oversight of the Risk Management Policy, including review of the effectiveness of Woodside's internal control system and risk management process, to the Audit & Risk Committee.

Management is responsible for designing, implementing, reviewing and providing assurance as to the effectiveness of the Policy. This responsibility includes developing business risk identification, implementing appropriate risk treatment strategies and controls, monitoring effectiveness of controls and reporting on risk management capability and performance. Within each major business and functional area there is a designated risk and assurance person, with specific responsibilities designed to guide compliance and reporting.

Every organisational unit has a risk management section within its annual business plan, and these plans are discussed at regular performance reviews. In addition each business unit reports annually to the Board on its business plan, risk profile and management of risk.

The Enterprise Risk function is responsible for the risk management process, risk management capability and providing reports to the Audit & Risk Committee on the corporate risk profile and the Group's risk management performance.

In 2009, both the Audit & Risk Committee and the Board reviewed the overall risk profile for the Group and received reports from management on the effectiveness of the Group's management of its material business risks. The reported risk categories included:

- financial and commercial;
- operational;
- health and safety;
- environmental;
- reputational;
- legal and compliance; and
- social and cultural risks.

Internal Audit is responsible for providing an independent appraisal of the adequacy and effectiveness of the Group's risk management and internal control system.

6.3 Internal Audit

Internal Audit is independent of both business management and of the activities it reviews. Internal Audit provides assurance that the design and operation of the Group's risk management and internal control system is effective. A risk-based audit approach is used to ensure that the higher risk activities in each business unit are targeted by the audit program. All audits are conducted in a manner that conforms to international auditing standards. Internal Audit has all necessary access to management and information. It is staffed by a combination of Chartered Accountants and engineers.

The Audit & Risk Committee oversees and monitors Internal Audit's activities. It approves the annual audit program and receives reports from Internal Audit concerning the effectiveness of internal control and risk management. The Audit & Risk Committee approves the appointment of the head of Internal Audit. The head of Internal Audit is jointly accountable to the Audit & Risk Committee and the General Counsel. The Committee members have access to Internal Audit without the presence of other management. Internal Audit has unfettered access to the Audit & Risk Committee and its chairman.

Internal Audit and external audit are separate and independent of each other.

6.4 CEO and CFO Assurance

ASXCGC Recommendations 7.3, 7.4

The Board receives regular reports on the Group's financial and operational results.

Before the adoption by the Board of the 2009 half-year and full-year financial statements, the Board received written declarations from the CEO and CFO that the financial records of the company have been properly maintained in accordance with section 286 of the Corporations Act and the company's financial statements and notes comply with accounting standards and give a true and fair view of the consolidated entity's financial position and performance for the financial period.

The CEO and CFO have also stated in writing to the Board that the statement relating to the integrity of Woodside's financial statements is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.

In addition all executives and key finance managers complete and sign a questionnaire from the directors on a half-yearly basis. The questions relate to the financial position of the company, disclosure, the application of company policies and procedures (including the Risk Management Policy), compliance with external obligations and other governance matters. This process assists the CEO and CFO in making the declarations to the Board referred to above.

7 External Auditor Relationship

ASXCGC Recommendation 4.4

In accordance with Woodside's External Auditor Policy, the Audit & Risk Committee oversees detailed External Auditor Guidelines covering the terms of engagement of Woodside's external auditor. The guidelines include provisions directed to maintaining the independence of the external auditor and in assessing whether the provision of any non-audit services by the external auditor that may be proposed is appropriate. Such provisions are referenced to the Code of Ethics published by the International Federation of Accountants (IFAC).

The External Auditor Guidelines contain a set of controls which address threats to the independence of the external auditor including, in particular, any threat which may arise by reason of self-interest, self-review, advocacy, familiarity or intimidation.

The External Auditor Guidelines classify a range of non-audit services which could potentially be provided by the external auditor as:

- acceptable within limits;
- requiring the approval of the CFO;
- requiring the approval of the Audit & Risk Committee; or
- not acceptable.

The services considered not acceptable for provision by the external auditor include:

- internal audit;
- acquisition accounting due diligence where the external auditor is also the auditor of the other party;
- transactional support for acquisitions or divestments where the external auditor is also the auditor of the other party;
- book-keeping and financial reporting activities to the extent such activities require decision-making ability and/or posting entries to the ledger;
- the design, implementation, operation or supervision of information systems and provision of systems integration services;
- independent expert reports;
- financial risk management; and
- taxation planning and taxation transaction advice.

The External Auditor Guidelines require rotation of the audit partner and audit review partner at least every five years and prohibit the reinvolvement of a previous audit partner in the audit service for two years following rotation. In addition to incorporating safeguards to ensure compliance with sections 324CI and 324CK of the Corporations Act in respect of employment of a former partner of the audit firm or member of the audit team as a director or senior employee of Woodside, the Guidelines also require assessment of the significance of a potential threat to the external auditor's independence before any employment of a former partner or audit team member. Any employment of a member of the audit team or a partner of the audit firm also requires the approval of the Audit & Risk Committee.

Information on the procedures for the selection and appointment of the external auditor and for the rotation of external audit engagement partners is available in the corporate governance section of Woodside's website.

8 ASX Corporate Governance Council Recommendations Checklist

This table cross-references the ASXCGC Recommendations to the relevant sections of the Corporate Governance Statement and the Remuneration Report.

	ASX Corporate Governance Council Recommendations	Reference	Comply
Principle 1:	Lay solid foundations for management and oversight		
1.1	Companies should establish the functions reserved to the board and those delegated to senior executives and disclose those functions.	2.1	✓
1.2	Companies should disclose the process for evaluating the performance of senior executives.	Remuneration Report	✓
1.3	Companies should provide the information indicated in Guide to Reporting on Principle 1.	2.1, 2.9, Remuneration Report	✓
Principle 2:	Structure the board to add value		
2.1	A majority of the board should be independent directors.	2.2, 2.4	✓
2.2	The chair should be an independent director.	2.2, 2.3	✓
2.3	The roles of chair and chief executive officer should not be exercised by the same individual.	2.2, 2.3	✓
2.4	The board should establish a nomination committee.	3.1, 3.3	✓
2.5	Companies should disclose the process for evaluating the performance of the board, its committees and individual directors.	2.9	✓
2.6	Companies should provide the information indicated in Guide to Reporting on Principle 2.	2.2, 2.4, 2.6, 2.7, 2.9, 2.10, 3.1, 3.3	✓
Principle 3:	Promote ethical and responsible decision-making		
3.1	Companies should establish a code of conduct and disclose the code or summary of the code as to: • the practices necessary to maintain confidence in the company's integrity • the practices necessary to take into account their legal obligations and the reasonable expectations of their stakeholders • the responsibility and accountability of individuals for reporting and investigating reports of unethical practices.	5.1	✓
3.2	Companies should establish a policy concerning trading in company securities by directors, senior executives and employees, and disclose the policy or a summary of that policy.	5.2	✓
3.3	Companies should provide the information indicated in Guide to Reporting on Principle 3.	5.1,5.2	✓
Principle 4:	Safeguard integrity in financial reporting		
4.1	The board should establish an audit committee.	3.1, 3.2	✓
4.2	The audit committee should be structured so that it: • consists only of non-executive directors • consists of a majority of independent directors • is chaired by an independent chair, who is not chair of the board • has at least three members.	3.1, 3.2	✓
4.3	The audit committee should have a formal charter.	3.1, 3.2	✓
4.4	Companies should provide the information indicated in Guide to Reporting on Principle 4.	3.1, 3.2, 7	✓
Principle 5:	Make timely and balanced disclosure		
5.1	Companies should establish written policies designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at a senior executive level for that compliance and disclose those policies or a summary of those policies.	4.2	✓
5.2	Companies should provide the information indicated in Guide to Reporting on Principle 5.	4.2	✓
Principle 6:	Respect the rights of shareholders		
6.1	Companies should design a communications policy for promoting effective communication with shareholders and encouraging their participation at general meetings and disclose their policy or a summary of that policy.	4.1	✓
6.2	Companies should provide the information indicated in Guide to Reporting on Principle 6.	4.1	✓
Principle 7:	Recognise and manage risk		
7.1	Companies should establish policies for the oversight and management of material business risks and disclose a summary of those policies.	6.1	✓
7.2	The board should require management to design and implement the risk management and internal control system to manage the company's material business risks and report to it on whether those risks are being managed effectively. The board should disclose that management has reported to it as to the effectiveness of the company's management of its material business risks.	6.2	✓
7.3	The board should disclose whether it has received assurance from the chief executive officer (or equivalent) and the chief financial officer (or equivalent) that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.	6.4	✓
7.4	Companies should provide the information indicated in Guide to Reporting on Principle 7.	6.1, 6.2, 6.4	✓
Principle 8:	Remunerate fairly and responsibly		
8.1	The board should establish a remuneration committee.	3.1, 3.4	✓
8.2	Companies should clearly distinguish the structure of non-executive directors' remuneration from that of executive directors and senior executives.	Remuneration Report	✓
8.3	Companies should provide the information indicated in Guide to Reporting on Principle 8.	3.1, 3.4, 5.2	✓

Directors' report

The directors of Woodside Petroleum Ltd present their report (including the Remuneration Report) together with the Financial Report of the consolidated entity, being Woodside Petroleum Ltd and its controlled entities, for the year ended 31 December 2009.

Directors

The directors of Woodside Petroleum Ltd in office at any time during or since the end of the 2009 financial year are set out in Table 1 on page 39. Additional information (including qualifications and experience) on the directors is set out on pages 31 to 32.

The number of directors' meetings held (including meetings of committees of the Board) and the number of meetings attended by each of the directors of Woodside Petroleum Ltd during the financial year are shown in Table 1 on page 39.

Details of director and senior executive remuneration is set out in the Remuneration Report on pages 45 to 59.

The particulars of directors' interests in shares of the company as at the date of this report are set out in Table 14 on page 60.

Principal activities

The principal activities and operations of the Group during the financial year were hydrocarbon exploration, evaluation, development, production and marketing.

Other than as previously referred to in the Annual Report, there were no other significant changes in the nature of the activities of the consolidated entity during the year.

Consolidated results

The consolidated operating profit attributable to the company's shareholders after provision for income tax and individually significant items was $1,824 million ($1,786 million in 2008).

Review of operations

A review of the operations of the Woodside Group during the financial year and the results of those operations are set out on pages 1 to 30.

Significant changes in state of affairs

The review of operations (pages 1 to 30) sets out a number of matters which have had a significant effect on the state of affairs of the consolidated entity. Other than those matters, there were no significant changes in the state of affairs of the consolidated entity during the financial year.

Events subsequent to end of financial year

(a) Dividends

Since the reporting date, the directors have declared a fully franked dividend of 55 cents (2008: 55 cents), payable on 31 March 2010. The amount of this dividend will be $427 million (2008: $384 million). No provision has been made for this dividend in the financial report as the dividend was not declared or determined by the directors on or before the end of the financial year.

(b) Issue of shares

On 11 February 2010, Woodside issued 28,646,808 ordinary shares pursuant to the retail component of the renounceable rights issue announced in December 2009.

Likely developments and expected results

In general terms, the review of operations of the Group gives an indication of likely developments and the expected results of the operations.

Environmental compliance

Woodside is subject to a range of environmental legislation in Australia and other countries in which it operates. Details of Woodside's environmental performance is provided on page 29 of this Annual Report.

Through its Environment Policy, Woodside plans and performs activities so that adverse effects on the environment are avoided or kept as low as reasonably practicable.

Woodside did not incur any environmental fines or penalties during 2009.

Dividends

The directors have declared a final dividend out of profits of the company in respect of the year ended 31 December 2009 of 55 cents per ordinary share (fully franked) payable on 31 March 2010.

A fully franked final dividend of 55 cents per ordinary share was paid to shareholders on 6 April 2009 in respect of the year ended 31 December 2008. Together with the fully franked interim dividend of 55 cents per share paid to shareholders on 5 October 2009, the total dividend paid during the 2009 year was $1.10 per share fully franked.

Woodside's dividend reinvestment plan operated during the year.

Company secretaries

The following individuals have acted as company secretary during 2009:

Robert J Cole
BSc, LLB (Hons) (ANU)
Executive Vice President Corporate Centre, General Counsel and Company Secretary

Mr Cole joined Woodside in 2006 after 14 years as a partner of international law firm, Mallesons Stephen Jaques, the last three years as partner in charge of the Perth office. Mr Cole holds Bachelor of Science and Bachelor of Laws degrees.

Frances M Kernot
BCom (Hons) (UWA), Grad. Dip. CSP, CA, ACIS
Company Secretary

Ms Kernot joined Woodside in 2003. She has more than 15 years experience in company secretarial, compliance and financial accounting roles. Ms Kernot holds a Bachelor of Commerce degree and is a Chartered Accountant and Chartered Secretary. She is a member of the Chartered Secretaries' Legislation Review Committee.

Overview

This Remuneration Report forms part of the Directors' Report for 2009 and outlines the remuneration arrangements for Woodside's directors and senior executives who have the authority and responsibility for planning, directing and controlling the activities of the Woodside Group (Key Management Personnel). This report has been audited by Ernst & Young.

Woodside's Key Management Personnel comprise of the following individuals:

Non-executive directors

- M Chaney (Chairman)
- M Cilento
- E Fraunschiel
- A Jamieson
- P Jungels
- D McEvoy
- D Megat
- I Robertson

Executives

Managing Director and Chief Executive Officer

- D Voelte

Senior Managers

- F Ahmed (Executive Vice President Project Development)
- M Chatterji (Executive Vice President and Chief Financial Officer)
- R Cole (Executive Vice President Corporate Centre, General Counsel and Joint Company Secretary)
- L Della Martina (Executive Vice President Pluto)
- B Donaghey (Executive Vice President Browse)(1)
- E Howell (Executive Vice President North West Shelf)
- A Kantsler (Executive Vice President Health, Safety and Security)(2)
- V Santostefano (Executive Vice President Production)

(1) On 18 May 2009 Ms Donaghey became Key Management Personnel, and effective 31 October 2009 Ms Donaghey departed from Woodside.

(2) On 12 February 2009 Dr Kantsler was appointed as Executive Vice President, Health and Safety. On 1 February 2010, Dr Kantsler's title was changed to Executive Vice President, Health, Safety and Security.

The five most highly remunerated executives in the Woodside Group in 2009 are included in the above.

The Human Resources & Compensation Committee (Committee) assists the Board to determine appropriate remuneration policies and structures for non-executive directors and executives. The role of the Committee is described in the Corporate Governance Statement set out in this Annual Report. The following table contains a broad summary of the remuneration structure for the Key Management Personnel. This structure and its elements are described in more detail in the Remuneration Report.

Summary of the remuneration structure for the Key Management Personnel

	Category of Key Management Personnel		
Element of Remuneration	Non-executive directors	CEO	Senior Managers
Fixed Annual Remuneration (FAR) (including superannuation)			
Salary		Salary, superannuation and other allowances (SEE PAGE 59)	Salary, superannuation and other allowances (SEE PAGE 59)
Fees	Directors fees, superannuation and other allowances (SEE PAGE 51)		
Variable Annual Reward (VAR)			
Short term incentive (STI)			
Variable Pay Rights		Variable pay rights awarded each year based on individual performance against key performance indicators and the company's scorecard performance which vest in either cash or shares at the Board's discretion after a 3 year service period from allocation date (SEE PAGE 50)	Variable pay rights awarded each year under Executive Incentive Plan based on individual performance against key performance indicators and the company's scorecard performance which vest in either cash or shares at the Board's discretion after a 3 year service period from allocation date (SEE PAGE 47)
Cash		Cash award each year based on individual performance against key performance indicators and the company's scorecard performance (SEE PAGE 50)	Cash award each year under Executive Incentive Plan based on individual performance against key performance indicators and the company's scorecard performance (SEE PAGE 47)
Long term incentive (LTI)			
Variable Pay Rights		Variable pay rights (including accelerated variable pay rights) awarded which vest in cash or shares based on shareholder return on Woodside shares (SEE PAGE 50)	Variable pay rights awarded each year under Executive Incentive Plan which vest in either shares or cash at the Board's discretion based on shareholder return on Woodside shares after 3 years (SEE PAGE 48)
Retention Plans			
Equity Based Pay Rights			Grant of pay rights which vest in cash or shares at the Board's discretion with vesting linked to company performance and/or retention (SEE PAGE 49)
Woodside Employee Equity Plan			Grant of equity rights which vest in shares (subject to limited exceptions) with vesting linked to retention (SEE PAGE 49)
General Employee Share Plans			
Woodside Share Purchase Plan		Salary sacrifice to purchase Woodside shares with a company matching component. Plan suspended in April 2009	Salary sacrifice to purchase Woodside shares with a company matching component. Plan suspended in April 2009

Non-executive directors

Remuneration Policy

Woodside's Remuneration Policy for non-executive directors aims to attract, retain and motivate talented and highly skilled non-executive directors and to remunerate fairly and responsibly having regard to:

- the level of fees paid to non-executive directors relative to other major Australian companies;
- the size and complexity of Woodside's operations; and
- the responsibilities and work requirements of Board members.

Fees paid to non-executive directors are recommended by the Committee based on advice from external remuneration consultants and determined by the Board, subject to an aggregate limit of $3 million per financial year, approved by shareholders at the 2007 Annual General Meeting (AGM).

The annual base Board and Committee fees have not been changed since 1 July 2008.

The Board approved the introduction of a minimum Woodside Petroleum Ltd shareholding guideline for non-executive directors in December 2008. The guideline encourages non-executive directors to have a minimum holding of Woodside shares equivalent in value to one year of the non-executive director's base Board fee, which should be acquired within four years of appointment or significant remuneration change. This requirement does not apply to non-executive directors that do not receive their Board fees directly.

Remuneration structure

Non-executive director remuneration consists of base fees, committee fees, other payments for additional services outside the scope of Board and committee duties, and statutory superannuation contributions or payments in lieu (currently 9%). Non-executive directors do not earn retirement benefits other than superannuation and are not entitled to any form of performance-linked remuneration.

Table 1 on page 50 shows the annual base Board and committee fees for non-executive directors.

In addition to these fees, non-executive directors are entitled to reimbursement of reasonable travel, accommodation and other expenses incurred attending meetings of the Board, committees or shareholders, or while engaged on Woodside business. Non-executive directors are not entitled to compensation on termination of their directorships.

Under the terms of the non-executive directors share plan (NEDSP), non-executive directors (other than directors who are both nominated and employed by the Shell Group) may elect to sacrifice a percentage of their remuneration to be applied to the purchase of shares in Woodside. These shares are acquired on market at market value. Participation in the NEDSP is voluntary and therefore the shares are not subject to any performance conditions. Contributions to the plan were suspended from April 2009, due to changes in tax legislation.

Board fees are not paid to the CEO, as the time spent on Board work and the responsibilities of Board membership are considered in determining the remuneration package provided as part of his normal employment conditions.

The total remuneration paid to, or in respect of, each non-executive director in 2009 is set out in Table 2 on page 51.

Executives

Remuneration Policy

Woodside's Remuneration Policy aims to reward executives fairly and responsibly in accordance with the Australian (and in some instances, international) market and ensure that Woodside:

- provides competitive rewards that attract, retain and motivate executives of the highest calibre;
- sets demanding levels of performance which are clearly linked to an executive's remuneration;
- structures remuneration at a level that reflects the executive's duties and accountabilities;
- benchmarks remuneration against appropriate comparator groups;
- aligns executive incentive rewards with the creation of value for shareholders; and
- complies with applicable legal requirements and appropriate standards of governance.

Executive remuneration is reviewed annually having regard to individual and business performance, and relevant comparative information.

Executive remuneration and company performance

The Committee assists the Board to strengthen the link between executive remuneration and Woodside's performance.

There are a number of internal and external factors relevant to Woodside's performance over the past five years. In addition, the Board believes Woodside's performance is also attributable to the ability to motivate and retain its executives and the effectiveness of the remuneration policies in place over that time.

Table 3 on page 51 shows the key financial measures of company performance over the past five years.

Remuneration structure

Woodside's remuneration structure for executives has several components:

- Fixed Annual Reward - the 'not at risk' component (unrelated to performance) which includes base salary, superannuation contribution and other allowances such as motor vehicle and health insurance. Fixed Annual Reward is determined on the basis of the scope of the executive's role and the individual level of knowledge, skill and experience.
- Variable Annual Reward - the 'at risk' component (related to performance) which is awarded under the Executive Incentive Plan and comprises:
  - a short-term incentive; and
  - a long-term incentive.
- Participation in Retention Plans - Equity Based Pay Rights and Woodside Employee Equity Plan.
- Participation in General Employee Share Plans - Woodside Share Purchase Plan.

Table 4 sets out the allocation of remuneration between Fixed Annual Reward and Variable Annual Reward for Woodside's executives assuming achievement of target performance for the short term incentive and the annual allocation value of long term incentive.

Participation in retention plans and participation in general employee share plans is not taken into account for the calculation of the percentages shown in the table.

Refer to Table 4 on page 51

Variable Annual Reward - Executive Incentive Plan

The Variable Annual Reward (VAR) component of executive remuneration is based on a percentage of an executive's Fixed Annual Reward (FAR). This percentage is determined by the Board at the start of the year with reference to market comparator groups and the scope of the executive's role (Variable Pay Percentage). For executives other than the CEO, VAR is delivered through the Executive Incentive Plan (EIP) (refer below). The delivery of awards of VAR for the CEO are discussed separately below.

The EIP aims to reward executives for meeting or exceeding their individual performance targets, while at the same time linking the reward to the creation of long term sustainable wealth for shareholders.

VAR has two elements:

1. the short term incentive (STI) award (which links remuneration to short term performance) which is paid two thirds in cash and one third in an award of variable pay rights, the vesting of which is dependent on continuing service (Time-tested VPRs); and
2. the long term incentive (LTI) award (which links remuneration to long term performance) which is paid by a grant of variable pay rights, the vesting of which is dependent on service and total shareholder return on Woodside shares relative to an identified peer group (RTSR-tested VPRs).

A variable pay right represents a right, if all vesting conditions have been met, to receive either cash or shares with a value equivalent to the market value of a Woodside share at the time of vesting. The number of variable pay rights awarded under the EIP for the 2009 performance year is calculated by dividing the value of the award (which is determined after the completion of the performance year) by the volume weighted average price (VWAP) of Woodside shares for the month of December in 2009. (For performance years up to and including the 2007 performance year, the number of variable pay rights awarded was determined by reference to the VWAP of Woodside shares in the last five trading days of the performance year.)

The Board determines whether variable pay rights are to be satisfied in cash or shares at the time of vesting. If satisfied in shares, the shares will be purchased on market. If satisfied in cash, the amount paid is based on the market value of a Woodside share at the vesting date calculated by reference to the VWAP of Woodside shares in the five trading days prior to the vesting date. No amount is payable by the recipient executive on the grant or vesting of a variable pay right.

The Board has power under the rules of the EIP to terminate, suspend or amend the EIP, and to alter the management or administration of the EIP. Board decisions about the operation of the EIP are made on the recommendation of the Committee.

Short term incentive award

The award of the STI component is determined by a scorecard which is set and approved annually by the Board (Scorecard), and individual performance.

The Scorecard for 2009 based on four fundamental measures:

- safety – based on total recordable case frequency;
- production;
- operating expenditure; and
- Woodside's one year total return to shareholders, ranked within an international peer group (STI Peer Group). Total return to shareholders is the growth in the value of shares over the performance year, plus the value of dividends, other distributions paid out over that year (assuming that dividends and other distributions are reinvested in shares on the payment date) and pro rata buybacks.

The STI Peer Group[(1)] for the grant of the 2009 STI comprises Woodside and the following companies:

- Apache Corporation
- Anadarko Petroleum Corporation
- BG Group PLC
- CNOOC Limited
- Marathon Oil Company
- Murphy Oil Corporation
- Pioneer Natural Resources Company
- Repsol YPF, S.A.
- Santos Ltd.
- Talisman Energy Inc.

(1) As a consequence of the merger between Petro-Canada and Suncor Energy Inc. in August 2009, Petro-Canada (which was included in previous peer groups) was deleted from the 2009 STI Peer Group, leaving 10 comparator companies.

The financial measures for the Scorecard were chosen because of the impact they have on shareholder value. The non-financial measure of safety was chosen to align performance with Woodside's values and reputation.

The Board has the discretion to aggregate executives into pool groups to ensure a fair allocation of total STI between executives. The total STI award available for all participating executives is pooled in each pool group and the Scorecard result (with a possible value of between zero and two) is used as a multiple to adjust the value of the pool(s). The adjusted pool(s) are allocated among the executives in that pool group based on their individual performance relative to other executives.

An executive's performance during the year is assessed against their individual performance agreement, which is set at the start of each year and includes key performance indicators (KPIs) relevant to the executive's areas of responsibility. KPIs may include the following:

- financial (e.g. revenue, operating costs, earnings before interest and tax, return on average capital employed, lifting costs, drilling costs);
- operational (e.g. production volumes, project progress);
- health and safety (e.g. total recordable case frequency, high potential incident frequency);
- environment (e.g. greenhouse gas emissions, flared gas); and
- human resources (e.g. voluntary turnover).

These KPIs are chosen because they align individual performance with the achievement of Woodside's business plan and objectives.

The executive receives a performance rating in accordance with the annual performance review process. This rating is then used to determine entitlement to the STI award. This assessment is conducted by the CEO and approved by the Committee.

The performance assessment for the CEO is conducted by the Board.

The STI award for a performance year is paid two thirds in cash and one third in an award of Time-tested VPRs. The Time-tested VPRs require that the executive's employment not be terminated with cause, which may arise from conduct and behaviour that constitutes serious misconduct, wilful failure or negligence, persistent breach or non-observance of a fundamental term of the contract including failure to comply with requirements in regard to confidentiality, intellectual property, non-competing and non-solicitation or being convicted of a criminal offence or have engaged in any conduct which would significantly injure the reputation or the business or by resignation for three years after allocation. Time-tested VPRs may vest prior to the expiry of the three years upon a change of control event, or on the death or total and permanent disablement of the executive. Time-tested VPRs granted in respect of performance years up to and including the 2008 performance year may also vest upon redundancy or retirement.

There are no further performance conditions for vesting of Time-tested VPRs.

Long-term incentive award

The LTI award for the 2009 performance year is granted in the form of variable pay rights the vesting of which is linked to service and total shareholder return (RTSR-tested VPRs).

The vesting of the RTSR-tested VPRs is conditional on a satisfactory ranking of Woodside's relative total shareholder return (RTSR), as calculated under the EIP rules, over a three or four year period in comparison with an international peer group (LTI Peer Group). The LTI Peer Group[1] for the grant of RTSR-tested VPRs for the 2009 performance year comprises Woodside and the following companies:

- Apache Corporation
- Anadarko Petroleum Corporation
- BG Group PLC
- CNOOC Limited
- Inpex Corporation
- Marathon Oil Company
- Murphy Oil Corporation
- Pioneer Natural Resources Company
- Repsol YPF, S.A.
- Santos Ltd.
- Talisman Energy Inc.

(1) As a consequence of the merger between Petro-Canada and Suncor Energy Inc in August 2009, Petro-Canada was deleted from the Peer Group for the purposes of LTI awards made in March 2008 and February 2009, leaving 10 comparator companies. For the 2009 Performance Year Inpex Corporation has been added to the LTI Peer Group.

For the 2005 and 2006 performance years, the LTI component was paid in the form of VPRs linked to total shareholder return (TSR) on Woodside shares as against a hurdle rate set by the Board (TSR-tested VPRs). The TSR-tested VPRs vest when the Woodside TSR as calculated under the EIP rules, meets the hurdle set by the Board for a continuous 30 day period at any time during the two years following the third anniversary of the allocation date. If no TSR-tested VPRs vest by the fifth anniversary of the allocation date the TSR-tested VPRs will lapse. The hurdle rate for TSR-tested VPRs was 11% for the 2005 performance year and is 11.5% for the 2006 performance year. The TSR-tested VPRs granted in respect of the 2005 performance year vested on 8 December 2009.

For the 2007 and subsequent performance years, the Board changed the performance measure to the total shareholder return relative to the LTI Peer Group. This measure was chosen because it aligns performance with achieving increased value to shareholders relative to a peer group. The RTSR is calculated in accordance with the EIP rules on the third anniversary of the allocation of these RTSR-tested VPRs.

The outcome of the test is measured against the schedule shown in Table 5 on page 51.

If no RTSR-tested VPRs vest at this time (because Woodside has not performed at or above the 50th percentile of the LTI Peer Group), the RTSR test is re-applied on the fourth anniversary of the allocation date. If no RTSR-tested VPRs vest on the fourth anniversary all VPRs for that performance year lapse.

The RTSR-tested VPRs require that the executive's employment not be terminated with cause, which may arise from conduct and behaviour that constitutes serious misconduct, wilful failure or negligence, persistent breach or non-observance of a fundamental term of the employment contract including failure to comply with requirements in regard to confidentiality, intellectual property, non-competing and non-solicitation or being convicted of a criminal offence or have engaged in any conduct which would significantly injure the reputation or the business or by resignation for three years after allocation.

RTSR-tested VPRs and TSR-tested VPRs may vest prior to the satisfaction of the vesting conditions upon a change of control event, or on the death or total and permanent disablement of the executive. In the event of retirement and redundancy of a participant RTSR VPRs and TSR-tested VPRs continue in the plan and are subject to the normal vesting.

A summary of the terms and conditions for the variable pay rights awarded under the EIP are in Table 11 on page 55.

Summaries of executives' interests in Time-tested VPRs, TSR-tested VPRs and RTSR-tested VPRs are in Table 12a, 12b and 12c on pages 56 to 58.

As a consequence of the renounceable rights issue by the company in December 2009, the Board exercised its discretion under the EIP rules to adjust the number of VPRs held by participants in the EIP to maintain the value equivalence of the unvested VPRs awarded for the 2006, 2007 and 2008 performance years against Woodside shares. An additional allocation of VPRs was made for each tranche of granted VPRs in respect of these performance years. The terms and conditions of the underlying tranche apply to the additional VPRs.

The summaries in Table 12 on pages 56 to 58 include the additional VPRs granted pursuant to the exercise of this discretion.

Retention plans

Equity based pay rights

As part of a retention strategy for senior executives, some executives participate in equity based retention plans (Pay Rights Plan) under which eligible executives are granted pay rights (PRs). A PR entitles the participant to an award of cash or shares on vesting.

The amount of the award under the Pay Rights Plan is determined by the Board. Participating executives receive an allocation of PRs under the applicable Pay Rights Plan. The number of PRs granted is determined by dividing the amount of the award by the five day volume weighted average price of a Woodside share at a specified pricing date.

The condition for award of PRs is outstanding individual performance, as assessed by the CEO by reference to the demonstrated capacity of the executive to contribute to the generation of sustainable value for shareholders.

The primary intention of the allocation of PRs in March 2007 (Pay Rights Plan 1) was to provide a retention mechanism.

PRs awarded under the retention plan in November 2007 (Pay Rights Plan 2) require Woodside's relative total shareholder return for the performance year immediately preceding the specified vesting date to be at or above the 50th percentile of the STI Peer Group (refer to short term incentives above) before vesting can occur. The purpose of the Pay Rights Plan 2 is to retain the executives and to align them to shareholder value.

One third of the PRs under each Pay Rights Plan will vest on each of the first, second and third anniversaries of the allocation date if the vesting condition is satisfied on those dates. Entitlement to PRs is lost if a participating executive resigns or is terminated with cause before the due date for vesting. Vesting of PRs is also conditional on maintenance of acceptable individual performance. All PRs will immediately vest in the event of a change of control or upon the death or total and permanent disablement of the executive.

The Board will determine whether PRs are to be satisfied in cash or in Woodside shares at the time of vesting. If satisfied in shares, the shares will be purchased on market. If satisfied in cash, the amount will be based on the five day VWAP of a Woodside share at the vesting date.

As a consequence of the renounceable rights issue by the company in December 2009, the Board exercised its discretion under the terms of the Pay Rights Plans to adjust the number of unvested PRs previously granted to executives to maintain the value equivalence of the unvested PRs against Woodside shares. An additional allocation of PRs was made to each tranche of granted PRs. The terms and conditions of the relevant Pay Rights Plan apply to the additional PRs granted under that plan.

Table 6 on page 52 provides a summary of the terms and conditions for PRs under the Pay Rights Plans.

Woodside employee equity plan

In July 2009 Woodside introduced the Woodside Petroleum Ltd 2009 – 2012 Employee Equity Plan (EEP) which is available to all employees including executives, other than the CEO. The EEP is intended to provide a retention mechanism for participating employees as well as provide an opportunity to share in the growth of the company. The Equity Rights (ERs) are a form of remuneration that is not dependent on individual performance or Woodside's performance.

Eligible participants receive a one-off allocation of ERs. Each ER entitles the participant to receive a Woodside share on the vesting date of 1 August 2012. ERs may vest prior to 1 August 2012 on a change of control or, at the discretion of the CEO, limited to the following circumstances; redundancy, death, termination due to medical illness or capacity or total and permanent disablement of a participating employee. An employee whose employment is terminated by resignation, retirement or for cause prior to the 31 July 2012 will forfeit all of their ERs.

Shares will either be issued by Woodside or acquired on market to satisfy vesting ER entitlements. The number of ERs that vest may be adjusted for any interruptions to an employee's service. Eligible participants who are on an international assignment may receive a cash amount subject to Board discretion.

Participants in the EEP cannot dispose of or otherwise deal with an ER and do not receive any dividends or have voting rights in respect of an ER. Allocations of ERs to participants will be adjusted in the event of Woodside making a bonus issue of shares or upon reconstruction of the company's share capital.

As a consequence of the renounceable rights issue by Woodside in December 2009, the Board resolved to issue additional ERs under the EEP to maintain the value of the ERs held by participating employees (including executives) against Woodside shares. An additional allocation of ERs will be made to each participant in March 2010. The same terms and conditions which apply to existing ERs will apply to these additional ERs.

Table 7 on page 52 provides a summary of executives' interests in ERs under the EEP.

General employee share plans

Woodside share purchase plan

In April 2007 Woodside introduced the Woodside Share Purchase Plan (WSPP) which was available to all employees, including executives, up to March 2009. The plan was suspended in April 2009 due to changes in tax legislation. The WSPP provided eligible employees with an opportunity to acquire Woodside shares and to share in the growth of the company. The WSPP year was based on a 1 July to 30 June period (WSPP Year).

Participants in the WSPP elected to sacrifice an amount of salary, and this amount was applied by the WSPP Trustee to purchase Woodside shares on market. The maximum amount that could be salary sacrificed in the 2008/09 WSPP Year was $12,000 and the minimum was $3000. Woodside provided funds to the WSPP Trustee to buy additional Woodside shares (matching shares) on market at a fixed ratio to the shares purchased with sacrificed funds (in the 2008/09 WSPP Year the ratio was one for one and a half; in the 2007/08 WSPP Year the ratio was one for one).

All shares purchased under the WSPP are held in trust. To become finally entitled to the matching shares funded by Woodside, a participant must remain a Woodside employee for a three year qualification period. Participants cannot dispose of shares purchased with sacrificed funds within this three year qualification period unless they cease employment with Woodside (in which case they become entitled to deal with the shares purchased with sacrificed funds, but lose their entitlement to matching shares). After the three year qualification period participants may elect to have their WSPP shares retained in the trust for up to a further seven years, provided they remain in the employment of Woodside.

Participants receive any dividends paid on shares held in the trust, have voting rights, may participate in any rights issues and receive any bonus issues.

The matching shares were a form of remuneration that was not dependent on the employees' individual performance or Woodside's performance as it was intended to align eligible employees to shareholder value.

Table 9 provides a summary of executives' interests in shares under the WSPP.

Executives were entitled to participate in the 1 for 12 renounceable rights issue announced in December 2009 in respect of their shareholdings under the WSPP. Table 9 does not include any shares which may be acquired by executives in 2010 pursuant to the rights issue.

Refer to Table 9 on page 53

Contracts for executives

Each executive has a contract of employment.

Table 8 on page 52 contains a summary of the key contractual provisions of the contracts of employment for the executives.

Termination provisions

Under each executive contract of employment Woodside may choose to terminate the contract immediately by making a payment equal to the 'Company Notice Period' of Fixed Annual Reward in lieu of notice as shown in Table 8.

Refer to Table 8 on page 52.

In 2009 the Board determined to amend new executive contracts to ensure that any payments made in the event of a company initiated termination of an executive contract would be consistent with the Corporations Amendment (Improving Accountability on Termination Payments) Act 2009.

CEO remuneration

The remuneration of the CEO is governed by his contract of employment.

In 2009 the Committee was assisted by Mercer and PricewaterhouseCoopers in reviewing the remuneration package of the CEO. For 2009 the Board determined to maintain the CEO remuneration unchanged due to the local and international market conditions.

From the time when the Executive Incentive Plan (EIP) was introduced until the end of the 2007 performance year, the CEO received the variable annual remuneration (VAR) component of his annual remuneration through participation in the EIP.

As part of its 2008 annual review of the CEO's remuneration, the Board resolved to restructure the VAR component of the CEO's remuneration package. As the revised VAR structure for the CEO does not align with the structure applicable to other executives under the EIP, the CEO has not participated in the EIP for any performance year after the 2007 performance year. The CEO remains entitled to all variable pay rights (VPRs) awarded to him under the EIP in respect of performance years up to and including the 2007 performance year.

For the 2009 performance year the CEO's remuneration is comprised of:

- one third fixed annual remuneration (FAR); and
- two thirds VAR of which 50% is a short-term incentive component (STI) and 50% is long-term incentive component (LTI).

Short-term incentive

STI is allocated as two-thirds cash and one-third Time-tested VPRs. The Time-tested VPRs have the same terms and conditions as those awarded under the EIP.

The grant of an STI award to the CEO is determined by the EIP Scorecard and individual performance as determined by the Board. For the 2009 performance year the CEO is entitled to receive an STI calculated and treated in all respects (including performance conditions, hurdles and timing), as if it was an entitlement arising under the EIP – except for the STI/LTI allocation referred to above.

The performance of the CEO is reviewed by the Board against the following factors:

- Setting and pursuing the growth agenda.
- Achieving effective execution.
- Building enterprise and organisational capacity.
- Enhancing culture and reputation.
- Ensuring shareholder focus.

Long-term incentive

In 2008, 50% of the CEO's anticipated LTI VAR allocation ($1,312,500) for performance years 2008, 2009 and 2010 (normally allocated in the year following the performance year) was brought forward and allocated in 2008 (Accelerated LTI).

The Accelerated LTI is subject to the RTSR-test as for the 2007 VPR allocation under the EIP as described in Table 11 on page 55.

This change was made to ensure retention of the CEO's services and in recognition of the inability of the CEO to influence the RTSR performance of Woodside (and the consequential value of unvested LTI entitlements) after his departure.

The remaining LTI VAR entitlement for the 2009 performance year (being the assessed entitlement for the 2009 performance year, less the value of the Accelerated LTI for that performance year) (LTI VAR Balance) will be allocated in March 2010 and will be subject to RTSR testing in March 2013. The remaining LTI VAR entitlement for the 2010 performance year will be allocated in March 2011 and be subject to RTSR-testing after three years (in March 2014). The vesting conditions for these LTI VAR Balance allocations reflect those contained in the EIP.

A summary of the terms and conditions of the CEO's VAR for 2009 is contained in Table 10 on page 54.

For the performance year ending 31 December 2011 and each subsequent performance year, the CEO will be entitled to an amount of LTI VAR to be satisfied by the allocation of RTSR-tested VPRs with the same vesting and performance conditions as if they were allocated under the EIP, calculated in the way as described under the EIP section above and in accordance with the targets set out in Table 4.

Refer to Table 4 on page 51.

Securities Dealing Policy

Woodside's Securities Dealing Policy prohibits executives who participate in an equity-based executive incentive plan, from entering into any transaction which would have the effect of hedging (or otherwise transferring to any other person the risk of any fluctuation in the value of any unvested entitlement in Woodside securities). Directors proposing to deal in, charge, mortgage or otherwise encumber or use as collateral, Woodside securities or enter into arrangements to limit the economic risk of a vested holding in Woodside securities, must obtain the approval of the Chairman (or, where the notifying executive is the Chairman, the CEO) prior to entering into the arrangement and immediately provide details of the arrangements entered into. Executives who report directly to the CEO and the Company Secretary/ies must submit a completed compliance certificate in respect of any dealing or other financial arrangement to their direct manager and then to the General Counsel for acknowledgement. Adherence to this policy by executives is monitored by six monthly directors' questionnaires to management.

2009 remuneration details

Table 13 summarises the remuneration both paid and payable to the executives for the 2009 performance year, including the VAR allocation.

Refer to Table 13 on page 59.

The value of the Scorecard for 2009 was 1.47 out of a maximum possible result of 2.

The total potential amount of the STI pool for 2009 ranged from a minimum of $0 up to a maximum of $27,409,442. The actual STI pool for 2009 was $ 20,145,940 for 87 participants (including the executives).

Table 1 - Annual base Board and committee fees for non-executive directors

Position	Board	Audit & Risk Committee	Human Resources & Compensation Committee	Sustainability Committee	Nominations Committee
Chairman of the Board(1)	$590,000(3)				
Non-executive directors(2)	$175,000(3)				
Committee Chairman		$50,000(3)	$30,000(3)	$30,000(3)	Nil
Committee member		$25,000(3)	$20,000(3)	$20,000(3)	Nil

(1) Inclusive of committee work. (2) Board fees, other than the Chairman. (3) Annual fee from 1 July 2008.

Table 2 - Total remuneration paid to non-executive directors in 2009

Non-executive director	Year	Short-term: Cash salary and fees – Salaries, fees and allowances $	Short-term: Cash salary and fees – NEDSP[2] $	Short-term: Cash bonuses – Short-term incentive / bonus[3] $	Short-term: Non monetary – Benefits and allowances $	Post employment: Pension super – Company contributions to super-annuation $	Post employment: Prescribed benefits – Directors' retiring allowance[3] $	Total[1] $
MA Chaney	2009	590,000	-	-	-	53,100	-	643,100
	2008	545,001	-	-	-	49,050	-	594,051
MA Cilento[4]	2009	219,950	-	-	-	19,796	-	239,746
	2008	10,069	-	-	-	906	-	10,975
E Fraunschiel	2009	245,001	-	-	-	22,050	-	267,051
	2008	234,500	-	-	-	21,105	-	255,605
A Jamieson[5][6]	2009	212,550	-	-	-	-	-	212,550
	2008	206,555	-	-	-	-	-	206,555
PJMH Jungels	2009	294,803	4,997	-	-	-	-	299,800
	2008	241,942	28,018	-	-	-	-	269,960
DI McEvoy	2009	230,000	-	-	-	20,700	-	250,700
	2008	276,500[7]	-	-	-	19,845	-	296,345
D Megat	2009	235,031	10,219	-	-	-	-	245,250
	2008	199,791	30,656	-	-	-	-	230,447
I Robertson[5][8]	2009	218,000	-	-	-	-	-	218,000
	2008	109,597	-	-	-	-	-	109,597
J Stausholm[5][9]	2009	-	-	-	-	-	-	-
	2008	103,550	-	-	-	-	-	103,550
JR Broadbent[10]	2009	-	-	-	-	-	-	-
	2008	86,042	21,979	-	-	9,722	-	117,743

(1) Non-executive directors elected to freeze their fees at the time of the 2009 review, therefore fees have not increased since 1 July 2008. The difference in the total paid in the 2009 year compared to the 2008 year reflects a whole year at the rates as increased from 1 July 2008 whereas the 2008 figures only reflect 6 months at the increased rate.

(2) Relates to participation in the NEDSP.

(3) Non-executive directors are not entitled to cash bonuses nor directors' retiring allowance.

(4) Appointed 11 December 2008.

(5) Board fees for directors who are both nominated and employed by the Shell Group are paid directly to their employing company, not the individual.

(6) Dr Andrew Jamieson retired from the Royal Dutch Shell Group on 30 June 2009. He continues to serve on the Woodside Board.

(7) This amount includes $56,000 which Mr McEvoy received during the year as consulting fees for extra services he provided outside his normal Board and committee duties. These fees were paid on commercial terms and conditions at market rates.

(8) Appointed 30 June 2008.

(9) Resigned 30 June 2008.

(10) Retired 4 July 2008.

Table 3 - Woodside five year performance

Year ended 31 December	2009	2008	2007	2006	2005
Net profit after tax ($ million)	1,824	1,786	1,030	1,427	1,107
Earnings per share (cents)[1]	259	260	153	217	169
Dividends per share (cents)	110	135	104	126	93
Production (MMboe)	80.9	81.3	70.6	67.9	59.7
Share closing price ($) (last trading day of the year)	47.20	36.70	50.39	38.11	39.19
3 year rolling TSR (%)[2]	56.86	0.98	41.25	42.55	54.71
Relative TSR[3] (1 year)	1st Quartile	2nd Quartile	2nd Quartile	2nd Quartile	1st Quartile

(1) Basic and diluted earnings per share from total operations.

(2) This calculation is annualised and measured in Australian dollars. The significant change in the three year rolling TSR percentage for 2008 is due to the impact of the economic downturn.

(3) As discussed under the STI component of EIP on page 47.

Table 4 - Allocation of remuneration between Fixed and Variable Annual Reward

	Not at Risk	At Risk	
	Fixed Annual Reward	Variable Annual Reward	
Position		STI	LTI
CEO	33.3%	33.3%	33.3%
Executives	45%-50%	30%-33%	20%-22%

Table 5 - Vesting schedule

Woodside RTSR percentile position within Peer Group	Vesting of RTSR-tested VPRs
Less than 50th percentile	no vesting
Equal to 50th percentile	50% vest
Equal to 75th percentile	100% vest
Equal to 100th percentile	150% vest (i.e. 50% uplift for topping Peer Group)

Vesting between these percentile points is on a pro rata basis.

Table 6 – Summary of terms and conditions for PRs under equity based retention plans

Terms and Conditions	Offer 1	Offer 2
Allocation Date	15 March 2007	1 November 2007
Pricing Date	15 March 2007	1 November 2007
Grant Date	15 March 2007	1 November 2007
Volume Weighted Average Price	$35.78	$49.25
Performance condition (for allocation)	Outstanding individual performance	Outstanding individual performance
Reason for performance condition (allocation)	See above under 'Executive Remuneration Policy'	See above under 'Executive Remuneration Policy'
Performance condition (for vesting)	Maintenance of acceptable individual performance over period from allocation date to vesting date. One third of the PRs will vest on each of the first, second and third anniversaries of the allocation date.	Maintenance of acceptable individual performance over period from allocation date to vesting date. Minimum level of company RTSR performance at or above 50th percentile of the Peer Group over period from allocation date to vesting date. One third of the PRs will vest on each of the first, second and third anniversaries of the allocation date, subject to satisfactory performance.
Reason for performance condition (vesting)	See above under 'Executive Remuneration Policy'	See above under 'Executive Remuneration Policy'
Vesting Date(1)	15 March 2008; 15 March 2009; 15 March 2010	15 March 2009; 15 March 2010; 15 March 2011
Lapse of PRs before Vesting Date	If employment terminated for cause or by resignation all unvested PRs will lapse.	If employment terminated for cause or by resignation all unvested PRs will lapse.

(1) Provision is made for accelerated vesting in certain events such as total and permanent disability, death or a change in control of Woodside.

Table 7 – Summary of executives' interests in Equity Rights under the EEP

Shares

Name	Grant date	Number of Equity Rights granted	Number of Equity Rights which have lapsed/forfeited	Number of Equity Rights which have vested during 2009	Fair Value(1) of Equity Rights
F Ahmed	31 October 2009	4,350	Nil	Nil	$44.56
M Chatterji	31 October 2009	4,350	Nil	Nil	$44.56
R Cole	31 October 2009	4,350	Nil	Nil	$44.56
L Della Martina	31 October 2009	4,350	Nil	Nil	$44.56
B Donaghey	31 October 2009	Nil	Nil	Nil	$44.56
E Howell	31 October 2009	4,350	Nil	Nil	$44.56
A Kantsler	31 October 2009	4,350	Nil	Nil	$44.56
V Santostefano	31 October 2009	4,350	Nil	Nil	$44.56

(1) The fair value of Equity Rights as at their date of grant has been determined by reference to the share price at acquisition. The fair value of Equity Rights is amortised over the vesting period, such that 'Total remuneration' includes a portion of the fair value of unvested equity compensation during the year. The amount included as remuneration is not related to or indicative of the benefit (if any) the individual executives may ultimately realise should these equity instruments vest.

Table 8 – Summary of contractual provisions for executives

Name	Employing company	Contract duration	Termination notice period company(4)(5)	Termination notice period Executive(5)
D Voelte(1)	Woodside Petroleum Ltd	Unlimited	12 months	6 months
F Ahmed	Woodside Energy Ltd	Fixed Term Contract until 13 February 2012	12 months	6 months
M Chatterji	Woodside Energy Ltd	Fixed Term Contract until 31 December 2010(2)	12 months	6 months
R Cole	Woodside Energy Ltd	Unlimited	12 months	6 months
L Della Martina	Woodside Energy Ltd	Unlimited	12 months	6 months
B Donaghey(6)	Woodside Energy Ltd	Unlimited	12 months	6 months
E Howell	Woodside Energy Ltd	Unlimited(3)	12 months	6 months
A Kantsler	Woodside Energy Ltd	Unlimited	12 months	6 months
V Santostefano	Woodside Energy Ltd	Unlimited	12 months	6 months

(1) Other benefits: Mr Voelte's employment in Australia may have adverse tax consequences for Mr Voelte and his wife in respect of his non-Australian income. Woodside has agreed to a limited "taxation equalisation" provision to compensate for this. Mr Voelte and his wife may claim reimbursement of tax paid or payable to the Australian Taxation Office for income or gain in relation to certain disclosed investments in the US to a maximum of US$500,000 over the period of Mr Voelte's employment.

(2) Mr Chatterji's fixed term contract was extended from 31 March 2010 until 31 December 2010. Mr Chatterji intends to leave Woodside at this time.

(3) Ms Howell's contract was converted from a fixed term contract to an unlimited contract in September 2009.

(4) Termination provisions – Woodside may choose to terminate the contract immediately by making a payment equal to the 'Company Notice Period' of FAR in lieu of notice. In the event of termination for serious misconduct or other nominated circumstances, executives are not entitled to this termination payment.

(5) On termination of employment, executives will be entitled to the payment of any FAR calculated up to the termination date, any annual leave entitlement accrued at the termination date and any payment or award permitted under the EIP Rules. Executives are restrained from certain activities for specified periods after termination of their employment in order to protect Woodside's interests.

(6) On 18 May 2009 Ms Donaghey became key management personnel and effective 31 October 2009 Ms Donaghey departed from Woodside.

Table 9 – Summary of executives' interests in shares under the WSPP(1)

Name	WSPP Year	Opening balance	Shares purchased under WSPP	Matching shares	Closing balance
D Voelte	2009 WSPP(2)	498	158	237	893
	2008 WSPP(3)	124	173	201	498
	2007 WSPP(4)	-	62	62	124
F Ahmed(6)	2009 WSPP	-	-	-	-
	2008 WSPP	-	-	-	-
M Chatterji	2009 WSPP	498	158	237	893
	2008 WSPP	124	173	201	498
	2007 WSPP	-	62	62	124
R Cole	2009 WSPP	498	158	237	893
	2008 WSPP	124	173	201	498
	2007 WSPP	-	62	62	124
L Della Martina(5)	2009 WSPP	498	158	237	893
	2008 WSPP	124	173	201	498
B Donaghey(7)	2009 WSPP	-	-	-	-
E Howell	2009 WSPP	-	-	-	-
	2008 WSPP	-	-	-	-
	2007 WSPP	-	-	-	-
A Kantsler	2009 WSPP	358	-	-	358
	2008 WSPP	124	117	117	358
	2007 WSPP	-	62	62	124
V Santostefano	2009 WSPP	498	158	237	893
	2008 WSPP	124	173	201	498
	2007 WSPP	-	62	62	124

(1) For a full summary of executives interests in shares see Table 14 on page 60.

(2) 2009 WSPP refers to the purchases made in 2009 for the 2008/09 Plan. The matching shares for the 2009 WSPP had a fair value of $35.21 and $38.60 per share respectively.

(3) 2008 WSPP refers to the plan for the 2008/09 Plan Year as well as the purchases made in 2008 for the 2007/08 Plan. The matching shares for the 2008 WSPP were granted on 20 June 2008 and had a fair value of $52.82 per share.

(4) 2007 WSPP refers to the plan for the 2007/08 Plan Year. The matching shares for the 2007 WSPP were granted on 29 August 2007 and had fair values of $48.25, $55.93, and $62.86 per share respectively. The last two purchases for 2007 WSPP were made in 2008.

(5) Mr Della Martina did not meet the definition of KMP under AASB 124 for previous years but did fall within the definition for 2008 and 2009. Previous years comparative figures are not shown.

(6) Mr Ahmed did not meet the definition of KMP under AASB 124 for the 2007 year. Previous years comparative figures are not shown.

(7) Ms Donaghey did not meet the definition of KMP under AASB 124 for the 2008 year. Previous years comparative figures are not shown.

As at 31 December 2009, no matching shares had vested or lapsed for any Key Management Personnel.

Table 10 – Summary of terms and conditions of VPRs for the CEO's 2009 VAR allocation

Terms and Conditions	2009 VAR Allocation		2008 VAR Allocation		
	STI time-tested VPRs	LTI RTSR-tested VPRs	STI time-tested VPRs	LTI RTSR-tested VPRs	Accelerated LTI
Allocation Date	5 March 2010		27 February 2009		14 March 2008
Pricing Date	31 December 2009		31 December 2008		31 December 2007
Grant Date	1 January 2009		1 January 2008		19 February 2008
Volume Weighted Average Price	$47.86		$33.50		$48.25
Performance condition (for allocation)	EIP Scorecard and individual performance assessment	Not applicable	EIP Scorecard and individual performance assessment	Not applicable	
Reason for performance condition (allocation)	See above under 'Short term incentive award'	Not applicable	See above under 'Short term incentive award'	Not applicable	
Performance condition (for vesting)	Not applicable	If Woodside TSR performance equals or exceeds 50th Peer Group percentile for relevant period, VPRs vest on sliding scale	Not applicable	If Woodside TSR performance equals or exceeds 50th Peer Group percentile for relevant period, VPRs vest on sliding scale	
Reason for performance condition (vesting)	Not applicable	Relative TSR is independent of market conditions and is considered a more relevant measure of management performance in terms of value delivered to shareholders over the medium to long term	Not applicable	Relative TSR is independent of market conditions and is considered a more relevant measure of management performance in terms of value delivered to shareholders over the medium to long term	
Vesting Date[2]	5 March 2013	Initial vesting 5 March 2013	27 February 2012	27 February 2012	31 March 2011[1]
Application of Retesting	Not applicable	If RTSR threshold not achieved as at 5 March 2013 retest on 5 March 2014	Not applicable	If RTSR threshold not achieved as at 27 February 2012, retest on 27 February 2013.	If RTSR threshold not achieved as at 14 March 2011, retest on 14 March 2012[3]
Lapse of VPRs before Vesting Date	If employment terminated for cause or by resignation all unvested VPRs will lapse		If employment terminated for cause or by resignation all unvested VPRs will lapse		If employment terminated for cause or by resignation all unvested VPRs will lapse Accelerated LTI is also subject to varied vesting conditions: • Accelerated LTI allocated in respect of the 2008 performance year will only vest where the CEO remains employed with Woodside on 31 March 2009; and • Accelerated LTI allocated in respect of the 2009 performance year will only vest where the CEO remains employed with Woodside on 31 March 2010; and • Accelerated LTI allocated in respect of the 2010 performance year will only vest where the CEO remains employed with Woodside on 31 March 2011
Lapse of VPRs if not vested	Not applicable	If threshold RTSR not achieved on retest, TSR-tested VPRs will lapse	Not applicable	If threshold RTSR not achieved on retest, TSR-tested VPRs will lapse	If threshold RTSR not achieved Accelerated LTI VPRs will lapse

(1) Vesting of the Accelerated LTI is also conditional on an RTSR-test in 2011 which is undertaken in the same way as under the EIP. Limited accelerated vesting applies to the Accelerated LTI if a change of control event occurs during the 2008, 2009 or 2010 performance years.

(2) Provision is made for accelerated vesting in certain events such as total and permanent disability, death or a change in control of Woodside.

(3) Correction to the information provided in the 2008 annual report.

Table11 – Summary of terms and conditions for VPRs under the EIP

The following table summarises the terms and conditions of the VPRs awarded to the executives under the EIP for 2009, 2008, 2007, 2006 and 2005.

Terms and Conditions	2009 VPR Allocation		2008 VPR Allocation		2007 VPR Allocation		2006 VPR Allocation		2005 VPR Allocation	
	STI time-tested VPRs	LTI RTSR-tested VPRs	STI time-tested VPRs	LTI RTSR-tested VPRs	STI time-tested VPRs	LTI RTSR-tested VPRs	STI time-tested VPRs	LTI TSR-tested VPRs	STI time-tested VPRs	LTI TSR-tested VPRs
Allocation Date	5 March 2010		27 February 2009		14 March 2008		15 March 2007		13 March 2006	
Pricing Date	31 December 2009		31 December 2008		31 December 2007		15 March 2007		13 March 2006	
Grant Date	1 January 2009		1 January 2008		1 January 2007		1 January 2006		19 April 2005	
Volume Weighted Average Price	$47.86		$33.50		$48.25		$35.78		$40.31	
Performance condition (for allocation)	EIP Scorecard and individual performance assessment	Not applicable	EIP Scorecard and individual performance assessment	Not applicable	EIP Scorecard and individual performance assessment	Not applicable	Woodside Economic Value Added (EVA) and individual performance			
Reason for performance condition (allocation)	See above under 'Short term incentives award'	Not applicable	See above under 'Short term incentives award'	Not applicable	See above under 'Short term incentives award'	Not applicable	Woodside EVA was adopted as a measure of the value added by Woodside's operations during the relevant year, with a view to linking executive remuneration to value added for shareholders The individual performance measure assesses the contribution made by individual executives, against pre-set individual objectives aligned to Woodside's strategic plan, which has as its ultimate objective the maximization of shareholder returns			
Performance condition (for vesting)	Not applicable	If Woodside TSR performance equals or exceeds 50th Peer Group percentile for relevant period, VPRs vest on sliding scale	Not applicable	If Woodside TSR performance equals or exceeds 50th Peer Group percentile for relevant period, VPRs vest on sliding scale	Not applicable	If Woodside TSR performance equals or exceeds 50th Peer Group percentile for relevant period, VPRs vest on sliding scale	Not applicable	If compounded TSR of Woodside is equal to or above TSR Hurdle Rate of 11.5%pa[1] for 30 consecutive days ending on testing date	Not applicable	If compounded TSR of Woodside is equal to or above TSR Hurdle Rate of 11%pa[1] for 30 consecutive days ending on testing date
Reason for performance condition (vesting)	Not applicable	Relative TSR is independent of market conditions and is considered a more relevant measure of management performance in terms of value delivered to shareholders over the medium to long term	Not applicable	Relative TSR is independent of market conditions and is considered a more relevant measure of management performance in terms of value delivered to shareholders over the medium to long term	Not applicable	Relative TSR adopted in 2007 - is independent of market conditions and is considered a more relevant measure of management performance in terms of value delivered to shareholders over the medium to long term	Not applicable	TSR was adopted because it is a widely accepted measure of shareholder wealth creation over the medium to long term – initial approach was to set an absolute TSR benchmark percentage	Not applicable	TSR was adopted because it is a widely accepted measure of shareholder wealth creation over the medium to long term – initial approach was to set an absolute TSR benchmark percentage
Vesting Date[2]	5 March 2013	Initial vesting 5 March 2013	27 February 2012	Initial vesting 27 February 2012	14 March 2011	Initial vesting test 14 March 2011	15 March 2010	Initial vesting test as at 16 March 2010	Vested 13 March 2009[3]	Initial vesting test as at 14 March 2009 was not passed
Application of Retesting	Not applicable	If RTSR threshold not achieved as at 5 March 2013, retest on 5 March 2014	Not applicable	If RTSR threshold not achieved as at 27 February 2012, retest on 27 February 2013	Not applicable	If RTSR threshold not achieved as at 14 March 2011, retest on 14 March 2012	Not applicable	If TSR-test not met as at 16 March 2010, retest over next two years until 15 March 2012	Not applicable	Vested 8 December 2009[3]
Lapse of VPRs before Vesting Date	If employment terminated for cause or by resignation all unvested VPRs will lapse		If employment terminated for cause or by resignation all unvested VPRs will lapse		If employment terminated for cause or by resignation all unvested VPRs will lapse		If employment terminated for cause or by resignation all unvested VPRs will lapse		If employment terminated for cause or by resignation all unvested VPRs will lapse	
Lapse of VPRs if not vested	Not applicable	If threshold RTSR not achieved on retest, RTSR-tested VPRs will lapse	Not applicable	If threshold RTSR not achieved on retest, RTSR-tested VPRs will lapse	Not applicable	If threshold RTSR not achieved on retest, TSR-tested VPRs will lapse	Not applicable	If TSR-test not met by 15 March 2012, TSR-tested VPRs will lapse	Not applicable	Not applicable

(1) The Board set the TSR Hurdle Rate with reference to Woodside's Cost of Equity Capital annually before VPRs were allocated. (2) Provision is made for accelerated vesting in certain events such as total and permanent disability, death or a change in control of Woodside. (3) 100% vested in WPL shares.

Table 12a – Summary of the executives' interests in time-tested VPRs [1]

Name	Allocation date	Vesting date[2]	Awarded but not vested	Vested in 2009	% of total vested	Fair value[3][10] of VPR/PR by performance year				
						2009	2008	2007	2006	2005
D Voelte	March 2006	March 2009		12,827	100					17.75
	March 2007[4]	March 2010	20,122						34.61	
	March 2008	March 2011	16,513					33.66		
	February 2009	February 2012	28,209				44.56			
	December 2009[5]	March 2010	167						46.89	
	December 2009[5]	March 2011	137					45.75		
	December 2009[5]	February 2012	234				44.68			
	March 2010	March 2013	31,445			33.10				
F Ahmed[6]	February 2009	February 2012	3,245				42.59			
	December 2009[5]	March 2011	8					42.55		
	December 2009[5]	February 2012	27				44.68			
	March 2010	March 2013	3,692			33.10				
M Chatterji	March 2006	March 2009		3,429	100					17.75
	March 2007	March 2010	5,517						34.61	
	March 2008	March 2011	4,313					33.66		
	February 2009	February 2012	7,450				44.56			
	December 2009[5]	March 2010	46						46.89	
	December 2009[5]	March 2011	36					45.75		
	December 2009[5]	February 2012	62				44.68			
	March 2010	March 2013	7,535			33.10				
R Cole	March 2007	March 2010	1,370						34.61	
	March 2008	March 2011	1,756					33.66		
	February 2009	February 2012	4,543				44.56			
	December 2009[5]	March 2010	11						46.89	
	December 2009[5]	March 2011	15					45.75		
	December 2009[5]	February 2012	38				44.68			
	March 2010	March 2013	4,599			33.10				
L Della Martina[7]	March 2006	March 2009		1,371	100					17.75
	February 2009	February 2012	2,916				44.56			
	December 2009[5]	March 2010	14						46.89	
	December 2009[5]	March 2011	14					45.75		
	December 2009[5]	February 2012	24				44.68			
	March 2010	March 2013	2,950			33.10				
B Donaghey[8]	March 2006	March 2009		850	100					17.75
	March 2010	March 2013	0			33.10				
E Howell[9]	March 2007	March 2010	525						34.61	
	March 2008	March 2011	1,905					33.66		
	February 2009	February 2012	3,110				44.56			
	December 2009[5]	March 2010	4						46.89	
	December 2009[5]	March 2011	16					45.75		
	December 2009[5]	February 2012	26				44.68			
	March 2010	March 2013	4,192			33.10				
A Kantsler	March 2006	March 2009		3,277	100					17.75
	March 2007	March 2010	1,650						34.61	
	March 2008	March 2011	2,542					33.66		
	February 2009	February 2012	4,273				44.56			
	December 2009[5]	March 2010	14						46.89	
	December 2009[5]	March 2011	21					45.75		
	December 2009[5]	February 2012	35				44.68			
	March 2010	March 2013	5,763			33.10				
V Santostefano[9]	March 2006	March 2009		1,523	100					17.75
	March 2007	March 2010	1,327						34.61	
	March 2008	March 2011	1,669					33.66		
	February 2009	February 2012	2,910				44.56			
	December 2009[5]	March 2010	11						46.89	
	December 2009[5]	March 2011	14					45.75		
	December 2009[5]	February 2012	24				44.68			
	March 2010	March 2013	3,786			33.10				

(1) For valuation purposes all VPRs are treated as if they will be equity settled, with the exception of Mr Ahmed's 2008 VPRs which are to be settled in cash as a result of his international secondment. This fair value is recalculated at the end of every reporting period. In 2008 the fair value was $47.92.

(2) Vesting date and exercise date are the same. Vesting is subject to satisfaction of vesting conditions.

(3) In accordance with the requirements of AASB 124 Related Party Disclosures, the fair value of rights as at their date of grant has been determined by applying the Binomial or Black Scholes option pricing technique with the exception of Mr Ahmed as noted in (1). The fair value of rights is amortised over the vesting period, such that 'Total remuneration' includes a portion of the fair value of unvested equity compensation during the year. The amount included as remuneration is not related to or indicative of the benefit (if any) that individual executives may ultimately realise should these equity instruments vest.

(4) Incorporates a VPR allocation of $900,000 in respect of the 2006 performance year, awarded in addition to the EIP entitlements.

(5) Additional allocation of VPRs to each tranche of granted VPRs, following renounceable equity rights issue by the company.

(6) Mr Ahmed was not within the definition of KMP under AASB 124 for the 2006 and 2007 years. Previous years comparative figures are not shown.

(7) Mr Della Martina did not meet the definition of KMP under AASB 124 for previous years but did fall within the definition for 2008 and 2009. Previous year's comparative figures are not shown.

(8) Ms Donaghey was not within the definition of KMP under AASB 124 for years prior to 2009. Previous years comparative figures are not shown. A total of 4,724 time tested VPRs were forfeit on Ms Donaghey's departure on 31 October 2009.

(9) Ms Howell and Mr Santostefano did not meet the definition of KMP under AASB 124 for the 2006 financial year but are considered KMP for 2007, 2008 and 2009. 2006 comparative figures are not shown.

(10) Prior year fair values have been appropriately restated to reflect the terms and conditions.

Table 12b – RTSR-tested and TSR-tested VPRs[1]

Name	Allocation date	Vesting date[2][3]	Awarded but not vested	Vested in 2009	% of total vested	Fair value[4][15] of VPR/PR for performance year					Fair value of VPR pre peer group modification[5] performance year		
						2009	2008	2007	2006	2005	**2009**	2008	2007
D Voelte	March 2006[6]	March 2011		50,464	100					9.07			
	March 2007[7]	March 2012	40,245						17.71				
	March 2008	March 2012	33,160					32.67					22.64
	March 2008[8]	March 2011	81,606				32.67					31.30	
	February 2009[9]	February 2013	39,179				27.58					29.78	
	December 2009	March 2012	334						37.31				
	December 2009	March 2012	275					31.26					
	December 2009	March 2011	678				31.26						
	December 2009	February 2013	325				26.37						
	March 2010[10]	March 2014	27,425			29.34					22.40		
F Ahmed[11]	February 2009	February 2013	8,238				25.21					22.90	
	December 2009	March 2012	17					29.95					
	December 2009	February 2013	68				26.37						
	March 2010	March 2014	6,017			29.34					22.40		
M Chatterji	March 2006	March 2011		6,859	100					9.07			
	March 2007	March 2012	11,034						17.71				
	March 2008	March 2012	8,953					32.67					22.64
	February 2009	February 2013	14,185				27.58					29.78	
	December 2009	March 2012	92						37.31				
	December 2009	March 2012	74					31.26					
	December 2009	February 2013	118				26.37						
	March 2010	March 2014	10,330			29.34					22.40		
R Cole	March 2007	March 2012	2,741						17.71				
	March 2008	March 2012	4,862					32.67					22.64
	February 2009	February 2013	8,650				27.58					29.78	
	December 2009	March 2012	23						37.31				
	December 2009	March 2012	40					31.26					
	December 2009	February 2013	72				26.37						
	March 2010	March 2014	6,305			29.34					22.40		
L Della Martina[12]	March 2006[6]	March 2011		2,743	100					9.07			
	February 2009	February 2013	5,552				27.58					29.78	
	December 2009	March 2012	29						37.31				
	December 2009	March 2012	29					31.26					
	December 2009	February 2013	46				26.37						
	March 2010	March 2014	4,045			29.34					22.40		
B Donaghey[13]	March 2010	March 2014	0			29.34					22.40		
E Howell[14]	March 2007	March 2012	1,051						17.71				
	March 2008	March 2012	3,954					32.67					22.64
	February 2009	February 2013	7,895				27.58					29.78	
	December 2009	March 2012	9						37.31				
	December 2009	March 2012	33					31.26					
	December 2009	February 2013	66				26.37						
	March 2010	March 2014	5,747			29.34					22.40		
A Kantsler	March 2006	March 2011		6,554	100					9.07			
	March 2007	March 2012	3,300						17.71				
	March 2008	March 2012	7,035					32.67					22.64
	February 2009	February 2013	10,847				27.58					29.78	
	December 2009	March 2012	27						37.31				
	December 2009	March 2012	58					31.26					
	December 2009	February 2013	90				26.37						
	March 2010	March 2014	7,901			29.34					22.40		
V Santostefano[14]	March 2006[6]	March 2011		3,047	100					9.07			
	March 2007	March 2012	2,654						17.71				
	March 2008	March 2012	3,465					32.67					22.64
	February 2009	February 2013	5,540				27.58					29.78	
	December 2009	March 2012	22						37.31				
	December 2009	March 2012	29					31.26					
	December 2009	February 2013	46				26.37						
	March 2010	March 2014	5,190			29.34					22.40		

Table 12b - RTSR-tested and TSR-tested VPRs[1] (Footnotes)

(1) For valuation purposes all VPRs are treated as if they will be equity settled, with the exception of Mr Ahmed's 2008 VPRs which are to be settled in cash as a result of his international secondment fair value is recalculated at the end of every reporting period. In 2008 the fair value was $22.90.

(2) Vesting date and exercise date are the same. Vesting is subject to satisfaction of vesting conditions.

(3) Vesting date is from 13 March 2009 to 13 March 2011 in respect of 2006 allocations, from 15 March 2010 to 15 March 2012 in respect of March 2007 allocations, on 14 March 2011 or 14 March 2012 in respect of March 2008 allocations, on 27 February 2012 or 27 February 2013 in respect of February 2009 allocations, and on 5 March 2013 or 5 March 2014 in respect of March 2010 allocations.

(4) In accordance with the requirements of AASB 124 Related Party Disclosures, the fair value of rights as at their date of grant has been determined by applying the Binomial or Black Scholes option pricing technique with the exception of Mr Ahmed as noted in (1). The fair value of rights is amortised over the vesting period, such that 'Total remuneration' includes a portion of the fair value of unvested equity compensation during the year. The amount included as remuneration is not related to or indicative of the benefit (if any) that individual executives may ultimately realise should these equity instruments vest.

(5) Peer group modification impacted the fair values of RTSR-tested VPRs only, performance years 2005 and 2006 are TSR-tested. The share price of Woodside Petroleum Ltd at the date of modification is $48.20.

(6) Incorporates a TSR tested VPR allocation of $1,000,000 in respect of the 2005 performance year, awarded in addition to the EIP entitlements.

(7) Incorporates a VPR allocation of $900,000 in respect of the 2006 performance year, awarded in addition to the EIP entitlements.

(8) Mr Voelte's Accelerated LTIs.

(9) This allocation represents the remaining 50% of Mr Voelte's 2008 LTI VAR allocation (excludes the Accelerated LTI VARs).

(10) This allocation represents the remaining 50% of Mr Voelte's 2009 LTI VAR allocation (excludes the Accelerated LTI VARs).

(11) Mr Ahmed did not meet the definition of KMP under AASB 124 for the 2006 and 2007 years. Previous years comparative figures are not shown..

(12) Mr Della Martina did not meet the definition of KMP under AASB 124 for previous years but did fall within the definition for 2008 and 2009. Previous year's comparative figures are not shown.

(13) Ms Donaghey did not meet the definition of KMP under AASB 124 for years prior to 2009. Previous years comparative figures are not shown. A total of 4,208 TSR tested and 9,109 RTSR tested VPRs were forfeit on Ms Donaghey's departure on 31 October 2009.

(14) Ms Howell and Mr Santostefano did not meet the definition of KMP under AASB 124 for the 2006 financial year but are considered KMP for 2007, 2008 and 2009. 2006 comparative figures are not shown.

(15) Prior years fair values have been appropriately restated to reflect the terms and conditions.

Table 12c – Time-tested PRs[1]

Name	Allocation date	Vesting Date	Awarded but not vested	Vested in 2009	Fair value of PR[5][6]
F Ahmed	November 2007	March 2009		2,031	51.41
		March 2010[2]	2,030		30.38
		March 2011[2]	2,030		28.68
	December 2009[3]	March 2010	17		35.49
		March 2011	17		30.54
M Chatterji	March 2007	March 2009		8,756	34.21
		March 2010	8,756		33.22
	December 2009[3]	March 2010	73		46.89
R Cole	March 2007	March 2009		4,004	34.21
		March 2010	4,004		33.22
	December 2009[3]	March 2010	33		46.89
L Della Martina	March 2007	March 2009		3,725	34.21
		March 2010	3,725		33.22
	December 2009[3]	March 2010	31		46.89
B Donaghey	March 2007	March 2009		4,658	34.21
	March 2007	March 2010	4,656[4]		33.22
E Howell	March 2007	March 2009		4,843	34.21
		March 2010	4,843		33.22
	December 2009[3]	March 2010	40		46.89
A Kantsler	March 2007	March 2009		6,520	34.21
		March 2010	6,520		33.22
	December 2009[3]	March 2010	54		46.89
V Santostefano	March 2007	March 2009		3,446	34.21
		March 2010	3,446		33.22
	December 2009[3]	March 2010	29		46.89

(1) For valuation purposes all PRs are time tested and are treated as if they will be equity settled, with the exception of Mr Ahmed's PRs which are RTSR tested and are to be settled in cash, as a result of his international secondment. This fair value is recalculated at the end of every reporting period. In 2008 the fair value was 45.61.

(2) Reflects the fair values of the PRs post peer group modification.

(3 Additional allocation of VPRs to each tranche of granted VPRs, following renounceable equity rights issue by the company.

(4) Ms Donaghey's third tranche of time tested pay rights (4,656) lapsed upon her departure on 31 October 2009.

(5) In accordance with the requirements of AASB 124 Related Party Disclosures, the fair value of rights as at their date of grant has been determined by applying the Binomial or Black Scholes option pricing technique with the exception of Mr Ahmed as noted in (1). The fair value of rights is amortised over the vesting period, such that 'Total remuneration' includes a portion of the fair value of unvested equity compensation during the year. The amount included as remuneration is not related to or indicative of the benefit (if any) that individual executives may ultimately realise should these equity instruments vest.

(6) Prior year fair values have been appropriately restated to reflect the terms and conditions.

Table 13 – Compensation of executives for the year ended 31 December 2009

Executives	Year	Short-term: Cash salary and fees — Salaries, fees and allowances $	Short-term: Cash bonuses — Short-term incentive bonus[2] $	Short-term: Non monetary — Benefits and allowances[3] $	Post employment: Pension super — Company contributions to superannuation $	Share-based payments: Share plan[4][5] $	Termination / benefits $	Total remuneration $	Performance related %
D Voelte, Managing Director and Chief Executive Officer	**2009**	2,694,276	3,009,825	92,045	0	2,547,193		8,343,339	67
	2008	2,481,466[1]	1,890,000	88,592	12,292	2,462,071[6]		6,934,421	63
F Ahmed, Executive Vice President Project Development	**2009**	716,744[7]	353,445	483,841	0	332,501		1,886,531	36
	2008	630,024	217,456	68,149		82,830		998,459	30
M Chatterji, Executive Vice President and Chief Financial Officer	**2009**	902,718[8]	721,292	167,293	57,400	635,169		2,483,872	55
	2008	829,938	499,204	242,850	49,938	686,089		2,308,019	51
R Cole, Executive Vice President Corporate Centre and Joint Company Secretary	**2009**	599,189	440,245	10,383	65,043	330,890		1,445,750	53
	2008	561,613	304,439	7,762	34,387	294,831		1,203,032	50
L Della Martina, Executive Vice President Pluto	**2009**	358,495	282,448	29,192	77,939	261,726		1,009,800	54
	2008	344,135	195,396	38,142	12,752	257,658		848,083	53
B Donaghey, Executive Vice President, Browse[10]	**2009**	327,808	0	8,627	72,576	(122,654)	126,819	413,176	NA
E Howell, Executive Vice President North West Shelf	**2009**	489,938	401,321	10,383	113,901	298,022		1,313,565	53
	2008	461,468	208,396	7,762	85,031	290,320		1,052,977	47
A Kantsler, Executive Vice President Exploration, Health, Safety and Security[9]	**2009**	737,036	551,648	16,535	82,435	426,979		1,814,633	54
	2008	667,396	286,318	13,512	100,000	436,896		1,504,122	48
V Santostefano, Executive Vice President Production	**2009**	400,205	362,397	10,854	79,969	263,900		1,117,325	56
	2008	374,173	194,975	8,233	12,722	243,136		833,239	53
P Moore, Executive Vice President Emerging LNG	2008	290,640	126,737	4,783	53,831	137,037	1,015,577	1,628,605	16
K Spence, Executive Vice President Emerging LNG	2008	325,629	148,413	2,614		72,357	434,267	983,280	22

(1) Mr Voelte elected to receive the minimum contribution to superannuation and receive the balance paid as a superannuation-in-lieu allowance, from January 2008 to November 2008. Subsequently, from December 2008, as a non Australian Tax Resident Mr Voelte elected to receive a cash payment in lieu of all superannuation contributions, in accordance with the Superannuation Guarantee (Administration) Act 1992. The cash payment is subject to Pay As You Go (PAYG) income tax and paid as part of his normal monthly salary. The amount is included in salaries, fees and allowances.

(2) The amount represents the short-term incentive earned in the respective year, which is actually paid in the following year.

(3) Reflects the value of allowances and benefits including but not limited to travel, motor vehicle and health insurance.

(4) 'Share plan' incorporates all equity based plans. In accordance with the requirements of AASB 124 Related Party Disclosures, the fair value of rights as at their date of grant has been determined by applying the binomial valuation method combined with a Monte Carlo simulation. The fair value of rights is amortised over the vesting period, such that 'Total remuneration' includes a portion of the fair value of unvested equity compensation during the year. The amount included as remuneration is not related to or indicative of the benefit (if any) that individual executives may ultimately realise should these equity instruments vest.

(5) Certain 2008 comparatives have been appropriately restated to reflect the revised fair values. The impact on total compensation of executives as reported for the year ended 31 December 2008 is an aggregate decrease of $268,441.

(6) This incorporates VPRs comprising Mr Voelte's 2008 LTI VAR Balance and Accelerated LTI VPRs, as described in the 'CEO Variable Annual Reward' section above.

(7) As a non-resident for Australian tax purposes Mr Ahmed has elected to receive a cash payment in lieu of all superannuation contributions, in accordance with the Superannuation Guarantee (Administration) Act 1992. The cash payment is subject to (PAYG) income tax and paid as part of their normal monthly salary. The amount is included in salaries, fees and allowances.

(8) As a non-resident for Australian tax purposes Mr Chatterji has elected to receive a cash payment in lieu of all superannuation contributions, from April 2009, in accordance with the Superannuation Guarantee (Administration) Act 1992. The cash payment is subject to (PAYG) income tax and paid as part of their normal monthly salary. The amount is included in salaries, fees and allowances.

(9) On 12 February 2009 Dr Kantsler was appointed to Executive Vice President, Health and Safety On 1 February 2010, Dr Kantsler's title was changed to Executive Vice President, Health, Safety and Security.

(10) On 18 May 2009 Ms Donaghey was appointed to KMP, and subsequently departed Woodside on 31 October 2009. On departure remaining unvested VPRs lapsed.

Indemnification and insurance of directors and officers

The company's constitution requires the company to indemnify each director, secretary, executive officer or employee of the company or its wholly owned subsidiaries against liabilities (to the extent the company is not precluded by law from doing so) incurred in or arising out of the conduct of the business of the company or the discharge of the duties of any such person. The company has entered into deeds of indemnity with each of its directors, secretaries, certain senior executives, and employees serving as officers on wholly owned or partly owned companies of Woodside in terms of the indemnity provided under the company's constitution.

From time to time, Woodside engages its external auditor, Ernst & Young, to conduct non-statutory audit work and provide other services in accordance with Woodside's External Auditor Guidelines. The terms of engagement include an indemnity in favour of Ernst & Young:

- against all losses, claims, costs, expenses, actions, demands, damages, liabilities or any proceedings (liabilities) incurred by Ernst & Young in respect of third party claims arising from a breach by the Group under the engagement terms; and
- for all liabilities Ernst & Young has to the Group or any third party as a result of reliance on information provided by the Group that is false, misleading or incomplete.

The company has paid a premium under a contract insuring each director, officer, secretary and employee who is concerned with the management of the company or its subsidiaries against liability incurred in that capacity. Disclosure of the nature of the liability covered by and the amount of the premium payable for such insurance is subject to a confidentiality clause under the contract of insurance. The company has not provided any insurance for the external auditor of the company or a body corporate related to the external auditor.

Non-audit services and auditor independence declaration

Details of the amounts paid or payable to the external auditor of the company, Ernst & Young, for audit and non-audit services provided during the year are disclosed in note 32 to the Financial Report.

Based on advice provided by the Audit & Risk Committee, the directors are satisfied that the provision of non-audit services by the external auditor during the financial year is compatible with the general standard of independence for auditors imposed by the *Corporations Act* for the following reasons:

- all non-audit services were provided in accordance with Woodside's External Auditor Policy and External Auditor Guidelines; and
- all non-audit services were subject to the corporate governance processes adopted by the company and have been reviewed by the Audit & Risk Committee to ensure that they do not affect the integrity or objectivity of the auditor.

Further information on Woodside's policy in relation to the provision of non-audit services by the auditor is set out in section 7 of the Corporate Governance Statement on page 42.

The auditor independence declaration, as required under section 307C of the *Corporations Act*, is set out on this page and forms part of this report.

Proceedings on behalf of the company

No proceedings have been brought on behalf of the company, nor has any application been made in respect of the company under section 237 of the *Corporations Act*.

Rounding of amounts

The amounts contained in this report have been rounded to the nearest million dollars under the option available to the company under Australian Securities and Investments Commission Class Order 98/0100 dated 10 July 1998.

Table 14 - Directors' relevant interests in Woodside shares as at date of report.

Director	Relevant interest in shares
MA Chaney	20,000
DR Voelte	133,663
E Fraunschiel	81,930
A Jamieson	3,000
PJMH Jungels	9,205
DI McEvoy	7,511
D Megat	1,042
MA Cilento	-
I Robertson	-

Signed in accordance with a resolution of the directors.

Michael Chaney, AO
Chairman

24 February 2010

Don Voelte
Chief Executive Officer

24 February 2010

Auditor's Independence Declaration

In relation to our audit of the financial report of Woodside Petroleum Ltd for the year ended 31 December 2009, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the *Corporations Act 2001* or any applicable code of professional conduct.

Ernst & Young

G H Meyerowitz
Partner
Perth

24 February 2010

Contents

Income statement
For the year ended 31 December 2009

	Notes	Consolidated 2009 $m	Consolidated 2008 $m	Parent 2009 $m	Parent 2008 $m
Revenue from sale of goods	3(a)	4,352	5,990	-	-
Cost of sales	3(b)	(1,877)	(1,969)	-	-
Gross profit		2,475	4,021	-	-
Other income	3(c)	958	(222)	774	929
Other expenses	3(d)	(569)	(501)	(7)	(6)
Profit before tax and net finance costs		2,864	3,298	767	923
Finance income	3(e)	7	9	61	7
Finance costs	3(f)	(23)	(32)	-	(28)
Profit before tax		2,848	3,275	828	902
Taxes					
Income tax expense		(938)	(868)	(15)	8
Petroleum Resource Rent Tax (PRRT) expense		(92)	(621)	-	-
Total taxes	4(a)	(1,030)	(1,489)	(15)	8
Profit after tax		1,818	1,786	813	910
Profit/(loss) attributable to:					
Equity holders of the parent		1,824	1,786	813	910
Minority interest		(6)	-	-	-
Profit for the year		1,818	1,786	813	910
Basic and diluted earnings per share attributable to the equity holders of the parent (cents)	5	259	260		

The accompanying notes form part of the Financial Report.

	Consolidated		Parent	
	2009 $m	2008 $m	2009 $m	2008 $m
Profit for the year	1,818	1,786	813	910
Other comprehensive income				
Net foreign currency translation differences	(272)	314	-	-
	(272)	314	-	-
Net gain/(loss) on hedge of net investment	366	(350)	-	-
Income tax (expense)/benefit	(110)	107	-	-
	256	(243)	-	-
Cash flow hedges:				
Loss taken to equity	(11)	(11)	-	-
Transferred to income statement	(28)	220	-	-
Income tax benefit/(expense)	12	(64)	-	-
	(27)	145	-	-
Net change in fair value of available-for-sale financial assets	5	(19)	-	-
Transferred realised gains to other income	-	(23)	-	-
Income tax (expense)/benefit	(5)	18	-	-
	-	(24)	-	-
Other comprehensive (loss)/income for the year, net of tax	(43)	192	-	-
Total comprehensive income for the year	1,775	1,978	813	910
Total comprehensive income/(loss) attributable to:				
Equity holders of the parent	1,781	1,978	813	910
Minority interest	(6)	-	-	-
Total comprehensive income for the year	1,775	1,978	813	910

The accompanying notes form part of the Financial Report.

Statement of financial position

As at 31 December 2009

	Notes	Consolidated 2009 $m	Consolidated 2008 $m	Parent 2009 $m	Parent 2008 $m
Current assets					
Cash and cash equivalents	7	1,351	141	-	-
Receivables	8(a)	563	533	-	-
Inventories	9(a)	122	108	-	-
Other financial assets	10(a)	-	44	-	-
Other assets	11(a)	73	19	-	-
Assets of disposal group classified as held for sale	24	587	-	-	-
Non-current assets classified as held for sale	13	12	-	-	-
Total current assets		2,708	845	-	-
Non-current assets					
Receivables	8(b)	-	-	4,878	2,675
Inventories	9(b)	49	54	-	-
Other financial assets	10(b)	131	180	-	-
Other assets	11(b)	2	12	234	233
Exploration and evaluation assets	12	1,298	1,172	-	-
Oil and gas properties	13	15,510	12,428	-	-
Other plant and equipment	14	92	111	-	-
Deferred tax assets	4(d)	84	127	10	-
Total non-current assets		17,166	14,084	5,122	2,908
Total assets		19,874	14,929	5,122	2,908
Current liabilities					
Payables	15(a)	1,328	1,672	323	-
Interest-bearing liabilities	16(a)	-	-	-	-
Tax payable	17	222	542	122	445
Other financial liabilities	18(a)	32	-	-	-
Other liabilities	19(a)	18	22	-	-
Liabilities directly associated with assets of disposal group classified as held for sale	24	41	-	-	-
Provisions	20	127	127	-	-
Total current liabilities		1,768	2,363	445	445
Non-current liabilities					
Payables	15(b)	-	-	208	178
Interest-bearing liabilities	16(b)	5,529	2,957	-	-
Deferred tax liabilities	4(d)	1,488	1,110	-	-
Other financial liabilities	18(b)	-	4	-	-
Other liabilities	19(b)	208	292	-	-
Provisions	20	505	1,271	-	-
Total non-current liabilities		7,730	5,634	208	178
Total liabilities		9,498	7,997	653	623
Net assets		10,376	6,932	4,469	2,285
Equity					
Issued and fully paid shares	21(a)	4,163	2,104	4,163	2,104
Shares reserved for employee share plans	21(b)	(99)	(142)	(99)	(142)
Other reserves	22	61	53	84	41
Retained earnings	23	5,740	4,690	321	282
Equity attributable to equity holders of the parent		9,865	6,705	4,469	2,285
Minority interest		511	227	-	-
Total equity		10,376	6,932	4,469	2,285

The accompanying notes form part of the Financial Report.

	Notes	Consolidated 2009 $m	Consolidated 2008 $m	Parent 2009 $m	Parent 2008 $m
Cash flows from/(used in) operating activities					
Profit after tax for the year		1,818	1,786	813	910
Adjustments for:					
Non-cash items					
Depreciation and amortisation		1,019	969	-	-
Impairment loss		119	132	-	-
Unrealised foreign exchange (gain)/loss		(874)	543	-	-
Defined benefit superannuation plan net actuarial (gain)/loss		(12)	39	-	-
Gain on sale of fixed assets		(12)	(19)	-	-
Loss/(gain) on derivative financial instruments		69	(109)	-	-
Net finance costs		16	23	(61)	21
Dividend income		-	-	(774)	(929)
Tax expense		1,030	1,489	15	(8)
Other		11	45	1	-
Changes in assets and liabilities					
Increase in trade and other receivables		(124)	(9)	-	-
Increase in inventories		(23)	(46)	-	-
Increase in provisions		11	23	-	-
(Increase)/decrease in other assets and liabilities		(9)	92	-	-
(Decrease)/increase in trade and other payables		(27)	48	-	-
Cash generated from/(used in) operations		3,012	5,006	(6)	(6)
Amounts received from employees relating to employee share plans		55	30	54	30
Purchases of shares relating to employee share plans		(12)	(35)	(12)	(35)
Interest received		5	9	61	7
Dividends received		5	5	774	929
Interest paid		(172)	(46)	-	(29)
Income tax paid		(838)	(1,009)	(837)	(994)
Petroleum Resource Rent Tax paid		(196)	(176)	-	-
Net cash from/(used in) operating activities		1,859	3,784	34	(98)
Cash flows used in investing activities					
Payments for capital and exploration expenditure		(6,022)	(4,799)	-	-
Proceeds from sale of/(payments for) investments in controlled entities		-	102	(2)	(5)
Proceeds from sale of exploration and evaluation assets		22	32	-	-
Proceeds from sale of oil and gas properties		1	100	-	-
Payments for restorations		(7)	(3)	-	-
Net cash used in investing activities		(6,006)	(4,568)	(2)	(5)
Cash flows from/(used in) financing activities					
Proceeds from borrowings		3,771	1,060	-	-
Payment to cash reserve		-	(31)	-	-
Proceeds from subsidiary shares issued to minority interest		290	152	-	-
Advances (to)/from controlled entities		-	-	(1,325)	481
Proceeds from rights issues		1,293	-	1,293	-
Proceeds from underwriters of Dividend Reinvestment Plan (DRP)		368	254	-	-
Dividends paid (net of DRP)		(368)	(254)	-	-
Dividends paid outside of DRP		-	(378)	-	(378)
Net cash from/(used in) financing activities		5,354	803	(32)	103
Net increase in cash held		1,207	19	-	-
Cash and cash equivalents at the beginning of the year		141	138	-	-
Effects of exchange rate changes on the balances of cash held in foreign currencies		(2)	(16)	-	-
Cash and cash equivalents at the end of the year	7	1,346	141	-	-

The accompanying notes form part of the Financial Report.

Consolidated	Issued and fully paid shares (Note 21(a)) $m	Shares reserved for employee share plans (Note 21 (b)) $m	Other reserves (Note 22) $m	Retained earnings (Note 23) $m	Equity holders of the parent $m	Minority interest $m	Total equity $m
Balance at 1 January 2008	1,553	(137)	(155)	3,833	5,094	-	5,094
Profit for the year	-	-	-	1,786	1,786	-	1,786
Other comprehensive income	-	-	192	-	192	-	192
Total comprehensive income for the year	-	-	192	1,786	1,978	-	1,978
Dividend Reinvestment Plan	551	-	-	-	551	-	551
Shares issued	-	-	-	-	-	-	-
Disposal to minority interest	-	-	-	-	-	227	227
Employee share plan purchases	-	(38)	-	-	(38)	-	(38)
Employee share plan redemptions	-	29	-	-	29	-	29
Dividends applied	-	4	-	-	4	-	4
Share-based payments	-	-	16	-	16	-	16
Dividends paid	-	-	-	(929)	(929)	-	(929)
Balance at 31 December 2008	2,104	(142)	53	4,690	6,705	227	6,932
Balance at 1 January 2009	2,104	(142)	53	4,690	6,705	227	6,932
Profit for the year	-	-	-	1,824	1,824	(6)	1,818
Other comprehensive income	-	-	(43)	-	(43)	-	(43)
Total comprehensive income for the year	-	-	(43)	1,824	1,781	(6)	1,775
Dividend Reinvestment Plan	774	-	-	-	774	-	774
Shares issued	1,285	-	-	-	1,285	-	1,285
Subsidiary shares issued to minority interest	-	-	-	-	-	290	290
Employee share plan purchases	-	(11)	-	-	(11)	-	(11)
Employee share plan redemptions	-	51	-	-	51	-	51
Dividends applied	-	3	-	-	3	-	3
Share-based payments	-	-	51	-	51	-	51
Dividends paid	-	-	-	(774)	(774)	-	(774)
Balance at 31 December 2009	4,163	(99)	61	5,740	9,865	511	10,376

The accompanying notes form part of the Financial Report.

Parent	Issued and fully paid shares (Note 21(a)) $m	Shares reserved for employee share plans (Note 21(b)) $m	Other reserves (Note 22) $m	Retained earnings (Note 23) $m	Total equity $m
Balance at 1 January 2008	1,553	(137)	38	301	1,755
Profit for the year	-	-	-	910	910
Other comprehensive income	-	-	-	-	-
Total comprehensive income for the year	-	-	-	910	910
Dividend Reinvestment Plan	551	-	-	-	551
Shares issued	-	-	-	-	-
Employee share plan purchases	-	(38)	-	-	(38)
Employee share plan redemptions	-	29	-	-	29
Dividends applied	-	4	-	-	4
Share-based payments	-	-	3	-	3
Dividends paid	-	-	-	(929)	(929)
Balance at 31 December 2008	2,104	(142)	41	282	2,285
Balance at 1 January 2009	2,104	(142)	41	282	2,285
Profit for the year	-	-	-	813	813
Other comprehensive income	-	-	-	-	-
Total comprehensive income for the year	-	-	-	813	813
Dividend Reinvestment Plan	774	-	-	-	774
Shares issued	1,285	-	-	-	1,285
Employee share plan purchases	-	(11)	-	-	(11)
Employee share plan redemptions	-	51	-	-	51
Dividends applied	-	3	-	-	3
Share-based payments	-	-	43	-	43
Dividends paid	-	-	-	(774)	(774)
Balance at 31 December 2009	4,163	(99)	84	321	4,469

The accompanying notes form part of the Financial Report.

1. Summary of significant accounting policies

(a) Basis of preparation

The Financial Report is a general purpose financial report, which has been prepared in accordance with the requirements of the Corporations Act, Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board.

The Financial Report has been prepared on a historical cost basis, except for derivative financial instruments and certain other financial assets, which have been measured at fair value.

The Financial Report is presented in Australian dollars. The amounts contained in this report have been rounded to the nearest million dollars under the option available to the Group under Australian Securities and Investments Commission Class Order 98/0100 dated 10 July 1998, unless otherwise stated.

The Financial Report was authorised for issue in accordance with a resolution of the directors on 24 February 2010.

The nature of the operations and principal activities of the Group are described in the Directors' Report.

Apart from changes in accounting policies noted below, the accounting policies adopted are consistent with those disclosed in the Annual Financial Report for the year ended 31 December 2008. Certain comparative information has been reclassified to be presented on a consistent basis with the current year's presentation.

Changes in accounting policy and disclosure

The adoption of new and amending Australian Accounting Standards and Interpretations mandatory for annual periods beginning on or after 1 January 2009 did not result in any significant changes to the accounting policies. The impact of new and amending Standards and Interpretations on the financial statements is as follows:

- AASB 101 *Presentation of Financial Statements (revised)*. The revised Standard separates owner and non-owner changes in equity and requires a statement of comprehensive income to be prepared which discloses all changes in equity during a period resulting from non-owner transactions. The Group has elected to present comprehensive income using the two statement approach;
- AASB 8 *Operating Segments*. The Standard replaces AASB 114 *Segment Reporting* and requires a management approach to be used for segment reporting and also replaces the requirement to determine primary (business) and secondary (geographical) reporting segments of the Group. This approach identifies operating segments by reference to internal reports that are evaluated regularly by the chief operating decision maker in deciding how to allocate resources and in assessing performance. The Group concluded that the operating segments determined in accordance with AASB 8 are the same as the business segments reported under AASB 114; and
- AASB 7 *Financial Instruments: Disclosure*. The amended Standard requires disclosures about fair value measurement and liquidity risk. Fair value measurements related to all financial instruments recognised and measured at fair value are to be disclosed by source of inputs using a three level fair value hierarchy by class. The amendments also clarify the requirements for liquidity risk disclosures with respect to derivative transactions and assets used for liquidity management. The fair value measurement disclosures are presented in Note 25(h). The liquidity risk disclosures are not significantly impacted by the amendments and are presented in Note 25(c).

(b) Statement of compliance

The Financial Report complies with Australian Accounting Standards and International Financial Reporting Standards, as issued by the International Accounting Standards Board.

(c) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Group as at 31 December each year.

Subsidiaries are consolidated from the date on which control is transferred to the Group and cease to be consolidated from the date at which control is transferred out of the Group.

At acquisition, the assets, liabilities and contingent liabilities of a subsidiary are measured at their fair values in accordance with the purchase method of accounting. Any excess of the cost of acquisition over the fair values of the identifiable net assets acquired is recognised as goodwill.

The financial statements of subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies. All intercompany balances and transactions, including unrealised profits and losses arising from intra-group transactions, have been eliminated in full.

A change in ownership of a subsidiary that does not result in a loss of control is accounted for as an equity transaction.

1. Summary of significant accounting policies (continued)

(c) Basis of consolidation (continued)

Investments in subsidiaries are carried at cost less impairment charges in the separate financial statements of the parent company.

Dividends received from subsidiaries are recorded as other income in the separate income statement of the parent company and do not impact the recorded cost of investment. The parent company will assess whether any indicators of impairment of the carrying amount of the investment in the subsidiary exist. Where such indicators exist, to the extent that the carrying amount of the investment exceeds its recoverable amount, an impairment loss is recognised.

Minority interests are allocated their share of the net profit after tax in the consolidated income statement, their share of other comprehensive income, net of tax in the statement of comprehensive income and are presented within equity in the statement of financial position, separately from parent shareholders' equity.

(d) Revenue

Revenue is recognised and measured at the fair value of consideration received or receivable to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured.

Product revenue

Revenue earned from the sale of oil, gas and condensate produced is recognised when the risks and rewards of ownership of the product are transferred to the customer. This policy is applied to the Group's different operating arrangements as follows:

- revenue earned under a lease or licence conferring ownership rights to production in which the Group has a working interest with other producers, is recognised in earnings on the basis of the Group's interest in the relevant lease or licence ('entitlements' method). Revenue is not reduced for royalties and other taxes payable from production, except where royalties are payable 'in kind';
- revenue from 'take or pay' contracts is recognised in earnings when the product has been drawn by the customer or recorded as unearned revenue when not drawn by the customer;
- revenue earned under a risk service contract is recognised when the Group has a legally enforceable entitlement to the proceeds; and
- revenue earned under a production sharing contract is recognised on the basis of the Group's share of oil, gas or condensate allocated to the contractor party or parties under the contract.

Interest revenue

Interest revenue is recognised as interest accrues, using the 'effective interest' method, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument.

Dividend revenue

Dividend revenue is recognised when the right to receive payment is established.

(e) Exploration and evaluation

Expenditure on exploration and evaluation is accounted for in accordance with the 'area of interest' method. The Group's application of the accounting policy for the cost of exploring and of evaluating discoveries is closely aligned to the US GAAP-based 'successful efforts' method.

Exploration licence acquisition costs are capitalised and subject to half-yearly impairment testing.

All exploration and evaluation expenditure, including general permit activity, geological and geophysical costs and new venture activity costs, is expensed as incurred except where:

- the expenditure relates to an exploration discovery that, at the reporting date, has not been recognised as an area of interest, as assessment of the existence or otherwise of economically recoverable reserves is not yet complete; or
- an area of interest is recognised, and it is expected that the expenditure will be recouped through successful exploitation of the area of interest, or alternatively, by its sale.

1. Summary of significant accounting policies (continued)

(e) Exploration and evaluation (continued)

The costs of drilling exploration wells are initially capitalised pending the results of the well. Costs are expensed where the well does not result in the successful discovery of economically recoverable hydrocarbons and the recognition of an area of interest. Areas of interest are recognised at the field level. Subsequent to the recognition of an area of interest, all further evaluation costs relating to that area of interest are capitalised.

Each potential or recognised area of interest is reviewed half-yearly to determine whether economic quantities of reserves have been found, or whether further exploration and evaluation work is underway or planned to support the continued carry forward of capitalised costs.

Upon approval for the commercial development of an area of interest, accumulated expenditure for the area of interest is transferred to oil and gas properties.

The recoverability of the carrying amount of the exploration and evaluation assets is dependent on successful development and commercial exploitation, or alternatively, sale of the respective areas of interest.

Where a potential impairment is indicated, assessment is performed for each area of interest to which the exploration and evaluation expenditure is attributed. To the extent that capitalised expenditure is not expected to be recovered it is charged to the income statement.

In the statement of cash flows, those cash flows associated with capitalised exploration and evaluation expenditure are classified as cash flows used in investing activities. Exploration and evaluation expenditure expensed is classified as cash flows used in operating activities.

(f) Oil and gas properties

Oil and gas properties are carried at cost and include construction, installation or completion of production and infrastructure facilities such as pipelines and platforms, capitalised borrowing costs, transferred exploration and evaluation assets, development wells, and the cost of dismantling and restoration.

Subsequent capital costs, including major maintenance, are included in the asset's carrying amount only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. Otherwise costs are charged to the income statement during the financial period in which they are incurred.

(g) Other plant and equipment

Other plant and equipment is stated at cost less accumulated depreciation and any impairment in value.

(h) Depreciation and amortisation

Oil and gas properties and other plant and equipment are depreciated to their estimated residual values at rates based on their expected useful life. The major categories of assets are depreciated as follows:

Category	Method	Estimated useful lives (years)
Oil and gas properties		
Land	Not depreciated	-
Buildings	Straight line over useful life	40
Transferred exploration and evaluation assets and offshore plant and equipment	Units-of-production basis over proved plus probable reserves	5-50
Onshore plant and equipment	Straight line over the lesser of useful life and the life of proved plus probable reserves	5-50
Marine vessels	Straight line over useful life	10-40
Other plant and equipment	Straight line over useful life	5-15

1. Summary of significant accounting policies (continued)

(i) Impairment of assets

The carrying amounts of all assets, other than inventory, financial assets and deferred tax assets, are reviewed half-yearly to determine whether there is indication of an impairment loss. If any such indication exists, the asset's recoverable amount is estimated.

For any asset that does not generate largely independent cash flows, the recoverable amount is determined for the cash generating unit to which the asset belongs. If the carrying amount of an asset (or cash generating unit) exceeds its recoverable amount, the asset (or cash generating unit) is written down. Generally, the Group evaluates its oil and gas properties on a field-by-field basis.

The recoverable amount of an asset is determined as the higher of its value in use and fair value less cost to sell. Value in use is determined by estimating future cash flows after taking into account the risks specific to the asset and discounting them to their present value using a pre-tax discount rate that reflects current market assessment of the time value of money.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(j) Non-current assets and disposal groups held for sale and discontinued operations

Non-current assets and disposal groups that are expected to be recovered primarily through a sale transaction rather than through continuing use, are classified as held for sale and measured at the lower of their carrying amount and fair value less cost to sell. They are not depreciated or amortised. To be classified as held for sale, an asset or disposal group must be available for immediate sale in its present condition and its sale must be highly probable.

An impairment loss is recognised for any initial or subsequent write-down of the asset to its fair value less cost to sell. Impairment losses on initial classification as held for sale and subsequent gains or losses on remeasurement are recognised in the income statement. Gains are not recognised in excess of any cumulative impairment loss.

(k) Derivative financial instruments and hedge accounting

The Group uses derivative financial instruments such as swaps, options, futures and forward contracts to hedge its risks associated with commodity price, interest rate and foreign currency fluctuations.

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value in line with market fluctuations. The unrealised gain or loss on remeasurement is immediately recognised in the income statement, except where hedge accounting applies. The fair values of derivative financial instruments that are traded on an active market are based on quoted market prices at the balance sheet date. The fair values of financial instruments not traded on an active market are determined using a valuation technique based on cash flows discounted to present value using current market interest rates.

Hedge accounting

When a derivative is designated as a hedge for accounting purposes, the relationship between the derivative and the hedged item is documented, as is its risk management objective and strategy for undertaking the hedge transaction. Also documented is the assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions have been, and will continue to be, highly effective in offsetting changes in fair values or cash flows of hedged items.

1. Summary of significant accounting policies (continued)

(k) Derivative financial instruments and hedge accounting (continued)

For the purposes of hedge accounting, hedges are classified and accounted for as follows:

Hedge type and risk	Accounting treatment
Fair value hedge	
Exposure to changes in the fair value of a recognised asset, liability or committed transaction	Changes in fair value of derivatives that are designated and qualify as fair value hedges are recorded in the income statement, together with any changes in the fair value of the hedged risk that are attributable to the asset, liability or committed transaction.
Cash flow hedge	
Exposure to variability in cash flows associated with a highly probable forecasted transaction or a committed foreign currency transaction	The effective portion of changes in the fair value of derivatives is recognised in equity in the hedging reserve. The gain or loss relating to any ineffective portion is recognised in the income statement immediately. Amounts accumulated in equity are taken to the income statement in the periods when the hedged item affects income, for instance, when the forecast sale that is hedged takes place.
Hedge of net investment	
Exposure to changes in the net assets of foreign operations from foreign exchange movements	The accounting treatment is substantially similar to a cash flow hedge.

Hedge accounting is discontinued when the hedging instrument expires, no longer qualifies for hedge accounting or is terminated. At that point in time, any cumulative gain or loss on the hedging instrument recognised in equity remains in equity until the forecasted transaction occurs.

If a hedged transaction is no longer expected to occur, the net cumulative gain or loss recognised in equity is transferred to the income statement for the year.

Embedded derivatives

Derivatives embedded in the Group's contracts that change the nature of a host contract's risk and are not clearly and closely related to the host contract, are initially recognised at fair value on the date the contract is entered into, with subsequent fair value movements reported in the income statement.

(l) Provision for restoration

The Group records the present value of the estimated cost of legal and constructive obligations to restore operating locations in the period in which the obligation arises. The nature of restoration activities includes the removal of facilities, abandonment of wells and restoration of affected areas.

A restoration provision is recognised and updated at different stages of the development and construction of a facility and then reviewed on an annual basis. When the liability is initially recorded, the estimated cost is capitalised by increasing the carrying amount of the related exploration and evaluation assets or oil and gas properties. Over time, the liability is increased for the change in the present value based on a pre-tax discount rate appropriate to the risks inherent in the liability. The unwinding of the discount is recorded as an accretion charge within finance costs. The carrying amount capitalised in oil and gas properties is depreciated over the useful life of the related asset (refer to Note 1(h)).

Costs incurred that relate to an existing condition caused by past operations and do not have a future economic benefit are expensed.

Changes in accounting estimates

During the year, the Group re-evaluated its estimate of the costs to restore operating facilities, taking into account changes in the method of restoration. The change in estimate associated with the change in the method of restoration resulted in a decrease to the provision for restoration of $779 million and a decrease in the related assets of $779 million.

1. Summary of significant accounting policies (continued)

(m) Joint ventures

The Group's interests in jointly controlled assets are accounted for by recognising its proportionate share in assets and liabilities from joint ventures, except where as operator Woodside takes on the role as independent contractor. In these instances, receivables and payables relating to jointly controlled operations are brought to account on a gross basis.

Joint venture expenses and the Group's entitlement to production are recognised on a pro rata basis according to the Group's joint venture interest.

Investments in jointly controlled entities, where the Group has significant influence, but not control, are accounted for using the equity method of accounting. Under the equity method, the cost of the investment is adjusted by the post-acquisition changes in the Group's share of the net assets of the venture.

(n) Borrowing costs

Borrowing costs incurred for the acquisition or construction of qualifying assets are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Assets are considered to be qualifying assets when this period of time is substantial (greater than 12 months).

The interest rate used to determine the amount of borrowing costs to be capitalised is the weighted average interest rate applicable to the Group's outstanding borrowings during the period.

(o) Foreign currency

The functional currency and presentation currency of Woodside Petroleum Ltd and the majority of its Australian subsidiaries is Australian dollars (A$).

Translation of foreign currency transactions

Transactions in foreign currencies are initially recorded in the functional currency of the transacting entity at the exchange rates ruling at the date of transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the rates of exchange ruling at that date. Exchange differences in the consolidated financial statements are taken to the income statement, with the exception of differences on foreign currency borrowings that provide an effective hedge against a net investment in subsidiaries with a functional currency other than Australian dollars. These are taken directly to the foreign currency translation reserve until the disposal of the net investment, at which time they are recognised in the income statement.

Translation of the financial results of foreign operations

Foreign subsidiaries and some Australian subsidiaries have a functional currency other than Australian dollars (usually US dollars) as a result of the economic environment in which they operate. As at the reporting date, the assets and liabilities of these subsidiaries are translated into the presentation currency of the Group at the rate of exchange ruling at the balance sheet date. The income statements are translated at the average exchange rates for the reporting period, or at the exchange rates ruling at the date of the transactions. Exchange differences arising on translation are taken to the foreign currency translation reserve.

On disposal of a subsidiary with a functional currency other than Australian dollars, the deferred cumulative amount recognised in the foreign currency translation reserve relating to that particular subsidiary is recognised in the income statement.

Hedge transactions

Derivatives and other financial instruments are used to hedge foreign exchange risk relating to certain transactions (refer to Note 1(k)).

(p) Leases

The determination of whether an arrangement is or contains a lease, is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

Assets held under leases that transfer to the Group substantially all the risks and rewards of ownership of the leased asset, are classified as finance leases. Finance leases are capitalised at the inception of the lease, at the lower of the fair value of the leased asset and the present value of the minimum lease payments.

1. Summary of significant accounting policies (continued)

(p) Leases (continued)

Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in the income statement over the lease term.

Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset and the lease term.

Operating lease assets are not capitalised and payments are recognised in the income statement as an expense over the lease term. Lease incentives received are recognised in the income statement as an integral part of the total lease expense.

(q) Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash at bank and short-term deposits with an original maturity of three months or less. Cash and cash equivalents are stated at face value in the statement of financial position.

For the purposes of the statement of cash flows, cash and cash equivalents are reported net of outstanding bank overdrafts.

(r) Trade and other receivables

Trade and other receivables, including receivables from related parties, are initially recognised at fair value and subsequently measured at amortised cost less an allowance for uncollectable amounts. Collectability and impairment are assessed on a regular basis. Subsequent recoveries of amounts previously written off are credited against other expenses in the income statement.

(s) Inventories

Inventories include hydrocarbon stocks, consumable supplies and maintenance spares. Inventories are valued at the lower of cost and net realisable value. Cost is determined on a weighted average basis and includes direct costs and an appropriate portion of fixed and variable production overheads where applicable. Inventories determined to be obsolete or damaged are written down to net realisable value.

(t) Investments

Investments are classified as either available-for-sale or held for trading, and are initially recognised at fair value plus, in the case of investments not held for trading, any directly attributable transaction costs.

After initial recognition, investments are remeasured to fair value. Changes in the fair value of available-for-sale investments are recognised as a separate component of equity until the investment is sold, collected or otherwise disposed of, or until the investment is determined to be impaired, at which time the cumulative change in fair value previously reported in equity is included in earnings. Changes in the fair value of held for trading investments are recognised in the income statement.

For investments that are actively traded in organised financial markets, fair value is determined by reference to stock exchange quoted market bid prices at the close of business on the balance sheet date. Where investments are not actively traded, fair value is established by using other market accepted valuation techniques.

(u) Investments in associates

The Group's investments in its associates are accounted for using the equity method of accounting in the consolidated financial statements. An associate is an entity in which the Group has significant influence and is neither a subsidiary nor a joint venture.

The financial statements of associates, prepared for the same reporting period as the Group and applying consistent accounting policies, are used by the Group to apply the equity method. The investment in the associate is carried in the consolidated statement of financial position at cost plus post-acquisition changes in the Group's share of net assets of the associate, less any impairment in value. The income statement reflects the Group's share of the associate's after tax profit or loss from operations.

Where there has been a change recognised directly in the associate's equity, the Group recognises its share of any changes and discloses this, when applicable, in the consolidated statement of changes in equity.

1. Summary of significant accounting policies (continued)

(v) Employee provisions

Provision is made for employee benefits accumulated as a result of employees rendering services up to the end of the reporting period. These benefits include wages and salaries, annual leave and long service leave.

Liabilities in respect of employee services rendered that are not due to be settled within one year are recognised in the statement of financial position and measured at the present value of the estimated future cash outflow to be made to the employee using the projected unit credit method. In determining the present value of future cash outflows, consideration is given to expected future wage and salary levels, experience of employee departures, and periods of service. Expected future payments are discounted using appropriate discount rates. Liabilities expected to be settled within twelve months of the reporting date are measured at the amount expected to be paid.

(w) Share-based payments

Equity-settled transactions

The Group provides benefits to its employees (including key management personnel) in the form of share-based payments, whereby employees render services for shares (equity-settled transactions). The cost of equity-settled transactions with employees is measured by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using a Binomial or Black-Scholes option pricing technique combined with a Monte Carlo simulation methodology, where relevant. The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the vesting conditions are fulfilled (the vesting period), ending on the date on which the relevant employees become fully entitled to the award (the vesting date).

At each subsequent reporting date until vesting, the cumulative charge to the income statement is the result of:

- the grant date fair value of the award;
- the current best estimate of the number of awards that will vest, taking into account the likelihood of employee turnover; and
- the expired portion of the vesting period.

The charge to the income statement for the year is the cumulative amount as calculated above less the amounts charged in the previous years. There is a corresponding entry to equity.

Until an award has vested, any amounts recorded are contingent and will be adjusted if more or fewer awards vest than were originally anticipated.

An additional expense is recognised for any modification that increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee, as measured at the date of modification.

If an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately.

Shares in the Group reacquired on-market are classified and disclosed as reserved shares and deducted from equity. No gain or loss is recognised in the income statement on the purchase, sale, issue or cancellation of the Group's own equity instruments.

Cash-settled transactions

The Group provides benefits to employees who have been on international assignment or secondment at any time during the vesting period in the form of cash-settled share-based payments. Employees render services in exchange for cash amounts which are determined by reference to the price of the shares of Woodside Petroleum Ltd.

The ultimate cost of these cash-settled share-based payments will be equal to the actual cash paid to the employees which will be the fair value at settlement date. The cumulative cost recognised until settlement is held as a liability. All changes in the liability are recognised in the income statement for the year.

The fair value of the liability is determined, initially and at each reporting date until it is settled, by using a Binomial or Black-Scholes option pricing technique combined with a Monte Carlo simulation methodology, where relevant.

1. Summary of significant accounting policies (continued)

(x) Retirement benefits

All employees of the Group's Australian entities are entitled to benefits under the Group's superannuation plan due to retirement, disability or death. The Group has a defined benefit component and a defined contribution component within the plan. The defined benefit section of the plan is closed to new members.

The defined benefit component provides defined lump sum benefits based on years of service and final average salary. The cost of providing benefits under the defined benefit plan is determined using the projected unit credit actuarial valuation method. A liability or asset in respect of the defined benefit component of the superannuation plan is recognised in the statement of financial position and is measured at the present value of the defined benefit obligation at the reporting date less the fair value of the superannuation fund's assets at that date. The defined benefit obligation includes actuarial estimates of future variables such as employee turnover and the plan's rate of return.

The cost of the defined benefit component is charged to the income statement systematically over the employee's service life.

Gains and losses arising from changes in actuarial estimates are recognised immediately as income or expense in the income statement.

The defined contribution component receives fixed contributions from Group companies and the Group's legal or constructive obligation is limited to these contributions. Contributions to the defined contribution fund are recognised as an expense as incurred.

(y) Financial liabilities

Borrowings are initially recognised at fair value less transaction costs. Borrowings are subsequently carried at amortised cost, except for those designated in a fair value hedge relationship as described previously. Any difference between the proceeds received and the redemption amount is recognised in the income statement over the period of the borrowings using the effective interest method.

Trade and other payables are carried at amortised cost when goods and services are received, whether or not billed to the Group.

Dividends payable are recognised when declared by the Group.

(z) Tax

Income tax

Income tax expense on the profit or loss for the year comprises current and deferred tax expense.

Current tax expense is the expected tax payable on the taxable income for the year and any adjustment to tax payable in respect of previous years.

Temporary differences arise between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax expense is determined based on changes in temporary differences.

Deferred tax liabilities are recognised for taxable temporary differences. Deferred tax assets are recognised for deductible temporary differences, unused tax losses and unused tax credits only if it is probable that sufficient future taxable income will be available to utilise those temporary differences and losses. Such deferred tax liabilities and assets are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit or from investments in subsidiaries and associates and interests in joint ventures, to the extent that the Group is able to control the reversal of the temporary difference and the temporary difference is not expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rates (and tax laws) that have been enacted or substantially enacted by the end of the reporting period.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax expenses are recognised in the income statement, except to the extent that they relate to items recognised directly in equity, in which case they are recognised in equity.

1. Summary of significant accounting policies (continued)

(z) Tax (continued)

Tax consolidation

The parent and its wholly owned Australian controlled entities have elected to enter into tax consolidation, with Woodside Petroleum Ltd as the head entity of the tax consolidated group.

The tax expense/income, deferred tax liabilities and deferred tax assets arising from temporary differences of the members of the tax consolidated group are recognised in the separate financial statements of the members of the tax consolidated group, using the 'stand alone' approach.

Petroleum Resource Rent Tax (PRRT)

PRRT is considered, for accounting purposes, to be a tax based on income. Accordingly, current and deferred PRRT expense is measured and disclosed on the same basis as income tax.

(aa) Goods and Services Tax (GST)

Revenue, expenses and assets are recognised net of GST except where the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item.

The net amount of GST recoverable from or payable to the taxation authority is included as part of receivables or payables in the statement of financial position.

Cash flows are included in the statement of cash flows on a gross basis and the GST component of cash flows arising from investing and financing activities that is recoverable from, or payable to the taxation authority is classified as an operating cash flow.

(ab) Royalties and excise duty

Royalties and excise duty under existing regimes are considered to be production-based taxes and are therefore accrued on the basis of the Group's entitlement to physical production.

(ac) Issued capital

Ordinary share capital is classified as equity and recorded at the value of consideration received. The costs of issuing shares are charged against share capital.

(ad) Critical accounting estimates, assumptions and judgements

In applying the Group's accounting policies, management continually evaluates judgements, estimates and assumptions based on experience and other factors, including expectations of future events that may have an impact on the Group. All judgements, estimates and assumptions made are believed to be reasonable based on the most current set of circumstances available to management. Actual results may differ from those judgements, estimates and assumptions. Significant judgements, estimates and assumptions made by management in the preparation of these financial statements are outlined below.

(i) Critical accounting estimates and assumptions

(1) Impairment of assets

In determining the recoverable amount of assets, in the absence of quoted market prices, estimates are made regarding the present value of future cash flows. For oil and gas properties, expected future cash flow estimation is based on reserves, future production profiles, commodity prices and costs.

(2) Restoration obligations

The Group estimates the future removal costs of offshore oil and gas platforms, production facilities, wells and pipelines at different stages of the development and construction of assets or facilities. In most instances, removal of assets occurs many years into the future. This requires judgemental assumptions regarding removal date, future environmental legislation, the extent of reclamation activities required, the engineering methodology for estimating cost, future removal technologies in determining the removal cost, and liability specific discount rates to determine the present value of these cash flows. For more detail regarding the policy in respect of provision for restoration refer to Note 1(l).

1. Summary of significant accounting policies (continued)

(ad) Critical accounting estimates, assumptions and judgements (continued)

(3) Reserve estimates

Estimation of reported recoverable quantities of proven and probable reserves include judgemental assumptions regarding commodity prices, exchange rates, discount rates, and production and transportation costs for future cash flows. It also requires interpretation of complex geological and geophysical models in order to make an assessment of the size, shape, depth and quality of reservoirs, and their anticipated recoveries. The economic, geological and technical factors used to estimate reserves may change from period to period.

Changes in reported reserves can impact asset carrying values, the provision for restoration and the recognition of deferred tax assets due to changes in expected future cash flows. Reserves are integral to the amount of depreciation, amortisation and impairment charged to the income statement. Reserve estimates are prepared in accordance with Woodside's Hydrocarbon Resource Inventory Management Process and guidelines prepared by the Society of Petroleum Engineers.

(ii) Critical judgements in applying the Group's accounting policies

(1) Exploration and evaluation

The Group's accounting policy for exploration and evaluation assets is set out in Note 1(e). The application of this policy requires management to make certain estimates and assumptions as to future events and circumstances, in particular, the assessment of whether economic quantities of reserves have been found. Any such estimates and assumptions may change as new information becomes available. If, after having capitalised expenditure under the policy, the Group concludes that it is unlikely to recover the expenditure by future exploitation or sale, then the relevant capitalised amount will be written off to the income statement.

(2) United States of America deferred tax asset

The Group has recognised a net deferred tax asset in respect of tax losses and temporary differences associated with its operations in the United States of America. In accordance with the recognition criteria outlined in AASB 112 *Income Taxes*, the Group has exercised its judgement in deciding that it is probable that sufficient future taxable income will be available to utilise the deferred tax assets.

1. Summary of significant accounting policies (continued)

(ae) New Accounting Standards issued but not yet effective

The following new Standards have a potential impact on the Financial Report but have an effective date after the financial reporting date.

Title	Application date of the standard	Summary
AASB 3 *Business Combinations (revised 2008),* AASB 127 *Consolidated and Separate Financial Statements (revised 2008)* and AASB 2008-3 *Amendments to Australian Accounting Standards arising from AASB 3 and AASB 127*	1 July 2009	AASB 3 (revised) and AASB 127 (revised) are the result of the joint IASB-FASB Business Combinations Phase II project. These Standards alter the manner in which business combinations and changes in ownership interests in subsidiaries are accounted for. Consequential amendments to other Standards are made through AASB 2008-3. Changes to the Standards apply prospectively.
AASB 9 *Financial Instruments*	1 January 2013	AASB 9 includes requirements for the classification and measurement of financial assets resulting from the first part of Phase I of the IASB's project to replace IAS 39 *Financial Instruments: Recognition and Measurement* (AASB 139 *Financial Instruments: Recognition and Measurement).* These requirements improve and simplify the approach for classification and measurement of financial assets.
AASB 2008-6 *Further Amendments to Australian Accounting Standards arising from the Annual Improvements Process*	1 July 2009	This Standard is the result of the IASB's first Annual Improvements Project. It makes amendments to several Accounting Standards which may result in changes for presentation, recognition or measurement.
AASB 2008-8 *Amendments to Australian Accounting Standards - Eligible Hedged Items (AASB 139)*	1 July 2009	This Standard makes amendments to AASB 139 *Financial Instruments: Recognition and Measurement.* The amendments to AASB 139 clarify the accounting for and the application of the principles that determine whether a hedged risk or portion of cash flows is eligible for designation as a hedged item.
AASB 2009-4 *Amendments to Australian Accounting Standards arising from the Annual Improvements Project*	1 July 2009	This Standard makes amendments to AASB 2 *Share-based Payment*, AASB 138 *Intangible Assets* and AASB Interpretations 9 *Reassessment of Embedded Derivatives* and 16 *Hedges of a Net Investment in a Foreign Operation.* These amendments are a consequence of the annual improvements project.
AASB 2009-5 *Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project*	1 January 2010	This Standard makes amendments to several Australian Accounting Standards. The amendments to some Standards result in accounting changes for presentation, recognition or measurement purposes, while some amendments are related to terminology and editorial changes.
AASB 2009-7 *Amendments to Australian Accounting Standards* (AASB 5, 7, 107, 112, 136, 139 and Interpretation 17)	1 July 2009	This Standard clarifies the amendments to several Australian Accounting Standards. The amendments arise from editorial corrections by the AASB and IASB.
AASB 2009-8 *Amendments to Australian Accounting Standards - Group Cash-settled Share-based Payment Transactions*	1 January 2010	AASB 2009-8 clarifies the accounting for group cash-settled share-based payment transactions in the separate or individual financial statements of the entity receiving the goods or services when the entity has no obligation to settle the share-based payment transaction.

The potential effect of these Standards is yet to be fully determined. However, it is not expected that the new Standards will significantly affect the Group's financial position.

2. Operating segments

The Group has identified its operating segments based on the internal reports that are reviewed and used by the executive management team (the chief operating decision makers) in assessing performance and in determining the allocation of resources. The following operating segments are identified by management based on the nature and geographical location of the business or venture.

North West Shelf Business Unit

Exploration, evaluation, development, production and sales of Liquefied Natural Gas, pipeline natural gas, condensate, Liquefied Petroleum Gas and crude oil from the North West Shelf ventures.

Australia Business Unit

Exploration, evaluation, development, production and sale of crude oil, condensate, Liquefied Petroleum Gas and pipeline natural gas in assigned permit areas including Laminaria, Mutineer–Exeter, Enfield, Vincent, Otway, and Stybarrow ventures.

Pluto Business Unit

Exploration, evaluation and development of Liquefied Natural Gas in assigned permit areas.

United States Business Unit

Exploration, evaluation, development, production and sale of pipeline natural gas, condensate and crude oil in assigned permit areas.

Other

This segment comprises the activities undertaken by all other Business Units.

No operating segments have been aggregated to form the above reportable operating segments.

Performance monitoring and evaluation

Management monitors the operating results of the Business Units separately for the purpose of making decisions about resource allocation and performance assessment. The performance of operating segments is evaluated based on profit before tax and net finance costs (profit before tax and interest) and is measured in accordance with the Group's accounting policies.

Financing requirements, finance income, finance costs and taxes are managed at a Group level. Unallocated items comprise non-segmental items of revenue and expenses and associated assets and liabilities not allocated to operating segments as they are not considered part of the core operations of any segment.

2. Operating segments (continued)

(a) Revenue and profit after tax for the year ended 31 December 2009

	North West Shelf Business Unit		Australia Business Unit		Pluto Business Unit		United States Business Unit		Other		Unallocated items		Consolidated	
	2009 $m	2008 $m	2009 $m	2008 $m	2009 $m	2008 $m	2009 $m	2008 $m	2009 $m	2008 $m	2009 $m	2008 $m	2009 $m	2008 $m
Revenue														
Revenue from external customers	2,493	3,102	1,633	2,586	-	-	156	237	70	65	-	-	4,352	5,990
Cost of sales														
Cost of production	(547)	(697)	(275)	(269)	(1)	-	(22)	(23)	(8)	(8)	2	(13)	(851)	(1,010)
Shipping and direct sales costs	(54)	(73)	(1)	(8)	(4)	(4)	(13)	(10)	-	-	(5)	(3)	(77)	(98)
Oil and gas properties depreciation and amortisation	(206)	(226)	(595)	(507)	8	(8)	(114)	(87)	(38)	(33)	(4)	-	(949)	(861)
Total cost of sales	(807)	(996)	(871)	(784)	3	(12)	(149)	(120)	(46)	(41)	(7)	(16)	(1,877)	(1,969)
Gross profit	1,686	2,106	762	1,802	3	(12)	7	117	24	24	(7)	(16)	2,475	4,021
Exploration and evaluation	(7)	(5)	(15)	(40)	(71)	(23)	(116)	(110)	(109)	(168)	(2)	(2)	(320)	(348)
Share of profits of associates	4	6	-	-	-	-	-	-	-	-	-	-	4	6
Change in fair value of embedded derivative	(4)	10	-	-	-	-	-	-	-	-	-	-	(4)	10
Gain/(loss) on derivative financial instruments	-	-	(34)	60	-	-	-	-	-	-	(31)	39	(65)	99
Depreciation of other plant and equipment	-	-	-	-	-	-	(3)	(3)	(1)	(2)	(13)	(18)	(17)	(23)
Defined benefit superannuation plan net actuarial gain/(loss)	-	-	-	-	-	-	-	-	-	-	12	(39)	12	(39)
Exchange gain/(loss) – other	22	(14)	(8)	60	23	(7)	-	-	4	(6)	850	(268)	891	(235)
Impairment loss	-	-	(7)	-	-	-	(21)	(132)	(91)	-	-	-	(119)	(132)
Other income	27	11	-	13	(4)	15	(2)	(12)	22	19	8	72	51	118
Other expense	(6)	(20)	-	(12)	-	-	(28)	(22)	(11)	(2)	1	(123)	(44)	(179)
Profit before tax and net finance costs	1,722	2,094	698	1,883	(49)	(27)	(163)	(162)	(162)	(135)	818	(355)	2,864[1]	3,298[1]
Finance income													7	9
Finance costs													(23)	(32)
Profit before tax													2,848	3,275
Taxes													(1,030)	(1,489)
Profit after tax													1,818	1,786

(1) The performance of operating segments is evaluated based on profit before tax, finance income and finance costs. Financing requirements, finance income, finance costs and taxes are managed on a Group basis.

There were no significant inter-segment transactions during the year.

2. Operating segments (continued)

(b) Segment assets and liabilities and other segment information at 31 December 2009

	North West Shelf Business Unit		Australia Business Unit		Pluto Business Unit		United States Business Unit		Other		Unallocated items		Consolidated	
	2009 $m	2008 $m	2009 $m	2008 $m	2009 $m	2008 $m	2009 $m	2008 $m	2009 $m	2008 $m	2009 $m	2008 $m	2009 $m	2008 $m
Segment assets/ (liabilities)	3,891	4,007	2,837	3,198	10,358	5,472	666	963	2,637	2,640	(714)[1]	(1,691)[1]	19,675[4]	14,589[5]
Segment liabilities/(assets)	1,788	2,446	438	652	652	910	117	87	(252)[2]	(134)[2]	(516)[3]	(577)[3]	2,227[6]	3,384[7]
Other segment information														
Investment in associates	2	4	-	-	-	-	-	-	-	-	-	-	2	4
Additions to oil and gas properties	(65)	1,084	196	734	4,617	3,777	21	115	19	(2)	-	-	4,788	5,708
Additions to exploration and evaluation assets	18	18	17	-	62	85	48	102	204	269	-	-	349	474
Additions to other plant and equipment	-	3	-	-	-	-	2	3	-	6	-	-	2	12

(1) 2009 and 2008 figures include a fair value adjustment to exploration and evaluation assets at corporate level ($1,304 million).
(2) 2009 and 2008 figures include inter-company amounts (2009: $304 million; 2008: $232 million).
(3) 2009 and 2008 figures include inter-company amounts (2009: $15,865 million; 2008: $15,865 million).
(4) Segment assets do not include deferred tax ($84 million), derivatives ($81 million) and cash held in reserves ($34 million) as these assets are managed on a Group basis.
(5) Segment assets do not include deferred tax ($127 million), derivatives ($170 million) and cash held in reserves ($43 million) as these assets are managed on a Group basis.
(6) Segment liabilities do not include interest-bearing liabilities ($5,529 million), tax payables ($222 million), deferred tax ($1,488 million) and derivatives ($32 million) as these liabilities are managed on a Group basis.
(7) Segment liabilities do not include interest-bearing liabilities ($2,957 million), tax payables ($542 million), deferred tax ($1,110 million) and derivatives ($4 million) as these liabilities are managed on a Group basis

(c) Geographical information

Revenue from external customers by geographical locations is detailed below. Revenue is attributable to geographic location based on the location of the customers.

	Australia		Asia		United States of America		Other		Consolidated	
	2009 $m	2008 $m	2009 $m	2008 $m	2009 $m	2008 $m	2009 $m	2008 $m	2009 $m	2008 $m
Revenue from external customers	841	886	3,123	4,109	226	520	162	475	4,352	5,990
Non-current assets	16,304	12,671	-	-	607	935	90	225	17,001[1]	13,831[2]

(1) Non-current assets excluding derivatives ($81 million) and deferred tax ($84 million).
(2) Non-current assets excluding derivatives ($126 million) and deferred tax ($127 million).

(d) Major customer information

A major customer to which the Group, through the North West Shelf Business Unit and the Australia Business Unit segments, provides goods that are more than 10% of external revenue, accounts for 13% (2008: 13%) of external revenue totalling $577 million (2008: $778 million).

3. Revenue and expenses

		Consolidated 2009 $m	Consolidated 2008 $m	Parent 2009 $m	Parent 2008 $m
(a)	**Revenue from sale of goods**				
	Liquefied Natural Gas				
	North West Shelf	983	1,252	-	-
	Pipeline natural gas				
	North West Shelf	372	303	-	-
	Otway	88	75	-	-
	United States of America	55	120	-	-
		515	498	-	-
	Condensate				
	North West Shelf	687	741	-	-
	Otway	17	24	-	-
	Ohanet	42	39	-	-
	United States of America	6	15	-	-
		752	819	-	-
	Oil				
	North West Shelf	353	687	-	-
	Laminaria	267	183	-	-
	Mutineer–Exeter	22	39	-	-
	Enfield[1]	481	813	-	-
	Vincent[1]	295	103	-	-
	Stybarrow[1]	440	1,331	-	-
	United States of America	95	102	-	-
		1,953	3,258	-	-
	Liquefied Petroleum Gas				
	North West Shelf	98	119	-	-
	Otway	23	18	-	-
	Ohanet	28	26	-	-
		149	163	-	-
	Total revenue from sale of goods	4,352	5,990	-	-
(b)	**Cost of sales**				
	Cost of production				
	Production costs	(482)	(484)	-	-
	Royalties and excise	(345)	(505)	-	-
	Insurance	(31)	(41)	-	-
	Inventory movement	7	20	-	-
		(851)	(1,010)	-	-
	Shipping and direct sales costs	(77)	(98)	-	-
	Oil and gas properties depreciation and amortisation				
	Land and buildings	(3)	(17)	-	-
	Transferred exploration and evaluation	(50)	(50)	-	-
	Plant and equipment	(890)	(783)	-	-
	Marine vessels and carriers	(6)	(11)	-	-
		(949)	(861)	-	-
	Total cost of sales	(1,877)	(1,969)	-	-
	Gross profit	2,475	4,021	-	-

(1) 2009 figures include crude oil hedging gain of $28 million (2008: hedging loss of $220 million), resulting from settlement of Greater Exmouth area Zero Cost Collars. Refer to Note 25(f) for further detail.

3. Revenue and expenses (continued)

		Consolidated		Parent	
		2009 $m	2008 $m	2009 $m	2008 $m
(c)	**Other income**				
	Dividend - controlled entities	-	-	774	929
	Other fees and recoveries	39	23	-	-
	Share of associates' net profit	4	6	-	-
	Gain on sale of available-for-sale financial assets	-	12	-	-
	Gain on sale of fixed assets	12	7	-	-
	Defined benefit superannuation plan net actuarial gain/(loss)	12	(39)	-	-
	Exchange gain/(loss) - other	891	(235)	-	-
	Cash flow hedge ineffectiveness	-	4	-	-
	Total other income	958	(222)	774	929
(d)	**Other expenses**				
	Exploration and evaluation				
	Exploration	(268)	(269)	-	-
	Amortisation of licence acquisition costs	(46)	(71)	-	-
	Evaluation	(6)	(8)	-	-
	Total exploration and evaluation	(320)	(348)	-	-
	Other costs				
	Depreciation of other plant and equipment	(17)	(23)	-	-
	Exchange loss on cash balances	(2)	(16)	-	-
	Change in fair value of embedded derivatives	(4)	10	-	-
	(Loss)/gain on derivative financial instruments	(65)	95	-	-
	General, administrative and other costs	(42)	(87)	(7)	(6)
	Impairment of oil and gas properties	(22)	(54)	-	-
	Impairment of exploration and evaluation assets	(90)	-	-	-
	Impairment of other assets	(7)	(78)	-	-
	Total other costs	(249)	(153)	(7)	(6)
	Total other expenses	(569)	(501)	(7)	(6)
	Profit before tax and net finance costs	2,864	3,298	767	923
(e)	**Finance income**				
	Interest				
	Financial institutions	7	9	-	-
	Controlled entities	-	-	61	7
	Total finance income	7	9	61	7
(f)	**Finance costs**				
	Borrowing costs				
	Financial institutions	(4)	(6)	-	-
	Controlled entities	-	-	-	(28)
	Unwinding of present value discount (accretion)	(19)	(26)	-	-
	Total finance costs	(23)	(32)	-	(28)
	Profit before tax	2,848	3,275	828	902

4. Taxes

		Consolidated 2009 $m	Consolidated 2008 $m	Parent 2009 $m	Parent 2008 $m
(a)	**Tax expense/(income) comprises:**				
	Current tax expense				
	Income tax	544	1,125	14	(8)
	PRRT	185	308	-	-
	(Over)/under provided in prior years				
	Income tax	(22)	4	(1)	-
	PRRT	9	(5)	-	-
	Deferred tax expense relating to the movement in deferred tax balances				
	Income tax	376	(261)	2	-
	PRRT	(102)	318	-	-
	Write-downs of deferred tax assets	40	-	-	-
	Total tax expense/(income) reported in the income statement	1,030	1,489	15	(8)
(b)	**Reconciliation of tax expense to prima facie tax payable**				
	Profit before tax	2,848	3,275	828	902
	PRRT expense	(92)	(621)	-	-
	Profit after PRRT expense	2,756	2,654	828	902
	Tax expense calculated at 30%	827	796	249	271
	Tax effect of items which are non-deductible/(assessable)				
	Sale of assets	-	(8)	-	-
	Research and development	(6)	(12)	-	-
	Intercompany dividends	-	-	(233)	(279)
	Other	(6)	13	-	-
	Foreign tax losses brought to account	-	-	-	-
	Foreign expenditure not brought to account	102	78	-	-
	Tax rate differential on non-Australian income	3	(3)	-	-
	(Over)/under provided in prior years	(22)	4	(1)	-
	Write-downs of deferred tax assets	40	-	-	-
	PRRT expense	92	621	-	-
	Tax expense/(income)	1,030	1,489	15	(8)

The tax rate used in the above reconciliation is that applied to resident companies pursuant to the income tax statutes in force in Australia as at the reporting date. There has been no change in the corporate tax rate when compared with the previous reporting year.

		Consolidated 2009 $m	Consolidated 2008 $m	Parent 2009 $m	Parent 2008 $m
(c)	**Tax recognised directly in equity**				
	The following current and deferred amounts were charged directly to equity during the year:				
	Deferred tax	122	(83)	(12)	-

Financial Report

4. Taxes (continued)

	Balance at 1 January	Charged/ (credited) to income statement	Charged/ (credited) to equity	Acquisition/ (disposal)	Reclassifi-cation	Balance at 31 December
	$m	$m	$m	$m	$m	$m
(d) Deferred tax						
Consolidated						
2009						
Deferred tax assets						
Arising from temporary differences and tax losses						
Foreign jurisdiction	127	(40)	(30)	-	-	57
Domestic jurisdiction	-	28	-	-	(1)	27
	127	(12)	(30)	-	(1)	84
Deferred tax liabilities						
Arising from temporary differences						
Exploration and evaluation assets	225	71	-	-	(2)	294
Oil and gas properties	789	(220)	-	-	(24)	545
Financial instruments	(95)	231	104	-	1	241
Other liabilities	(287)	31	-	-	(6)	(262)
Provisions	(390)	222	-	-	(9)	(177)
Other	8	54	(12)	-	(24)	26
Assets classified as held for sale	-	-	-	-	63	63
Arising from PRRT	860	(102)	-	-	-	758
	1,110	287	92	-	(1)	1,488
2008						
Deferred tax assets						
Arising from temporary differences and tax losses						
Foreign jurisdiction	208	-	39	-	(120)	127
Domestic jurisdiction	-	-	-	-	-	-
	208	-	39	-	(120)	127
Deferred tax liabilities						
Arising from temporary differences						
Exploration and evaluation assets	235	67	9	1	(87)	225
Oil and gas properties	720	157	6	(21)	(73)	789
Financial instruments	69	(123)	(57)	-	16	(95)
Other liabilities	(154)	(133)	-	-	-	(287)
Provisions	(190)	(200)	-	-	-	(390)
Other	(5)	(9)	(2)	-	24	8
Arising from PRRT	542	346	-	(28)	-	860
	1,217	105	(44)	(48)	(120)	1,110

As at 31 December 2009, the parent entity had recognised deferred tax assets of $10 million (2008: nil).

4. Taxes (continued)

	Consolidated		Parent	
	2009 $m	2008 $m	2009 $m	2008 $m
(e) Unrecognised deferred tax assets				
Tax losses not recognised				
Revenue	126	109	-	-
Capital	111	159	111	159
Tax credits not recognised	15	17	15	17
Temporary differences associated with investments	2	2	-	-
	254	287	126	176

(f) Tax losses

At the balance sheet date the Group has unused (recognised and not recognised) tax losses and credits of $915 million (2008: $1,115 million) that are available for offset against future taxable profits.

A deferred tax asset of $56 million (2008: $88 million) has been recognised because it is probable that sufficient future taxable profit will be available for use against such losses.

No deferred tax asset has been recognised in respect of the remaining tax losses and credits due to the uncertainty of future profit streams.

Tax credits of $15 million (2008: $17 million) are held and will expire in 2010.

(g) Tax consolidation

The parent and its wholly-owned Australian controlled entities have elected to enter tax consolidation, with Woodside Petroleum Ltd as the head entity of the tax consolidated group. The members of the tax consolidated group are identified at Note 35(a).

Entities within the tax consolidated group have entered into a tax funding arrangement and a tax sharing agreement with the head entity. Under the terms of the tax funding arrangement, Woodside Petroleum Ltd and each of the entities in the tax consolidated group have agreed to pay a tax equivalent payment to or from the head entity calculated on a stand alone basis, based on the current tax liability or current tax asset of the entity. Such amounts are reflected in amounts receivable from or payable to other entities in the tax consolidated group.

The tax sharing agreement entered into between members of the tax consolidated group provides for the determination of the allocation of income tax liabilities between the entities, should the head entity default on its tax payment obligations. No amounts have been recognised in the financial statements in respect of this agreement as payment of any amounts under the tax sharing agreement is considered remote.

5. Earnings per share

	Consolidated	
	2009	2008
Profit attributable to equity holders of the parent ($m)	1,824	1,786
Weighted average number of shares on issue[(1)]	703,310,697	685,179,496
Basic and diluted earnings per share (cents)	259	260

(1) Earnings per share is calculated by dividing net profit for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year. The weighted average number of shares makes allowance for shares reserved for employee share plans. Diluted earnings per share is not significantly different from basic earnings per share.

Prior year earnings per share have been restated with an adjustment factor of 1.0047 as a result of the fully underwritten accelerated renounceable entitlement offer announced on 14 December 2009. Current year earning per share have been adjusted by a factor of 1.0002 reflecting the retail portion of the fully underwritten accelerated renounceable entitlement offer.

The Group announced a fully underwritten 1 for 12 accelerated renounceable entitlement offer on 14 December 2009 at a price of $42.10 per share, which included institutional and retail portions.

On settlement of the institutional portion of the entitlement offer and placement on 23 December 2009, the Group issued 31.2 million shares at a price of $42.10 per share.

After settlement of the retail portion of the entitlement offer on 10 February 2010, the Group issued 28.6 million shares at a price of $42.10 per share.

The total amount raised was $2,520 million with 59.8 million shares issued.

6. Dividends paid and proposed

		Consolidated		Parent	
		2009 $m	2008 $m	2009 $m	2008 $m
(a)	**Dividends paid during the year[(1)]**				
	Prior year fully franked final dividend 55 cents, paid 6 April 2009 (2008: 55 cents, paid 31 March 2008)	384	378	384	378
	Current year fully franked interim dividend 55 cents, paid 5 October 2009 (2008: 80 cents, paid 1 October 2008)	390	551	390	551
		774	929	774	929
(b)	**Dividend declared (not recorded as a liability)[(1)]**				
	Fully franked final dividend 55 cents, to be paid 31 March 2010 (2008: 55 cents, paid 6 April 2009)	427	384	427	384
	Dividend per share in respect of financial year (cents)	110	135	110	135

(1) Fully franked at 30.0% (2008: 30.0%).

6. Dividends paid and proposed (continued)

	Consolidated		Parent	
	2009 $m	2008 $m	2009 $m	2008 $m
(c) Franking credit balance				
Franking credits available for the subsequent financial year arising from:				
Franking account balance as at 1 January	2,147	1,452	2,147	1,452
Current year tax payment instalments and adjustments	408	667	408	667
Interim dividends paid	(167)	(236)	(167)	(236)
Franking account balance as at 31 December	2,388	1,883	2,388	1,883
Current year income tax payable	124	429	124	429
Dividends declared	(183)	(165)	(183)	(165)
Franking account balance after payment of tax and dividends	2,329	2,147	2,329	2,147

7. Cash and cash equivalents (current)

	Consolidated		Parent	
	2009 $m	2008 $m	2009 $m	2008 $m
Components of cash and cash equivalents				
Cash at bank[(1)]	55	139	-	-
Money market deposits[(2)]	1,296	2	-	-
Total cash and cash equivalents	1,351	141	-	-

(1) Cash at bank earns on average 1.2% (2008: 0.6%).

(2) Money market deposits are denominated in Australian dollars and US dollars with an average maturity of 2.1 days (2008: 2.1 days) and effective interest rate of 0.1% to 5.3% (2008: 0.1% to 8.1%).

Reconciliation to statement of cash flows

For the purpose of the statement of cash flows, cash and cash equivalents comprise the following at 31 December 2009:

	Consolidated		Parent	
	2009 $m	2008 $m	2009 $m	2008 $m
Cash at bank	55	139	-	-
Money market deposits	1,296	2	-	-
	1,351	141	-	-
Cash at bank attributable to disposal group held for sale (Note 24)	(5)	-	-	-
	1,346	141	-	-

8. Receivables

		Consolidated 2009 $m	Consolidated 2008 $m	Parent 2009 $m	Parent 2008 $m
(a)	**Receivables (current)**				
	Trade receivables[1]	329	309	-	-
	Other receivables				
	Other entities[3]	230	222	-	-
	Dividends receivable				
	Other entities[4]	3	2	-	-
	Interest receivable				
	Other entities[4]	1	-	-	-
		563	533	-	-
(b)	**Receivables (non-current)**				
	Other receivables - controlled entities[2]	-	-	4,878	2,675

(1) Denominated in a mixture of Australian dollars and US dollars, interest free, and settlement terms of between 7 and 30 days.
(2) For terms and conditions relating to receivables from controlled entities, refer to Note 30(b).
(3) Receivables are interest free with various maturities.
(4) Dividends and interest receivable from other entities are receivable within 30 days of period end.

9. Inventories

		Consolidated 2009 $m	Consolidated 2008 $m	Parent 2009 $m	Parent 2008 $m
(a)	**Inventories (current)**				
	Petroleum products (at cost)				
	Work in progress	1	1	-	-
	Goods in transit	4	5	-	-
	Finished stocks	55	49	-	-
	Warehouse stores and materials (at cost)	62	53	-	-
		122	108	-	-
(b)	**Inventories (non-current)**				
	Warehouse stores and materials (at cost)	49	54	-	-

10. Other financial assets

		Consolidated 2009 $m	Consolidated 2008 $m	Parent 2009 $m	Parent 2008 $m
(a)	**Other financial assets (current)**				
	Derivative instruments[2]	-	44	-	-
(b)	**Other financial assets (non-current)**				
	Other investments (available-for-sale)				
	Listed (fair value)	10	5	-	-
	Unlisted (cost)	6	6	-	-
	Cash held in reserve[1]	34	43	-	-
	Derivative instruments[2]	20	53	-	-
	Embedded derivatives[3]	61	73	-	-
		131	180	-	-

(1) Represents restricted cash associated with JBIC facility, refer to Note 25(e).
(2) For details relating to derivative instruments, refer to Note 25(f).
(3) Embedded derivatives relate to sale contracts, details of which cannot be disclosed due to confidentiality obligations.

11. Other assets

		Consolidated 2009 $m	Consolidated 2008 $m	Parent 2009 $m	Parent 2008 $m
(a)	**Other assets (current)**				
	Prepayments	69	19	-	-
	Other	4	-	-	-
		73	19	-	-
(b)	**Other assets (non-current)**				
	Investment in controlled entities	-	-	234	233
	Investment in associated entities	2	4	-	-
	Development asset	-	8	-	-
		2	12	234	233

12. Exploration and evaluation assets (non-current)

		Consolidated 2009 $m	Consolidated 2008 $m	Parent 2009 $m	Parent 2008 $m
(a)	**Reconciliations of the carrying amounts of exploration and evaluation assets at the beginning and end of the financial year:**				
	Carrying amount at 1 January	1,172	737	-	-
	Additions	349	474	-	-
	Amortisation of licence acquisition costs	(46)	(71)	-	-
	Expensed (previously capitalised)	(4)	(51)	-	-
	Impairment loss	(90)	-	-	-
	Disposals at written down value	-	(16)	-	-
	Transferred exploration and evaluation	-	11 (1)	-	-
	Currency translation differences	(83)	88	-	-
	Carrying amount as at 31 December	1,298	1,172	-	-

(1) Balance of $11 million comprises $12 million transferred to oil and gas properties and $23 million fixed asset reclassification.

		Consolidated 2009 $m	Consolidated 2008 $m	Parent 2009 $m	Parent 2008 $m
(b)	**Carrying amounts of exploration and evaluation assets**				
	Regions				
	Australia				
	Browse Basin	639	515	-	-
	Carnarvon Basin	307	186	-	-
	Bonaparte Basin	123	105	-	-
	The Americas				
	Gulf of Mexico	204	246	-	-
	Brazil	25	6	-	-
	Africa				
	West Africa (Sierra Leone, Liberia)	-	4	-	-
	North Africa (Algeria, Libya)	-	109	-	-
	East Africa (Kenya)	-	1	-	-
	Carrying amount at 31 December	1,298	1,172	-	-

13. Oil and gas properties (non-current)

Consolidated	Land and buildings $m	Transferred exploration and evaluation $m	Plant and equipment $m	Marine vessels and carriers $m	Projects in development $m	Total $m
At 1 January 2008						
Historical cost	324	426	7,413	417	2,946	11,526
Accumulated depreciation and impairment	(172)	(176)	(3,313)	(246)	-	(3,907)
Net carrying amount	152	250	4,100	171	2,946	7,619
Year ended 31 December 2008						
Carrying amount at 1 January 2008	152	250	4,100	171	2,946	7,619
Additions	1	(5)	849	5	4,858	5,708
Disposals at written down value	-	-	(26)	-	(90)	(116)
Depreciation and amortisation	(2)	(54)	(816)	(11)	-	(883)
Impairment loss	-	-	(54)	-	-	(54)
Completions and transfers	213	101	1,963	-	(2,306)	(29)[1]
Currency translation differences	4	2	142	-	35	183
Carrying amount at 31 December 2008	368	294	6,158	165	5,443	12,428
At 31 December 2008						
Historical cost	557	522	10,351	422	5,443	17,295
Accumulated depreciation and impairment	(189)	(228)	(4,193)	(257)	-	(4,867)
Net carrying amount	368	294	6,158	165	5,443	12,428
Year ended 31 December 2009						
Carrying amount at 1 January 2009	368	294	6,158	165	5,443	12,428
Additions	-	1	(691)	-	5,478	4,788[2]
Transfer to non-current assets held for sale[3]	(12)	-	-	-	-	(12)
Transfer to disposal group held for sale (Note 24)	(36)	(54)	(456)	-	(16)	(562)
Disposals at written down value	-	-	(4)	-	(6)	(10)
Depreciation and amortisation	(3)	(50)	(890)	(6)	-	(949)
Impairment loss	(3)	-	(19)	-	-	(22)
Completions and transfers	111	(7)	726	(5)	(825)	-
Currency translation differences	(4)	(11)	(136)	-	-	(151)
Carrying amount at 31 December 2009	421	173	4,688	154	10,074	15,510
At 31 December 2009						
Historical cost	642	430	9,564	417	10,074	21,127
Accumulated depreciation and impairment	(221)	(257)	(4,876)	(263)	-	(5,617)
Net carrying amount	421	173	4,688	154	10,074	15,510

(1) Balance of $29 million comprises $12 million transferred from exploration and evaluation assets, $17 million transferred from other plant and equipment and $58 million of fixed asset reclassification.

(2) Additions include a decrease in restoration provision assets of $779 million, associated with the change in the method of restoration (refer to Note 1(l)).

(3) Impairment of assets attributable to non-current assets held for sale recognised in the income statement was $3 million (refer to Note 3(d)). Immediately before the classification as non-current assets held for sale, the recoverable amount was estimated based on fair value less cost to sell. The net carrying amount of the non-current assets was $15 million. As a result, an impairment loss of $3 million was recognised to reduce the carrying amount to the recoverable amount.

Borrowing costs capitalised in oil and gas properties during the year were $200 million (2008: $82 million), at a weighted average interest rate of 4.2% (2008: 4.9%).

14. Other plant and equipment (non-current)

		Consolidated		Parent	
		2009 $m	2008 $m	2009 $m	2008 $m
(a)	**Other plant and equipment**				
	Plant and equipment	182	184	-	-
	Less: Accumulated depreciation	(90)	(79)	-	-
		92	105	-	-
	Assets under construction	-	6	-	-
		92	111	-	-
(b)	**Reconciliations of the carrying amounts of other plant and equipment at the beginning and end of the financial year:**				
	Carrying amount at 1 January	111	130	-	-
	Additions	2	12	-	-
	Disposals at written down value	(1)	-	-	-
	Impairment loss	(1)	-	-	-
	Completions and transfers	(1)	(12)[1]	-	-
	Depreciation and amortisation	(17)	(20)	-	-
	Currency translation differences	(1)	1	-	-
	Carrying amount at 31 December	92	111	-	-

(1) Balance of $12 million comprises $17 million transferred to oil and gas properties and $5 million fixed asset reclassification.

15. Payables

		Consolidated		Parent	
		2009 $m	2008 $m	2009 $m	2008 $m
(a)	**Payables (current)**				
	Trade payables[1]	386	454	-	-
	Other payables[1]	878	1,167	-	-
	Amounts payable – controlled entities[2]	-	-	323	-
	Interest payable – other entities[3]	64	51	-	-
		1,328	1,672	323	-
(b)	**Payables (non-current)**				
	Amounts payable – controlled entities[2]	-	-	208	178

(1) Trade and other payables are non interest-bearing and normally settled on 30 day terms.
(2) For terms and conditions relating to payables to controlled entities, refer to Note 30(b).
(3) Details regarding interest-bearing liabilities are contained in Note 25(e).

16. Interest-bearing liabilities

		Consolidated		Parent	
		2009 $m	2008 $m	2009 $m	2008 $m
(a)	Interest-bearing liabilities (current)				
	Bridge facility	-	-	-	-
	Bonds	-	-	-	-
		-	-	-	-
(b)	Interest-bearing liabilities (non-current)[1]				
	Bonds	2,485	788	-	-
	Debt facilities	3,044	2,169	-	-
		5,529	2,957	-	-

(1) Detail regarding interest-bearing liabilities is contained in Note 25(e).

17. Tax payable (current)

	Consolidated		Parent	
	2009 $m	2008 $m	2009 $m	2008 $m
Income tax payable	124	442	122	445
PRRT payable	98	100	-	-
	222	542	122	445

18. Other financial liabilities

		Consolidated		Parent	
		2009 $m	2008 $m	2009 $m	2008 $m
(a)	Other financial liabilities (current)				
	Derivative instruments[1]	32	-	-	-
		32	-	-	-
(b)	Other financial liabilities (non-current)				
	Derivative instruments[1]	-	4	-	-
		-	4	-	-

(1) For details relating to derivative instruments refer to Note 25(f).

19. Other liabilities

		Consolidated		Parent	
		2009 $m	2008 $m	2009 $m	2008 $m
(a)	Other liabilities (current)				
	Unearned revenue	17	17	-	-
	Gas purchase commitments	1	5	-	-
		18	22	-	-
(b)	Other liabilities (non-current)				
	Unearned revenue	172	215	-	-
	Gas purchase commitments	20	30	-	-
	Defined benefit superannuation plan	16	47	-	-
		208	292	-	-

20. Provisions

	Restoration of operating locations[1] $m	Employee benefits[2] $m	Other $m	Total $m
Consolidated				
At 1 January 2009	1,265	126	7	1,398
Change in provision	(774)	9	4	(761)
Unwinding of present value discount	19	-	-	19
Transferred to liabilities held for sale	(24)	-	-	(24)
At 31 December 2009	486	135	11	632
2008				
Current	10	110	7	127
Non-current	1,255	16	-	1,271
	1,265	126	7	1,398
2009				
Current	7	109	11	127
Non-current	479	26	-	505
	486	135	11	632

(1) Details regarding restoration of operating locations are contained in Note 1(l) and 1(ad).
(2) Details regarding employee benefits are contained in Note 1(v) and 27.

21. Contributed equity

	Consolidated 2009 $m	Consolidated 2008 $m	Parent 2009 $m	Parent 2008 $m
(a) **Issued and fully paid shares** 748,598,989 (2008: 698,553,001) ordinary shares[1]	4,163	2,104	4,163	2,104
(b) **Shares reserved for employee share plans** 2,830,721 (2008: 5,459,269)[2] ordinary shares[3]	(99)	(142)	(99)	(142)

(1) All shares are a single class with equal rights to dividends, capital distributions and voting. The company does not have authorised capital nor par value in respect of its issued shares.
(2) 2008 figure has been restated to correctly reflect the number of shares.
(3) Information relating to the number of Woodside Petroleum Ltd shares reserved for employee share plans can be found in Note 27(a) and (b).

	2009 Shares	2008 Shares	2009 $m	2008 $m
(c) **Movements in issued and fully paid shares**				
Balance at 1 January	698,553,001	688,330,535	2,104	1,553
DRP underwriting agreement				
Ordinary shares issued at $54.24 (2008 interim dividend)	-	4,685,312	-	255
Ordinary shares issued at $36.25 (2008 final dividend)	5,165,380	-	187	-
Ordinary shares issued at $48.48 (2009 interim dividend)	3,769,777	-	183	-
DRP				
Ordinary shares issued at $53.48 (2008 interim dividend)	-	5,537,154	-	295
Ordinary shares issued at $35.50 (2008 final dividend)	5,555,235	-	197	-
Ordinary shares issued at $47.67 (2009 interim dividend)	4,343,965	-	207	-
Rights Issue				
Ordinary shares issued at $42.10	31,211,631	-	1,314	-
Share issue costs (net of tax)	-	-	(29)	1
Balance at 31 December	748,598,989	698,553,001	4,163	2,104

22. Other reserves

	Employee benefits reserve $m	Foreign currency translation reserve $m	Hedge of net investment reserve $m	Hedging reserve $m	Investment fair value reserve $m	Total $m
Consolidated						
Balance at 1 January 2008	47	(159)	73	(134)	18	(155)
Share-based payments	16	-	-	-	-	16
Cash flow hedges						
Net deferred loss recognised in equity	-	-	-	(11)	-	(11)
Loss recognised in revenue	-	-	-	156	-	156
Available-for-sale financial assets	-	-	-	-	(24)	(24)
Net loss on hedge of net investment	-	-	(243)	-	-	(243)
Currency translation differences	-	314	-	-	-	314
Balance at 31 December 2008	63	155	(170)	11	(6)	53
Balance at 1 January 2009	63	155	(170)	11	(6)	53
Share-based payments	51	-	-	-	-	51
Cash flow hedges						
Net deferred loss recognised in equity	-	-	-	(11)	-	(11)
Gain recognised in revenue	-	-	-	(16)	-	(16)
Available-for-sale financial assets	-	-	-	-	-	-
Net gain on hedge of net investment	-	-	256	-	-	256
Currency translation differences	-	(272)	-	-	-	(272)
Balance at 31 December 2009	114	(117)	86	(16)	(6)	61
Parent						
Balance at 1 January 2008	38	-	-	-	-	38
Share-based payments	3	-	-	-	-	3
Balance at 31 December 2008	41	-	-	-	-	41
Balance at 1 January 2009	41	-	-	-	-	41
Share-based payments	43	-	-	-	-	43
Balance at 31 December 2009	84	-	-	-	-	84

Nature and purpose of reserves

Employee benefits reserve

Used to record share-based payments associated with the employee share plans.

Foreign currency translation reserve

Used to record foreign exchange differences arising from the translation of the financial statements of subsidiaries with functional currencies other than Australian dollars.

Hedge of net investment reserve

Used to record gains and losses on hedges of net investments in foreign operations.

Hedging reserve

Used to record the effective portion of changes in the fair value of cash flow hedges.

Investment fair value reserve

Used to record changes in the fair value of the Group's available-for-sale financial assets.

23. Retained earnings

	Consolidated		Parent	
	2009 $m	2008 $m	2009 $m	2008 $m
Movements in retained earnings				
Balance at 1 January	4,690	3,833	282	301
Net profit for the year	1,824	1,786	813	910
Dividends	(774)	(929)	(774)	(929)
Balance at 31 December	5,740	4,690	321	282

24. Assets and liabilities of disposal group classified as held for sale

(a) Details of disposal group held for sale

On 31 October 2009, Woodside Energy Ltd executed a Sale and Purchase Agreement to dispose of Woodside's 51.55% interest in the Otway project (disposal group), being Exploration Permits Vic/P43 and T/30P and Production Licences Vic/L23, T/L2, T/L3 and T/34P, to Origin Energy Resources Ltd.

The transaction was subject to pre-emptive rights held by other joint venture participants. Prior to the end of 2009, Benaris International Pty Ltd advised that it would exercise its pre-emptive right in relation to some of its interests. Origin and Benaris will proportionately increase their interests in the Joint Venture as a result of the sale.

As at 31 December 2009, the sale remained subject to the satisfaction of a number of Conditions Precedent including the assignment of third party contracts. The transaction is expected to complete in the first quarter of 2010. The consideration receivable is $712.5 million, which will be adjusted for transactions that occur between the effective date and the completion date.

The disposal group forms part of the Australia Business Unit. As at 31 October 2009, the disposal group was classified as a disposal group held for sale.

(b) Assets and liabilities of disposal group held for sale

The major classes of assets and liabilities of the disposal group as at 31 December 2009 are as follows:

	2009 $m
Assets	
Cash and cash equivalents	(5)
Receivables	28
Inventories	2
Oil and gas properties	562
Assets classified as held for sale	587
Liabilities	
Payables	(17)
Provisions	(24)
Liabilities directly associated with assets classified as held for sale	(41)
Net assets attributable to disposal group held for sale	546

25. Financial and capital risk management

(a) Financial risk management objectives and policies

Market (including foreign exchange, commodity price and interest rate risk), liquidity and credit risks arise in the normal course of the Group's business. Primary responsibility for identification and control of financial risk rests with a central treasury department (Treasury) under directives approved by the Board.

The Group's management of financial risk is aimed at ensuring net cash flows are sufficient to:

- meet all its financial commitments as and when they fall due;
- maintain the capacity to fund its committed project developments;
- pay a reasonable dividend; and
- maintain a long-term credit rating of not less than 'investment grade'.

The Group monitors and tests its forecast financial position against these criteria and, in general, will undertake hedging activity only when necessary to ensure that these objectives are achieved. Other circumstances that may lead to hedging activities include the purchase of reserves and the underpinning of the economics of a new project.

The Group's principal financial instruments, other than derivatives, comprise interest-bearing debt, cash and short-term deposits. Other financial instruments include trade receivables and trade payables, which arise directly from operations.

It is, and has been throughout the period under review, the Group Treasury policy that no speculative trading in financial instruments shall be undertaken. The Group's forecast financial risk position with respect to key financial objectives and compliance with treasury policy are regularly reported to the Board. The Audit & Risk Committee oversees the internal auditor review of the treasury function.

(b) Market risk

(i) Foreign exchange risk

Foreign exchange risk arises from future commitments, assets and liabilities that are denominated in a currency that is not a functional currency. The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US dollar. Measuring the exposure to foreign exchange risk is achieved by regularly monitoring and performing sensitivity analysis on the Group's financial position.

The Group seeks to mitigate the effect of its foreign currency exposure by borrowing in US dollars. Currently there are no foreign exchange hedge programs in place. It is the Group's policy not to enter into forward foreign currency contracts until a firm commitment is in place. The Group Treasury manages the purchase of foreign currency to meet operational requirements.

The following table shows financial instruments by currency. The Group is principally exposed to foreign exchange risk on those financial instruments denominated in US dollars, held by entities with Australian dollar functional currency.

25. Financial and capital risk management (continued)

(b) Market risk (continued)

	2009				2008			
	Total $m	AUD $m	USD $m	Other $m	Total $m	AUD $m	USD $m	Other $m
Consolidated								
Financial assets								
Cash	1,351	1,293	42	16	141	38	92	11
Receivables	563	187	351	25	533	99	428	6
Other financial assets	131	33	91	7	224	113	91	20
	2,045	1,513	484	48	898	250	611	37
Financial liabilities								
Payables	1,328	738	372	218	1,672	583	659	430
Interest-bearing liabilities[1]	5,585	-	5,303	282	2,967	-	2,967	-
Other financial liabilities	32	-	32	-	4	-	4	-
	6,945	738	5,707	500	4,643	583	3,630	430
Parent								
Financial assets								
Receivables	4,878	4,878	-	-	2,675	2,675	-	-
Financial liabilities								
Payables	531	531	-	-	178	178	-	-

(1) Excludes deferred borrowing costs.

Borrowings of US$1,160 million (2008: US$1,313 million) are designated as a hedge of the net investments in the US dollar functional currency subsidiaries outlined in Note 35(a). Foreign exchange gains or losses on these borrowings are recognised in equity to offset the gains or losses on translation of the net investments in the subsidiaries, to the extent that they represent an effective hedge.

The following table summarises the sensitivity of financial instruments held at the balance sheet date to movement in the exchange rate of the Australian dollar to the US dollar, with all other variables held constant. The 10% sensitivity is based on reasonably possible changes, over a financial year, using the observed range of actual historical rates for the preceding five-year period.

	Post tax profits (decrease)/increase				Other comprehensive income (decrease)/increase)			
	Consolidated		Parent		Consolidated		Parent	
Judgements of reasonably possible movements:	2009 $m	2008 $m	2009 $m	2008 $m	2009 $m	2008 $m	2009 $m	2008 $m
AUD:USD +10% (2008:+10%)	257	80	-	-	78	120	-	-
AUD:USD -10% (2008:-10%)	(314)	(98)	-	-	(95)	(146)	-	-

25. Financial and capital risk management (continued)

(b) Market risk (continued)

(ii) Commodity price risk

The Group's revenue is exposed to commodity price fluctuations, in particular oil and gas prices.

The Group Treasury measures exposure to commodity price risk by monitoring and stress testing the Group's forecast financial position to sustained periods of low oil and gas prices. This analysis is regularly performed on the Group's portfolio and, as required, for discrete projects and acquisitions.

The Group's oil commodity hedging program utilises financial instruments based on New York Mercantile Exchange (NYMEX) West Texas Intermediate (WTI). Note 25(f) details existing hedging programs. No hedging programs were placed during 2009.

The following table summarises the sensitivity of the fair value of financial instruments held at the balance sheet date to movement in the relevant forward commodity price, with all other variables held constant. The 35% sensitivity is based on reasonably possible changes, over a financial year, using the observed range of actual historical prices for the preceding five-year period.

	Post tax profits (decrease)/increase				Other comprehensive income (decrease)/increase			
	Consolidated		Parent		Consolidated		Parent	
Judgements of reasonably possible movements:	2009 $m	2008 $m	2009 $m	2008 $m	2009 $m	2008 $m	2009 $m	2008 $m
35% Increase: (2008:+25%)								
Oil forward price	(1)	(49)	-	-	(50)	(23)	-	-
35% Decrease: (2008:-25%)								
Oil forward price	14	1	-	-	20	75	-	-

For 2009, a 35% sensitivity is used. The sensitivity in 2009 reflects the increase in volatility of commodity prices during the year.

(iii) Interest rate risk

Interest rate risk is the risk that the Group's financial position will be adversely affected by movements in interest rates that will increase the cost of floating rate debt or opportunity losses that may arise on fixed rate borrowings in a falling interest rate environment. Cash and short term deposits are short term in nature and are therefore monitored by the Group Treasury to achieve the optimal outcome.

The Group's main interest rate risk arises from long-term debt. Floating rate debt exposes the Group to cash flow interest rate risk. Interest rate risk is managed by maintaining an appropriate mix of fixed and floating rate debt. The Group may enter into interest rate swaps to manage the ratio of fixed rate debt to floating rate debt. Hedging is undertaken against specific rate exposures only, as disclosed in Note 25(f). No hedging programs were placed during 2009.

At balance sheet date, the Group had the following mix of financial assets and liabilities exposed to variable interest rate risk that were not designated in cash flow hedges:

	Consolidated		Parent	
	2009 $m	2008 $m	2009 $m	2008 $m
Financial assets				
Other financial assets	20	51	-	-
Financial liabilities				
Interest-bearing liabilities[1]	(3,067)	(2,171)	-	-

(1) Excludes deferred borrowing costs.

25. Financial and capital risk management (continued)

(iii) Interest rate risk (continued)

The following table summarises the sensitivity of the financial instruments held at the balance sheet date, following a movement to London Interbank Offered Rate (LIBOR), with all other variables held constant. The LIBOR +/- 1.5% sensitivity is based on reasonably possible changes, over a financial year, using the observed range of actual historical rates for the preceding five-year period.

	Post tax profits (decrease)/increase				Other comprehensive income (decrease)/increase)			
	Consolidated		Parent		Consolidated		Parent	
Judgements of reasonably possible movements:	2009 $m	2008 $m	2009 $m	2008 $m	2009 $m	2008 $m	2009 $m	2008 $m
LIBOR +1.5% (2008:+1.5%)	(12)[(1)]	(19)[(1)]	-	-	-	-	-	-
LIBOR -1.5% (2008:-1.5%)	12[(1)]	20[(1)]	-	-	-	-	-	-

(1) Excludes impact of sensitivities on interest-bearing liabilities as borrowing costs are capitalised to qualifying assets.

(c) Liquidity risk

The liquidity position of the Group is managed to ensure sufficient liquid funds are available to meet its financial commitments in a timely and cost-effective manner.

The Group Treasury continually reviews the Group's liquidity position including cash flow forecasts to determine the forecast liquidity position and maintain appropriate liquidity levels. Note 25(g) details the repayment obligations in respect of the amount of facilities drawndown.

	2009				2008			
	Payables maturity analysis				Payables maturity analysis			
	Total	< 30 days	30-60 days	> 60 days	Total	< 30 days	30-60 days	> 60 days
	$m	$m	$m	$m	$m	$m	$m	$m
Consolidated								
Trade payables	386	293	93	-	454	430	19	5
Other payables	878	878	-	-	1,167	1,167	-	-
Interest payable	64	64	-	-	51	51	-	-
Total payables	1,328	1,235	93	-	1,672	1,648	19	5
Parent								
Amounts payable – Controlled entities	531	-	-	531	178	-	-	178
Total payables	531	-	-	531	178	-	-	178

25. Financial and capital risk management (continued)

(d) Credit risk

Credit risk is the risk that a contracting entity will not complete its obligation under a financial instrument, resulting in a financial loss to the Group.

The Group manages its credit risk on trade debtors and financial instruments by predominantly dealing with counterparties with a credit rating equal to or better than the Group. Customers who wish to trade on unsecured credit terms are subject to credit verification procedures. Receivable balances are monitored on an ongoing basis. As a result the Group's exposure to bad debts is not significant. The Group's maximum credit risk is limited to the carrying value of its financial assets and the financial guarantees granted (refer to Note 31). At the balance sheet date there were no significant concentrations of credit risk.

	2009				2008			
	Receivables maturity analysis[1]				Receivables maturity analysis			
	Total	< 30 days	30-60 days	> 60 days	Total	< 30 days	30-60 days	> 60 days
	$m	$m	$m	$m	$m	$m	$m	$m
Consolidated								
Trade receivables	329	329	-	-	309	308	1	-
Other receivables	230	194	3	33	222	157	13	52
Dividends receivable	3	3	-	-	2	2	-	-
Interest receivable	1	1	-	-	-	-	-	-
Total receivables	563	527	3	33	533	467	14	52
Parent								
Other receivables	4,878	-	-	4,878	2,675	-	-	2,675
Total receivables	4,878	-	-	4,878	2,675	-	-	2,675

(1) No significant receivables are past due at the balance sheet date.

(e) Financing facilities

364-day revolving credit facilities

The Group has three dual currency (US and Australian dollars) 364-day revolving credit facilities totalling US$200 million. Interest rates are based on LIBOR and are fixed at the commencement of the drawdown period. Interest is paid at the end of the drawdown period. The 364-day revolving credit facilities are subject to various covenants and a negative pledge restricting future secured borrowings, subject to a number of permitted lien exceptions. Neither the covenants nor the negative pledges have been breached at any time during the reporting period.

Bi-lateral loan facilities

The Group has 16 bi-lateral loan facilities, with 15 facilities totalling US$1,200 million and one facility totalling EUR€78 million. The Euro facility has a two-year term and is not an evergreen facility. There are five facilities with a three-year term and all are evergreen facilities. The remaining ten facilities have a five-year term with nine being evergreen facilities. Evergreen facilities may be extended continually by a year subject to the bank's agreement. All facilities except two are dual currency facilities denominated in US dollars and Australian dollars, with six of these facilities also being multi-currency facilities. Of the other two facilities, one is denominated soley in US dollars and one is denominated soley in Euros. Interest rates are based on LIBOR and are fixed at the commencement of the drawdown period. The European Interbank Offered Rate (EURIBOR) is used for the Euro facility. Interest is paid at the end of the drawdown period. The bi-lateral loan facilities are subject to various covenants and a negative pledge restricting future secured borrowings, subject to a number of permitted lien exceptions. Neither the covenants nor the negative pledges have been breached at any time during the reporting period.

25. Financial and capital risk management (continued)

(e) Financing facilities (continued)

Bonds

The Group has five unsecured bonds issued to 'qualified institutional buyers' in the United States of America as defined in Rule 144A of the US Securities Act 1933. These bonds include:

- The 2011 US$300 million bond has a fixed rate coupon of 6.70% p.a. and matures on 1 August 2011;
- The 2013 US$250 million bond has a fixed rate coupon of 5.00% p.a. and matures on 15 November 2013;
- The 2014 US$400 million bond has a fixed rate coupon of 8.125% p.a. and matures on 1 March 2014;
- The 2014 US$700 million bond has a fixed rate coupon of 4.50% p.a. and matures on 10 November 2014; and
- The 2019 US$600 million bond has a fixed rate coupon of 8.75% p.a. and matures on 1 March 2019.

Interest on the bonds is payable semi-annually in arrears. The bonds are subject to various covenants and a negative pledge restricting future secured borrowings, subject to a number of permitted lien exceptions. Neither the covenants nor the negative pledges have been breached at any time during the reporting period.

Japan Bank for International Cooperation (JBIC) Facility

On 24 June 2008, the Group entered into a committed loan facility totalling US$1,500 million (JBIC Facility). The JBIC Facility comprises a 15-year, US$1,000 million tranche with JBIC (JBIC Tranche), and a five-year, US$500 million commercial tranche with a syndicate of eight Australian and international banks arranged by The Bank of Tokyo-Mitsubishi UFJ, Ltd (Commercial Tranche). There is a prepayment option for both the Commercial Tranche and the JBIC Tranche. Interest rates are based on LIBOR. Interest is payable semi-annually in arrears on the JBIC Tranche and with a choice of one, two, three, six, nine or twelve months in arrears on the Commercial Tranche. Both tranches amortise on a straight-line basis, with equal instalments of principal due on each interest payment date (every six months) starting on the earlier of 7 January 2012 or the first 7 January or 7 July to occur no less than 180 days after the commercial start date of the Pluto Liquefied Natural Gas (LNG) Project. Under the JBIC Facility, 90% of the receivables from designated Pluto LNG Project Sale and Purchase Agreements, are secured in favour of the lenders through a trust structure, with a required reserve amount of US$30 million. To the extent that this reserve amount remains fully funded, and no default notice or acceleration notice has been given, the revenue from the Pluto LNG Project continues to flow directly to the Group from the trust account. The JBIC Facility is subject to various covenants and a negative pledge restricting future secured borrowings, subject to a number of permitted lien exceptions. Neither the covenants nor the negative pledge has been breached at any time during the reporting period.

Asian syndicated facility

In May 2009, the Group entered into a syndicated loan totalling US$1,100 million equivalent with 26 banks. The syndicated loan has a term of three years and the joint coordinating arrangers were Australia and New Zealand Banking Group Limited and The Bank of Tokyo-Mitsubishi UFJ, Ltd. The facility has a US dollar component (Facility A) and a Japanese Yen component (Facility B). The interest rate for Facility A is based on LIBOR, and interest is payable semi-annually in arrears. The interest rate for Facility B is based on the Tokyo Interbank Offered Rate (TIBOR) and interest is payable semi-annually in arrears. The full US$1,100 million equivalent under this facility was drawn down on 1 June 2009. The syndicated loan is subject to various covenants, including a negative pledge restricting future secured borrowings, subject to a number of permitted lien exceptions. Neither the covenants nor the negative pledge has been breached at any time during the reporting period.

25. Financial and capital risk management (continued)

(f) Hedging and derivatives

Interest rates

The Group manages its exposure to interest rate risk by maintaining a mix of fixed rate and floating rate debt. In general, the fixed rate debt and floating rate debt ratio is managed through an appropriate choice of debt instrument. The Group may enter into interest rate swaps to manage the ratio of fixed rate debt to floating rate debt. Hedging is undertaken against specific interest rate exposures only.

					Fair value	
Instrument	Notional amount	Rate	Expiry	Hedge type	2009 $m	2008 $m
Interest rate swaps	US$250 million	Receive 5% fixed Pay LIBOR less 0.10%	2013	Fair value hedge in 2006 - Designated to swap the 2013 US$250 million bond from a fixed rate to floating rate exposure. De-designated as a fair value hedge on 1 January 2007.	20	51

Commodity prices

The Group's future revenue is exposed to commodity price fluctuations. The Group may enter into commodity price derivative instruments to manage this exposure.

					Fair value	
Instrument	Notional volumes	Rate	Expiry	Hedge type	2009 $m	2008 $m
Crude oil zero cost collars	Sell	Receive		Cash flow hedge - Manages risk from anticipated oil production receipts from projects in the Greater Exmouth area. Notional volumes amount to approximately 19% of total anticipated production from 2009 to 2010.		
	4,400,000 bbl	US$55 – 75.94/bbl	2009		-	44[1]
	2,500,000 bbl	US$55 – 73.68/bbl	2010		(32)	(4)

(1) $4 million was transferred from equity in 2008 due to hedge ineffectiveness.

25. Financial and capital risk management (continued)

(g) Maturity profile of interest-bearing liabilities

The maturity profile of the Group's interest-bearing liabilities as at 31 December 2008 were as follows:

	Due for payment in						Total
	1 year or less	1-2 years	2-3 years	3-4 years	4-5 years	More than 5 years	
2008	$m	$m	$m	$m	$m	$m	$m
Consolidated							
Interest-bearing liabilities[1]	(79)	(79)	(513)	(531)	(883)	(1,330)	(3,415)
	(79)	(79)	(513)	(531)	(883)	(1,330)	(3,415)
(1) Excludes deferred borrowing costs.							
Parent							
Interest-bearing liabilities	-	-	-	-	-	-	-
	-	-	-	-	-	-	-

The maturity profile of the Group's interest-bearing liabilities as at 31 December 2009 were as follows:

	Due for payment in						Total
	1 year or less	1-2 years	2-3 years	3-4 years	4-5 years	More than 5 years	
2009	$m	$m	$m	$m	$m	$m	$m
Consolidated							
Interest-bearing liabilities[1]	(203)	(689)	(1,769)	(793)	(1,442)	(1,800)	(6,696)
	(203)	(689)	(1,769)	(793)	(1,442)	(1,800)	(6,696)
(1) Excludes deferred borrowing costs.							
Parent							
Interest-bearing liabilities	-	-	-	-	-	-	-
	-	-	-	-	-	-	-

25. Financial and capital risk management (continued)

(h) Fair values

The Group uses various methods in estimating the fair value of a financial instrument. The methods comprise:

- Level 1 - the fair value is calculated using quoted prices in active markets;
- Level 2 - the fair value is estimated using inputs other than quoted prices included in Level 1 that are observable for the asset or liability; and
- Level 3 - the fair value is estimated using inputs for the asset or liability that are not based on observable market data.

The fair values of financial instruments and the methods used to estimate their fair values are as follows:

	2009				2008			
	Quoted market price (Level 1)	Valuation technique - market observable inputs (Level 2)	Valuation technique - non market observable inputs (Level 3)	Total	Quoted market price (Level 1)	Valuation technique - market observable inputs (Level 2)	Valuation technique - non market observable inputs (Level 3)	Total
	$m	$m	$m	$m	$m	$m	$m	$m
Consolidated								
Financial assets								
Derivative instruments: current	-	-	-	-	-	44	-	44
Derivative instruments: non current	-	20	-	20	-	53	-	53
Other investments (available-for-sale):								
listed entity investments	10	-	-	10	5	-	-	5
Embedded derivatives	-	61	-	61	-	73	-	73
Financial liabilities								
Derivative instruments: current	-	(32)	-	(32)	-	-	-	-
Derivative instruments: non current	-	-	-	-	-	(4)	-	(4)
Parent								
Financial assets								
Derivative instruments: current	-	-	-	-	-	-	-	-
Derivative instruments: non current	-	-	-	-	-	-	-	-
Other investments (available-for-sale):								
listed entity investments	-	-	-	-	-	-	-	-
Embedded derivatives	-	-	-	-	-	-	-	-
Financial liabilities								
Derivative instruments: current	-	-	-	-	-	-	-	-
Derivative instruments: non current	-	-	-	-	-	-	-	-

Quoted market price represents the fair value determined based on quoted prices on active markets as at the reporting date. The fair value of the listed equity instruments are based on quoted market prices.

For financial instruments not quoted in active markets, the Group uses valuation techniques comparable to similar instruments such as present value techniques for which market observable prices exist.

Financial instruments that use valuation techniques with only observable market inputs, that are not significant to the overall valuation, include interest rate swaps, forward commodity contracts and embedded derivatives.

Fair values of other financial assets and liabilities approximate their carrying values.

Transfer between categories

There were no transfers between Level 1 and Level 2 during the year.

25. Financial and capital risk management (continued)

(i) Capital management

The Group Treasury is responsible for the Group's capital management including cash, debt and equity. This involves the use of corporate forecasting models, which facilitates analysis of the Group's financial position including cash flow forecasts to determine the future capital management requirements. Capital management is undertaken to ensure that a secure, cost-effective and flexible supply of funds is available to meet the Group's operating and capital expenditure requirements. The Group Treasury monitors gearing and treasury policy breaches and exceptions. The gearing ratio at the balance sheet date is 30% (2008: 29%).

The Group Treasury maintains a stable capital base from which the Group can pursue its growth aspirations, whilst maintaining a flexible capital structure that allows access to a range of debt and equity markets to both draw upon and repay capital. An example of the Group's capital management is the activation of the Dividend Reinvestment Plan (DRP) during a period of high capital expenditure.

The DRP was approved by shareholders at the Annual General Meeting in 2003 for activation as required to fund future growth. The Group announced the activation of the DRP in December 2006 to manage capital requirements. The DRP was activated with the 2006 final dividend and deactivated for the 2007 final dividend. The DRP was reactivated in 2008 and remains activated for the 2009 final dividend.

26. Expenditure commitments

		Consolidated		Parent	
		2009 $m	2008 $m	2009 $m	2008 $m
(a)	**Operating lease commitments**				
	Rentals payable on non-cancellable operating leases, due:				
	Within one year	637	714	-	-
	After one year but not more than five years	1,512	2,030	-	-
	Later than five years	553	844	-	-
		2,702	3,588	-	-

The Group leases assets for operations including: floating production, storage and off-take vessels, helicopters, supply vessels, cranes, land, mobile offshore drilling units, office premises and computers.

There are no restrictions placed upon the lessee by entering into these leases. Renewals are at the option of the specific entity that holds the lease. Most leases contain a clause enabling upward revision of the rental charge on an annual basis based on the Consumer Price Index.

The Group made payments under operating leases of $455 million during the year (2008: $539 million). A portion of this amount relates to arrangements containing non-lease elements, which are not practicable to separate.

		Consolidated 2009 $m	Consolidated 2008 $m	Parent 2009 $m	Parent 2008 $m
(b)	**Capital expenditure commitments**				
	Expenditure contracted for but not provided for in the accounts, due:				
	Within one year	1,826	4,113	-	-
	After one year but not more than five years	580	451	-	-
	Later than five years	5	13	-	-
		2,411	4,577	-	-
(c)	**Other expenditure commitments**				
	Other expenditure commitments predominantly for the future supply of services contracted for but not provided for in the accounts, due:				
	Within one year	71	85	-	-
	After one year but not more than five years	14	36	-	-
	Later than five years	2	-	-	-
		87	121	-	-
(d)	**Exploration commitments**				
	Exploration expenditure obligations contracted for but not provided for in the accounts, due:				
	Within one year	143	143	-	-
	After one year but not more than five years	275	114	-	-
	Later than five years	2	2	-	-
		420	259	-	-
	By region:				
	Australia				
	Browse Basin	27	17	-	-
	Barrow Basin	102	113	-	-
	Carnarvon Basin	249	47	-	-
	Victoria	7	15	-	-
	The Americas				
	Gulf of Mexico	29	40	-	-
	Peru	6	-	-	-
	Brazil	-	6	-	-
	Africa				
	West Africa (Liberia)	-	16	-	-
	North Africa (Algeria, Libya)	-	5	-	-
		420	259	-	-

These obligations may be varied from time to time and are expected to be fulfilled in the normal course of operations of the Group.

27. Employee benefits

(a) Woodside employee share plans

(i) Woodside employee share plan

During 2006, following a review of the Group's total reward strategy across global operations, it was decided to close the Woodside Employee Share Plan (WESP) with the last allocation being made to employees in August 2006. On announcement of closure, unrestricted possession (full entitlement) of these shares was provided immediately to employees. Employees were required to repay or refinance WESP loans by 31 December 2009. The value of the outstanding loans as at the reporting date is $23 million. For employees who have not settled their loans, the process of selling shares and settling outstanding loans will be managed by Woodside. The timing of when Woodside will enforce its rights under the WESP and instruct the Plan Manager to sell the shares will be subject to the Securities Dealing Policy and Woodside's legal obligations.

Under the WESP, eligible employees were granted loans for the on-market purchase of shares in Woodside Petroleum Ltd. The loans were interest-free, limited-recourse, were reduced by the application of dividends (after taking into account employee liability for tax on those dividends) and were repayable upon the sale of shares or termination of the employee. Before closing the WESP, the Group assessed incremental loan offer entitlements in accordance with pre-established criteria based on remuneration levels.

WESP participants receive all of the rights of ordinary shareholders. Where the loan is repaid by the sale of shares, any remaining surplus on sale is paid to the employee while any shortfall is borne by the Group.

Awards to employees under WESP are accounted for as share-based payments to employees for services provided. The fair value of the benefit provided was estimated on issue using the binomial option pricing model.

The following table illustrates the number and weighted average prices of shares reserved, acquired and redeemed during the year under the WESP on behalf of employees.

	2009			2008		
	Number of shares	Weighted average price[1]	Cost	Number of shares	Weighted average price	Cost
		($/share)	$m		($/share)	$m
Opening balance	4,048,816	23.31	94	5,572,498	22.21	124
Redemptions during the year	(2,966,278)	17.34	(51)	(1,523,682)	19.28	(29)
Closing balance	1,082,538	39.68	43	4,048,816	23.31	94
Less cumulative dividends applied			(20)	-	-	(17)
Shares reserved for employees	1,082,538	21.03	23	4,048,816	19.34	78
Shares eligible for unrestricted possession	1,082,538	39.68	43	4,048,816	23.31	94

(1) The weighted average share price for Woodside Petroleum Ltd during the year was $42.67.

27. Employee benefits (continued)

(a) Woodside employee share plans (continued)

(ii) Woodside share purchase plan

The Woodside Share Purchase Plan (WSPP) was introduced in April 2007 and was available to all employees, including executives up to March 2009. The plan was suspended in April 2009 due to uncertainty regarding the future operation of the plan created by proposed taxation legislation changes announced in the 2009 Federal budget. The WSPP provided eligible employees with an opportunity to acquire Woodside shares and to share in the growth of the company. The WSPP year was based on a 1 July to 30 June period (WSPP Year).

Participants in the WSPP elected to salary sacrifice an amount of base salary, and this amount was applied by the WSPP Trustee to purchase shares in Woodside Petroleum Ltd. Additional shares were granted (matching shares) at a fixed annual ratio of the shares awarded for the salary sacrifice amount. In the 2008/09 WSPP Year, the ratio was one for one and a half; the ratio for the 2007/08 WSPP Year was one for one. Conditions applied in order for employees to become entitled to the matching shares.

Share acquisitions under the WSPP for the employee sacrificed amounts are made quarterly in arrears. The shares are purchased by the Trustee on market by dividing the sacrificed amount by the volume weighted average price paid for all the shares purchased for participating employees. The sacrificed amount is rounded down to the nearest whole share. Any amount not used is carried forward and applied to the sacrificed amount for the next quarter. Any balance at the end of the specified sacrifice period (normally 12 months) is paid to the participant or carried over to the next sacrifice period if the employee elects to participate. If employment ceases (for whatever reason) during a quarter or after the end of a quarter, but before any shares have been purchased in respect of the quarter, no shares are transferred to the participant in relation to that quarter.

In order for the matching shares to beneficially vest to the participating employees in the WSPP, the employee needs to hold shares purchased through the sacrificed amount for three years and remain employed at the end of that qualification period.

Matching shares are purchased on a quarterly basis at the same time as the shares are purchased using the employee's sacrificed amount.

If employment ceases because of resignation or termination before the end of the three-year qualification period, the participant forfeits their interest in any matching shares. Shares acquired using any sacrificed amount are released to the participant.

The WSPP had 1,650 employees participating at 31 December 2009.

Matching shares acquired under the WSPP are accounted for as share-based payments to employees for service provided and are measured at fair value, being the share price on acquisition date.

Grant date	Matching shares acquired	Shares at acquisition date	Employee benefit fair value
		($)	($/share)
2009			
January	162,748	35.21	35.21
March	153,666	38.60	38.60
2008			
March	59,350	55.93	55.93
June	53,078	62.86	62.86
June	16,419	63.63	63.63
October	119,067	52.82	52.82

27. Employee benefits (continued)

(a) Woodside employee share plans (continued)

(iii) Woodside employee equity plan

In July 2009 Woodside introduced the Woodside Petroleum Ltd 2009 - 2012 Employee Equity Plan (EEP) which is available to all employees including executives, other than the CEO. The EEP is intended to provide a retention mechanism for participating employees as well as provide an opportunity to share in the growth of the company. The Equity Rights (ERs) are a form of remuneration that is not dependent on employee's individual performance or Woodside's performance. The EEP has 2,764 employees participating at 31 December 2009.

Eligible participants are entitled to receive an allocation of ERs. Each ER entitles the participants to receive a Woodside share on vesting. The ERs will vest on 1 August 2012 (in the absence of any accelerating event, including a change of control) if the employee is still employed by Woodside on 31 July 2012. An employee whose employment is terminated by resignation, retirement or for cause prior to 31 July 2012 will forfeit all of their ERs.

Shares will either be issued by the company or acquired on market to satisfy vesting ER entitlements. The number of ERs that vest may be adjusted for any interruptions to an employee's service. Participants in the EEP cannot dispose of or otherwise deal with an ER and do not receive any dividends or have voting rights in respect of an ER. Allocations of ERs to participants will be adjusted in the event of the company making a bonus issue of shares or upon reconstruction of the company's share capital.

As a consequence of the renounceable rights issue by Woodside in December 2009, the Board resolved to issue additional ERs under the EEP to maintain the value of the ERs held by participating employees. An additional allocation of ERs will be granted to each participant in early 2010. The same terms and conditions which apply to existing ERs will apply to these additional ERs.

The EEP is accounted for as a share-based payment to employees for services provided. The fair value of the benefit provided is estimated using the Black-Scholes option pricing technique.

					Valuation assumption
Grant date	Vesting date	Equity rights granted	Share price at grant date ($)	Employee benefit fair value ($/ER)	Expected dividend return (%)
31 October 2009	1 August 2012	5,936,722	47.70	44.56	2.5
30 December 2009	1 August 2012	219,143	47.35	44.42	2.5

7,826 ERs have been forfeited during the year. No ERs have vested. Total ERs outstanding at 31 December 2009 are 6,148,039.

(b) Executive share plans

The Executive Incentive Plan (EIP) and Pay Rights (PR) Plans became effective 1 January 2005 and 15 March 2007 respectively. For further details regarding the EIP, Pay Rights Plans and the Group’s remuneration structure for the CEO and senior executives refer to the Remuneration Report included in the 2009 Directors’ Report.

The following table illustrates the number and weighted average prices of shares reserved and acquired during the year by the plan.

	2009			2008[1]		
	Number of shares	Weighted average price ($/share)	Cost $m	Number of shares	Weighted average price ($/share)	Cost $m
Opening balance	880,749	46.88	41	624,666	40.50	25
Purchases during the year	-	-	-	363,386	57.84	21
Vested during the year	(230,099)	46.88	(11)	(107,303)	46.88	(5)
Shares reserved for executives under EIP/PR	650,650	46.86	30	880,749	46.88	41

(1) 2008 figures have been restated to correctly reflect the number of shares.

27. Employee benefits (continued)

(b) Executive share plans (continued)

The EIP is accounted for as a share-based payment to employees for services provided. The fair value of the benefit provided was estimated using the Binomial or Black-Scholes option pricing technique combined with a Monte Carlo simulation methodology, where relevant. Historical volatility has been used to estimate the volatility of the share price.

EIP Time-tested variable pay rights (VPRs)

Performance year	Grant date	Vesting date	On issue at beginning of year	Granted during the year	Vested during the year	Forfeited/ lapsed during the year	On issue at end of year	Share price at grant date	Employee benefit fair value	Valuation assumption Expected dividend yield
								($)	($/VPR)	(%)
2005	1 January 2005	13 March 2009	42,544	-	(42,544)	-	-	20.10	17.75	3.0
2006	1 January 2006	15 March 2010	47,531	-	(1,337)	(1,253)	44,941	39.19	34.61	3.0
2007	1 January 2007	14 March 2011	68,195	-	(3,543)	(3,087)	61,565	38.11	33.66	3.0
2008	1 January 2008	27 February 2012	121,532	-	(2,689)	(2,542)	116,301	50.39	44.56	3.0
2009	1 January 2009	5 March 2013	-	144,846	-	-	144,846	36.70	33.10	2.5

EIP Time-tested VPRs - additional allocation following renounceable rights issue

As a consequence of the renounceable rights issue by the Group in December 2009, the Board exercised its discretion under the EIP plan rules to adjust the number of VPRs held by participants to maintain the value equivalence of the unvested VPR awards made for the 2006, 2007 and 2008 performance years.

Performance year	Grant date	Vesting date	On issue at beginning of year	Granted during the year	Vested during the year	Forfeited/ lapsed during the year	On issue at end of year	Share price at grant date	Employee benefit fair value	Valuation assumption Expected dividend yield
								($)	($/VPR)	(%)
2006	13 December 2009	15 March 2010	-	373	-	-	373	47.18	46.89	2.5
2007	13 December 2009	14 March 2011	-	511	-	-	511	47.18	45.75	2.5
2008	13 December 2009	27 February 2012	-	965	-	-	965	47.18	44.68	2.5

27. Employee benefits (continued)

(b) Executive share plans (continued)

EIP relative total shareholder return/total shareholder return (RTSR/TSR) tested VPRs

Performance year	Grant date	Vesting dates	On issue at beginning of year	Granted during the year	Vested during the year	Forfeited/ lapsed during the year	On issue at end of year	Share price at grant date	Employee benefit fair value	Valuation assumptions: Expected volatility	Risk free interest rate	Expected dividend yield
								($)	($/VPR)	(%)	(%)	(%)
2005	1 January 2005	13 March 2009 13 March 2011	130,860	-	(129,159)	(1,701)	-	20.10	9.07	23	5.2	3.0
2006	1 January 2006	15 March 2010 15 March 2012	110,238	-	-	(2,507)	107,731	39.19	17.71	24	5.2	3.0
2007	1 January 2007	14 March 2011 14 March 2012	167,694	-	-	(7,107)	160,587	38.11	22.64	25	6.0	3.0
2008	1 January 2008	27 February 2012 27 February 2013	251,730	-	-	(6,842)	244,888	50.39	29.78	26	6.6	3.0
2008	19 February 2008	31 March 2011	81,606	-	-	-	81,606	51.26	31.30	28	4.5	3.0
2009	1 January 2009	5 March 2013 5 March 2014	-	179,593	-	-	179,593	36.70	22.40	35	3.6	2.5

EIP RTSR-tested VPR valuation - post long term incentive peer group modification on 8 December 2009

As a consequence of the merger between Petro-Canada and Suncor in August 2009, Petro-Canada was deleted from the peer group for the purposes of the long term awards relating to the 2007 and 2008 performance years, leaving only ten comparator companies. For the 2009 performance year, Inpex Corporation has been added to the peer group.

Performance year	Grant date	Employee benefit fair value	Incremental employee benefit fair value	Valuation assumptions: Expected volatility	Risk free interest rate	Expected dividend yield
		($/VPR)	($/VPR)	(%)	(%)	(%)
2007	1 January 2007	32.67	10.03	46	4.7	2.5
2008	1 January 2008	27.58	(2.20)	41	5.0	2.5
2008	19 February 2008	32.67	1.37	46	5.3	2.5
2009	1 January 2009	29.34	6.94	39	5.1	2.5

(b) Executive share plans (continued)

EIP RTSR-TSR-tested VPRs - additional allocation following renounceable rights issue

As a consequence of the renounceable rights issue by the Group in December 2009, the Board exercised its discretion under the EIP plan rules to adjust the number of VPRs held by participants to maintain the value equivalence of the unvested VPR awards made for the 2006, 2007 and 2008 performance years.

										Valuation assumptions		
Performance year	Grant date	Vesting dates	On issue at beginning of year	Granted during the year	Vested during the year	Forfeited/ lapsed during the year	On issue at end of year	Share price at grant date	Employee benefit fair value	Expected volatility	Risk free interest rate	Expected dividend yield
								($)	($/VPR)	(%)	(%)	(%)
2006	13 December 2009	15 March 2010 15 March 2012	-	894	-	-	894	47.18	37.31	46	4.7	2.5
2007	13 December 2009	14 March 2011 14 March 2012	-	1,333	-	-	1,333	47.18	31.26	46	4.7	2.5
2008	13 December 2009	27 February 2012 27 February 2013	-	2,033	-	-	2,033	47.18	26.37	41	5.0	2.5
2008	13 December 2009	31 March 2011	-	678	-	-	678	47.18	31.26	46	5.3	2.5

Pay rights

Pay rights are accounted for as a share-based payment, with fair value estimated using the Binomial or Black Scholes option pricing technique combined with a Monte Carlo simulation methodology, where relevant. Historical volatility has been used to estimate the volatility of the share price.

										Valuation assumptions		
Performance year(1)	Grant date	Vesting dates	On issue at beginning of year	Granted during the year	Vested during the year	Forfeited/ lapsed during the year	On issue at end of year	Share price at grant date	Employee benefit fair value(2)	Expected volatility(2)	Risk free interest rate 2)	Expected dividend yield(2)
								($)	($/VPR)	(%)	(%)	(%)
2007	15 March 2007	15 March 2008, 15 March 2009, 15 March 2010	136,161	-	(65,578)	(16,108)	54,475	36.30	34.22	-	-	3.0
2007	1 November 2007	15 March 2009, 15 March 2010, 15 March 2011	41,110	-	(13,705)	-	27,405	52.24	26.67	27	6.8	3.0
2008	5 May 2008	5 March 2010, 5 March 2011, 5 March 2012	40,272	-	-	(4,378)	35,894	59.22	29.64	31	6.5	3.0

(1) Pay rights granted on 15 March 2007 are time-tested, pay rights granted on 1 November 2007 and 5 May 2008 are RTSR-tested.
(2) Valuation assumptions and employee benefit fair values are based on weighted averages.

(b) Executive share plans (continued)

Pay rights RTSR-tested valuation - post long term incentive peer group modification on 8 December 2009

As a consequence of the merger between Petro-Canada and Suncor in August 2009, Petro-Canada was deleted from the peer group for the purposes of the long term awards relating to the 2007 and 2008 performance years, leaving only ten comparator companies.

Performance year	Grant date	Vesting dates	Employee benefit fair value(1)	Incremental employee benefit fair value(1)	Valuation assumptions: Expected volatility(1)	Risk free interest rate(1)	Expected dividend yield(1)
			($/VPR)	($/VPR)	(%)	(%)	(%)
2007	1 November 2007	15 March 2010, 15 March 2011	34.92	8.25	37	4.1	2.5
2008	5 May 2008	5 March 2010 , 5 March 2011, 5 March 2012	33.08	3.44	40	4.3	2.5

(1) Valuation assumptions and employee benefit fair values are based on weighted averages.

Pay rights - additional allocation following renounceable rights issue

As a consequence of the renounceable rights issue by the Group in December 2009, the Board exercised its discretion under the Pay Rights Plan rules to adjust the number of VPRs held by participants to maintain the value equivalence of the unvested VPRs for the 2006, 2007 and 2008 performance years.

Performance year	Grant date	Vesting dates	On issue at beginning of year	Granted during the year	Vested during the year	Forfeited/ lapsed during the year	On issue at end of year	Share price at grant date	Employee benefit fair value(1)	Valuation assumptions: Expected volatility(1)	Risk free interest rate(1)	Expected dividend yield(1)
								($)	($/VPR)	(%)	(%)	(%)
2007	13 December 2009	15 March 2010	-	451	-	-	451	47.18	46.89	-	-	2.5
2007	13 December 2009	15 March 2010 , 15 March 2011	-	220	-	-	220	47.18	33.02	37	4.1	2.5
2008	13 December 2009	5 March 2010 , 5 March 2011, 5 March 2012	-	294	-	-	294	47.18	31.73	40	4.3	2.5

(1) Valuation assumptions and employee benefit fair values are based on weighted averages.

27. Employee benefits (continued)

(c) Superannuation plan

Employees of the Group may be entitled to superannuation benefits on retirement, disability, death or withdrawal under the Group's Superannuation Plan. The Group has one funded plan with a defined benefit section and a defined contribution section.

The defined benefit section of the plan is closed to new members. All new members receive accumulation only benefits. The defined contribution section receives fixed contributions from Group companies and the Group's legal or constructive obligation is limited to these contributions.

(i) Defined benefit superannuation plan

The Group has a legal obligation to settle defined benefit plan deficits however, these do not need to be settled with an immediate contribution or additional one-off contribution. Any defined benefit plan surplus may only be used to reduce future contributions from the Group.

The present value of the defined benefit obligation has been determined using the projected unit credit method.

Employer contributions

Employer contributions to the defined benefit section of the plan are based on recommendations by the plan's actuary. Actuarial assessments are made at no more than yearly intervals, and the last such assessment was made as at 31 December 2009.

Funding method

The objective of funding is to ensure that the benefit entitlements of members and other beneficiaries are fully funded by the time they become payable. To achieve this objective, the actuary has adopted a method of funding benefits known as the 'attained age normal' method. This funding method seeks to have benefits funded by means of a total contribution which is expected to be a constant percentage of members' salaries over their working lifetimes.

Using the funding method described above, in October 2008 the actuary recommended that the payment of employer contributions to the fund recommence. The Group recommenced contributions to the defined benefit section of the plan based on actuary recommended contribution rates for the respective groups of employees from 1 November 2008. Total employer contributions paid by Group companies for the year ending 31 December 2009 were $12 million.

	Consolidated	
	2009 $m	2008 $m
(ii) Defined benefit plan asset/(liability) included in the statement of financial position		
Present value of the defined benefit obligation	(149)	(167)
Fair value of defined benefit plan assets	133	120
Net benefit liability - non-current	(16)	(47)

	Consolidated	
	2009 %	2008 %
(iii) Defined benefit plan categories of plan assets		
The major categories of plan assets are as follows:		
Cash	13	11
Australian equity	33	29
International equity	28	27
Fixed income	10	10
Property	9	13
Other	7	10
	100	100

27. Employee benefits (continued)

(c) Superannuation plan (continued)

	Consolidated 2009 $m	Consolidated 2008 $m
(iv) Defined benefit plan reconciliations		
Reconciliation of the present value of the defined benefit obligation, which is fully funded:		
Balance at 1 January	(167)	(151)
Current service cost	(13)	(12)
Interest on obligation	(7)	(9)
Actuarial gain/(loss)	21	(15)
Plan participants' contributions	(4)	(5)
Benefits, administrative expenses, premiums and tax paid	21	25
Defined benefit obligation at 31 December	(149)	(167)
Reconciliation of the fair value of plan assets:		
Balance at 1 January	120	174
Expected return on plan assets	9	12
Actuarial gain/(loss)	9	(51)
Employer contributions	12	5
Plan participants' contributions	4	5
Benefits, administrative expenses, premiums and tax paid	(21)	(25)
Fair value of plan assets at 31 December	133	120
(v) Defined benefit plan amounts recognised in income statement		
The amounts recognised in the income statement are as follows:		
Current service cost	(13)	(12)
Interest on obligation	(7)	(9)
Expected return on plan assets	9	12
Net actuarial gain/(loss) recognised in year	12	(39)
Defined benefit plan expense	1	(48)

(vi) *Defined benefit plan principal actuarial assumptions*

The principal actuarial assumptions used as at the balance sheet date for the purpose of calculating the present value of the defined benefit obligation were as follows:

	Financial year 2009	Financial year 2008
Discount rate – active members	5.70% p.a.	3.50% p.a.
Discount rate – pensioners	5.70% p.a.	3.90% p.a.
Expected rate of return on plan assets – active members	7.00% p.a.	7.00% p.a.
Expected rate of return on plan assets – pensioners	8.00% p.a.	8.00% p.a.
Expected salary increase rate	5.00% p.a.	5.00% p.a.

The expected rate of return on plan assets is determined by weighting the expected long-term return for each asset class by the benchmark allocation of assets to each class. The returns for each asset class are net of investment tax and investment fees.

27. Employee benefits (continued)

(c) Superannuation plan (continued)

(vii) Defined benefit plan historical information

	Financial year				
	2009 $m	2008 $m	2007 $m	2006 $m	2005 $m
Present value of defined benefit obligation[1]	149	167	151	127	118
Fair value of plan assets	133	120	174	175	158
(Deficit)/surplus in plan	(16)	(47)	23	49	40
Experience adjustments (loss)/gain - plan assets	9	(51)	(1)	12	12
Experience adjustments (loss)/gain - plan liabilities	5	(1)	(10)	(6)	1

(1) Includes any provision for contribution tax on plan surplus or deficit.

(d) Employee benefits expense

	Consolidated		Parent	
	2009 $m	2008 $m	2009 $m	2008 $m
Employee benefits	157	147	1	1
Defined contribution plan costs	16	19	-	-
Defined benefit plan expense	(1)	48	-	-
	172	214	1	1

28. Key management personnel compensation

(a) Compensation of key management personnel

Key management personnel (KMP) compensation for the financial year was as follows:

	Consolidated		Parent	
	2009 $m	2008 $m	2009 $m	2008 $m
Short-term employee benefits	14,510,094	11,520,215	5,796,146	4,460,058
Post employment benefits	549,263	360,953	-	12,292
Termination/sign on benefits	126,819	1,449,844	-	-
Share-based payment	4,973,726	4,963,225	2,547,193	2,462,071
	20,159,902	18,294,237	8,343,339	6,934,421

28. Key management personnel compensation (continued)

(b) Key management personnel shareholdings

Details of shares held by KMP including their personally related entities(1) for the financial year are as follows:

	2009				2008(2)			
	Opening holding(3)	NEDSP(4)	Acquisition/ (disposal)(5)	Closing holding	Opening holding(3)	NEDSP(4)	Acquisition/ (disposal)(5)	Closing holding
Non-executive directors								
M A Chaney	20,000	-	-	20,000	20,000	-	-	20,000
E Fraunschiel	75,626	-	-	75,626	74,552	-	1,074	75,626
A Jamieson	3,000	-	-	3,000	3,000	-	-	3,000
P J M H Jungels	8,973	232	-	9,205	8,454	519	-	8,973
D I McEvoy	2,564	-	4,369	6,933	2,526	-	38	2,564
D Megat	597	445	-	1,042	-	597	-	597
I Robertson(6)	-	-	-	-	-	-	-	-
M Cilento(7)	-	-	-	-	-	-	-	-
J R Broadbent(8)					48,620	435	(5,163)	43,892
J Stausholm(8)					-	-	-	-
Executives								
D Voelte	69,902	-	63,686	133,588	69,528	-	374	69,902
M Chatterji	12,950	-	19,723	32,673	144	-	12,806(9)	12,950
R Cole	4,505	-	4,399	8,904	124	-	4,381	4,505
E Howell	5,893	-	4,872	10,765	1,032	-	4,861	5,893
A J Kantsler	113,138	-	31	113,169	106,361	-	6,777	113,138
V Santostefano	3,946	-	8,411	12,357	124	-	3,822	3,946
L Della Martina	44,959	-	8,234	53,193	40,857	-	4,102	44,959
F Ahmed(10)	2,500	-	-	2,500				
B Donaghey(10)(11)	27,528	-	5,508	33,036				

(1) Personally related entities include a KMP's spouse, dependants or entities over which they have direct control or significant influence.
(2) 2008 figures have been restated to correctly reflect shareholdings.
(3) Opening holding represents amounts carried forward in respect of KMP or amounts held by KMP who commenced during the year.
(4) Relates to participation in the Non-Executive Directors' Share Plan (NEDSP).
(5) Includes awards vested during the year under the employee share plans and acquired and matching shares under the WSPP.
(6) Mr Robertson was appointed on 30 June 2008.
(7) Ms Cilento was appointed on 11 December 2008.
(8) Ms Broadbent retired as director on 4 July 2008. Mr Stausholm resigned as director on 30 June 2008. The directors' closing shareholding represents the amount of shares held at the date of cessation of being a director.
(9) Includes 3,674 Equity Linked Cash Incentives (ELCI's), which were granted in April 2005, in respect of Mr Chatterji's Long Term Incentive award for the 2004 performance year, before the introduction of the Executive Incentive Plan (EIP). In April 2008, the Board approved that the ELCI's be satisfied through an allocation of WPL shares, which can be held in the EIP Trust, rather than via a cash payment.
(10) Mr Ahmed and Ms Donaghey did not meet the definition of KMP under AASB 124 for the 2008 financial year but are considered KMP for 2009. 2008 comparative figures are not shown.
(11) Ms Donaghey departed Woodside on 31 October 2009.

28. Key management personnel compensation (continued)

(c) Executives' interests in variable pay rights (VPR) and pay rights (PR) and equity rights (ER)

VPR and PR holdings of key management personnel (consolidated)

2009

Name	Balance at beginning of period 1 January 2009	Allocated in 2009	Vested in 2009	Net change - other	Balance at end of period 31 December 2009
D Voelte	254,937	69,538	(63,291)	-	261,184
F Ahmed	9,136	15,987	(2,031)	-	23,092
M Chatterji	57,617	26,486	(19,044)	-	65,059
R Cole	18,737	17,775	(4,004)	-	32,508
L Della Martina	21,877	13,005	(7,839)	-	27,043
B Donaghey	20,500	7,705	(5,508)	(22,697)[1]	-
E Howell	17,121	15,549	(4,843)	-	27,827
A Kantsler	37,398	19,769	(16,351)	-	40,816
V Santostefano	20,577	12,975	(8,016)	-	25,536

2008

Name	Balance at beginning of period 1 January 2008	Allocated in 2008	Vested in 2008	Net change - other	Balance at end of period 31 December 2008
D Voelte	123,658	131,279	-	-	254,937
F Ahmed	6,091	3,045	-	-	9,136
M Chatterji	56,783	13,266	(12,432)	-	57,617
R Cole	16,126	6,618	(4,007)	-	18,737
L Della Martina	20,447	5,158	(3,728)	-	21,877
B Donaghey	20,283	4,875	(4,658)	-	20,500
E Howell	16,108	5,859	(4,846)	-	17,121
A Kantsler	34,344	9,577	(6,523)	-	37,398
V Santostefano	18,891	5,134	(3,448)	-	20,577

(1) Ms Donaghey's PRs and VPRs were forfeited upon her departure on 31 October 2009.

28. Key management personnel compensation (continued)

(d) Summary of Executives' interests in shares under the Woodside Share Purchase Plan (WSPP)

Name	Plan type	Opening balance	Shares purchased under WSPP	Matching shares	Closing balance
D Voelte	2009 WSPP	498	158	237	893
	2008 WSPP	124	173	201	498
	2007 WSPP	-	62	62	124
M Chatterji	2009 WSPP	498	158	237	893
	2008 WSPP	124	173	201	498
	2007 WSPP	-	62	62	124
R Cole	2009 WSPP	498	158	237	893
	2008 WSPP	124	173	201	498
	2007 WSPP	-	62	62	124
E Howell	2009 WSPP	-	-	-	-
	2008 WSPP	-	-	-	-
	2007 WSPP	-	-	-	-
A Kantsler	2009 WSPP	358	-	-	358
	2008 WSPP	124	117	117	358
	2007 WSPP	-	62	62	124
V Santostefano	2009 WSPP	498	158	237	893
	2008 WSPP	124	173	201	498
	2007 WSPP	-	62	62	124
L Della Martina(1)	2009 WSPP	498	158	237	893
	2008 WSPP	124	173	201	498
	2007 WSPP	-	-	-	-
F Ahmed(2)	2009 WSPP	-	-	-	-
	2008 WSPP	-	-	-	-
	2007 WSPP	-	-	-	-
B Donaghey(2)	2009 WSPP	-	-	-	-
	2008 WSPP	-	-	-	-
	2007 WSPP	-	-	-	-

(1) Mr Della Martina did not meet the definition of KMP under AASB 124 for previous years but did fall within the definition for 2008 and 2009. Previous year's comparative figures are not shown.

(2) Mr Ahmed and Ms Donaghey did not meet the definition of KMP under AASB 124 for the 2008 financial year but did fall within the definition for 2009. Previous year's comparative figures are not shown.

29. Events after the balance sheet date

(a) Dividends

Since the reporting date, the directors have declared a fully franked dividend of 55 cents (2008: 55 cents), payable on 31 March 2010. The amount of this dividend will be $427 million (2008: $384 million). No provision has been made for this dividend in the financial report as the dividend was not declared or determined by the directors on or before the end of the financial year.

(b) Retail Entitlement Offer

The retail component of the fully underwritten accelerated renounceable Woodside Entitlement Offer, announced on 14 December 2009, closed on 29 January 2010. This resulted in the issue of 28,646,808 shares (total shares on issue of 777,245,797) at a value of $42.10 (total share capital $5,369 million). Proceeds of $1,206 million were received by 10 February 2010 and will be included in the 2010 accounts.

30. Related party disclosure

(a) Entities with significant influence over the entity

Shell Energy Holdings Australia Ltd is deemed a related party through its 34.3% (2008: 34.3%) interest of 256,483,034 ordinary shares (2008: 239,383,224 ordinary shares) in the shareholding of the Group. In 2009, Shell Energy Holdings Australia Ltd participated in the Woodside Dividend Reinvestment Plan resulting in an increase in its shareholding in the Group. Shell Energy Holdings Australia Ltd is a member of the Royal Dutch Shell Group.

During the year petroleum products with a total value of $77 million (2008: $55 million) were purchased from Shell Company of Australia Ltd by the Group in its own right or as operator of various joint ventures. These transactions were on normal commercial terms and conditions. At the balance sheet date the liability outstanding to Shell Company of Australia Ltd in relation to these purchases was $7 million (2008: $2 million).

Companies within the Royal Dutch Shell Group provide the Group with various technical services, technology, research and information networks and secondment of management and technical staff on normal commercial terms and conditions. The cost of these various services to the Group was $19 million (2008: $25 million). At the balance sheet date the liability outstanding to the Royal Dutch Shell Group in relation to these services was $1 million (2008: $nil).

The Group sold $304 million (2008: $592 million) of oil and gas products to members of the Royal Dutch Shell Group on normal commercial terms and conditions. At the balance sheet date the trade receivable outstanding in relation to these sales was $52 million (2008: $24 million).

Solen Versicherungen AG (a wholly owned captive insurance company of the Royal Dutch Shell Group) participates in the Group's various operational and construction insurance programs. In 2009, the total paid by the Group to Solen Versicherungen AG for its participation was $2 million (2008: $3 million). Applicable insurance premiums are negotiated at arms-length with lead insurers via Woodside's insurance brokers, with Solen Versicherungen AG following the terms set by the lead insurers.

The Group and Shell have common interests in joint ventures (refer to Note 33(a)).

(b) Transactions with related parties in the wholly owned group

Dividends, interest receivable and diminution in value of investments in subsidiaries are shown in Note 3. Current amounts payable to controlled entities shown in Note 15(a) are interest-free inter-company current balances. Non-current amounts owing by controlled entities shown in Note 8(b) are long term inter-company advances that attract interest at commercial rates. Non-current amounts payable to controlled entities shown in Note 15(b) are long-term interest-free inter-company advances. Refer to Note 35(a) for a description of the relationship between the parent company and its controlled entities. All amounts advanced or payable to controlled entities are not repayable to the extent that the relationship between the parent company and the controlled entities exists.

(c) Transactions with directors

No transactions with directors occurred outside of their normal Board and committee duties in 2009 (2008: $56,000).

31. Contingent liabilities

	Consolidated		Parent	
	2009 $m	2008 $m	2009 $m	2008 $m
Contingent liabilities at the balance sheet date				
Not otherwise provided for in the financial report				
Contingent liabilities arising from subsidiaries[1]	44	16	-	-
Guarantees[2]	3	3	-	-
	47	19	-	-

(1) Contingent liabilities relate predominately to actual or potential litigation of the Group for which amounts are reasonably estimable but the liability is not probable and therefore the Group has not provided for such amounts in this financial report. Additionally, there are a number of other claims and possible claims that have arisen in the course of business against entities in the Group, the outcome of which cannot be foreseen at present, and for which no amounts have been included in the table above.

(2) Guarantees:
- Woodside Petroleum Ltd and Woodside Energy Ltd are parties to a deed of cross guarantee (refer to Note 35(b)).
- Woodside Petroleum Ltd has guaranteed the discharge by Woodside Finance Ltd of its financial obligations under debt facilities referred to in Note 25(e).
- The Group has also issued guarantees relating to workers compensation liabilities.

32. Auditor remuneration

	Consolidated		Parent	
	2009 $000	2008 $000	2009 $000	2008 $000
Amounts received or due and receivable by the auditors of the company for:				
Audit and review of financial reports				
Ernst & Young (Australia)	965	1,160	-	-
Overseas Ernst & Young firms	477	373	-	-
	1,442	1,533	-	-
Non audit services				
Ernst & Young (Australia)				
Other assurance/advisory services	676	690	-	-
Other services	29	30	-	-
	705	720	-	-

33. Joint ventures

(a) Joint venture interests

The Group's interests in joint venture assets as at 31 December 2009 is detailed below. Exploration, development and production of hydrocarbons are the principal activities performed across these assets. Related party interests are indicated where applicable (refer to Note 30).

Joint venture assets	Group interest %	Related party interest %
Australasia		
Producing and Developing Assets		
North West Shelf Joint Ventures	12.5 - 50.0	8.3 - 16.7
Enfield and Vincent	60.0	-
Laminaria–Corallina	59.9 - 66.7	-
Mutineer–Exeter	8.2	-
Stybarrow	50.0	-
Otway	51.6	-
Pluto	90.0	-
Exploration and Evaluation Assets		
Browse Basin	25.5 - 50.0	8.3 - 15.0
Carnarvon Basin	15.8 - 90.0	0.0 - 15.8
Bonaparte Basin	26.7 - 35.0	25.0 - 33.3
Victoria	51.6	-
Middle East and Africa		
Producing Assets		
Ohanet	15.0	-
Exploration and Evaluation Assets		
Canary Islands	30.0	-
Liberia	17.5	-
Libya	45.0 - 55.0	-
Sierra Leone	25.0	-
The Americas		
Producing and Developing Assets		
Gulf of Mexico	17.0 - 67.0	-
Exploration and Evaluation Assets		
Gulf of Mexico	3.0 - 65.0	-
Brazil	12.5	-
Asia		
Exploration and Evaluation Assets		
Korea	50.0	-

33. Joint ventures (continued)

(b) Jointly controlled assets

The aggregate of the Group's interest in all jointly controlled assets is analysed as follows:

	Consolidated 2009 $m	Consolidated 2008 $m	Parent 2009 $m	Parent 2008 $m
Current assets				
Receivables	38	47	-	-
Inventories	56	52	-	-
Other assets	15	9	-	-
	109	108	-	-
Non-current assets				
Inventories	11	17	-	-
Other assets	-	6	-	-
Exploration and evaluation assets	1,057	842	-	-
Oil and gas properties	11,356	9,697	-	-
	12,424	10,562	-	-
	12,533	10,670	-	-

(c) Commitments through jointly controlled assets

The aggregate of the Group's commitments through jointly controlled assets is as follows:

	Consolidated 2009 $m	Consolidated 2008 $m	Parent 2009 $m	Parent 2008 $m
Capital	2,242	4,288	-	-
Exploration and other commitments	306	268	-	-
	2,548	4,556	-	-

(d) Jointly controlled entities

Interests in jointly controlled entities are as follows:

Entity	Principal activity	Country of incorporation	Group interest % 2009	Group interest % 2008
North West Shelf Gas Pty Ltd	Marketing services for venturers in the sale of gas to the domestic market.	Australia	16.67	16.67
North West Shelf Liaison Company Pty Ltd	Liaison for venturers in the sale of LNG to the Japanese market.	Australia	16.67	16.67
North West Shelf Australia LNG Pty Ltd	Marketing services for venturers in the sale of LNG to international markets.	Australia	16.67	16.67
North West Shelf Shipping Service Company Pty Ltd	LNG vessel fleet advisor.	Australia	16.67	16.67

These entities exist as integrated components of the overall North West Shelf Joint Ventures structure and are held proportionately with the other venturers. There have been no changes to the investment in these entities during the year. All relevant commitments arising through these entities are included in Note 26.

34. Associated entities

Name of entity	Principal activity	Group interest % 2009	Group interest % 2008
Australian Technical College Pilbara Ltd(1)	Provision of academic and technical training in local communities.	25.00	25.00
International Gas Transportation Company Ltd(2)	LNG vessel fleet management.	16.67	16.67

(1) Australian Technical College Pilbara Limited was incorporated on 6 December 2006 and is limited by guarantee to a maximum amount of $1. Woodside is one of four members of the company, of which significant influence is present. The associate is incorporated in Australia.

(2) Where material, investments in joint venture entities are accounted for using the equity method of accounting. The associate is incorporated in Bermuda.

35. Subsidiaries

(a) Subsidiaries

Name of entity	Notes	Country of incorporation	Functional currency
Parent entity			
Woodside Petroleum Ltd	(1,2,3)	Australia	Australian Dollars
Subsidiaries			
Woodside Energy Ltd	(2,3,4)	Australia	Australian Dollars
Woodside Energy Holdings Pty Ltd	(2,4)	Australia	Australian Dollars
Woodside Energy Holdings (USA), Inc	(4)	USA	US Dollars
Woodside Insurance, Inc	(4)	USA	US Dollars
Woodside Energy (USA), Inc	(4)	USA	US Dollars
Gryphon Exploration Company	(4)	USA	US Dollars
Woodside Energy (Sahara), Inc	(4,7)	USA	US Dollars
Gander, Inc (formerly ATS, Inc)	(4)	USA	US Dollars
Woodside Offshore LLC	(4)	USA	US Dollars
Woodside Natural Gas, Inc	(4)	USA	US Dollars
Avila 8 LLC	(4)	USA	US Dollars
Woodside Energy (Peru) Pty Ltd	(2,4)	Australia	US Dollars
Woodside Eastern Energy Pty Ltd	(2,4)	Australia	Australian Dollars
Woodside Energy (Algeria) Pty Ltd	(2,4)	Australia	US Dollars
Woodside Petroleum (NEDSP) Pty Ltd	(2,4)	Australia	Australian Dollars
Woodside Technical Services Pty Ltd	(2,4)	Australia	Australian Dollars
Metasource Pty Ltd	(2,4)	Australia	Australian Dollars
Woodside West Kimberley Energy Pty Ltd	(2,4)	Australia	Australian Dollars
Woodside Guangdong Shipping (One) Pty Ltd	(2,4)	Australia	Australian Dollars
Woodside Guangdong Shipping (Two) Pty Ltd	(2,4)	Australia	Australian Dollars
Woodside Mauritania Investments Pty Ltd	(2,4)	Australia	Australian Dollars
Woodside Energy Holdings (UK) Pty Ltd	(2,4)	Australia	Australian Dollars
Woodside Energy (UK) Ltd	(4)	UK	Great British Pounds
Woodside Energy Iberia S.A.	(4)	Spain	EURO
Woodside Energy (N.A.) Ltd	(4)	UK	US Dollars
Woodside Energy (Kenya) Pty Ltd	(2,4)	Australia	US Dollars
Woodside Quest Energy Pty Ltd	(2,4,6)	Australia	Australian Dollars
Woodside Energy (Carbon Capture) Pty Ltd	(2,4)	Australia	Australian Dollars
Woodside Energy (SL) Pty Ltd	(2,4)	Australia	US Dollars
Woodside West Africa Pty Ltd	(2,4)	Australia	US Dollars
Woodside Energy Technologies Pty Ltd	(2,4)	Australia	Australian Dollars
Woodside Energy (Norway) Pty Ltd	(2,4)	Australia	Norwegian Kroner
Woodside Energy (M.E.) Pty Ltd	(2,4)	Australia	US Dollars
Woodside Energy Middle East and Africa Pty Ltd	(2,4)	Australia	US Dollars
Woodside Browse Pty Ltd	(2,4)	Australia	Australian Dollars
Woodside Burrup Pty Ltd	(2,4)	Australia	Australian Dollars
Pluto LNG Pty Ltd	(5)	Australia	Australian Dollars
Burrup Facilities Company Pty Ltd	(5)	Australia	Australian Dollars
Burrup Train 1 Pty Ltd	(5)	Australia	Australian Dollars
Woodside Energy Australia Asia Holdings Pte Ltd	(4)	Singapore	US Dollars
WelCap Insurance Pte Ltd	(4)	Singapore	US Dollars
Woodside Energy (Korea) Pte Ltd	(4)	Singapore	US Dollars
Woodside Energy Holdings (South America) Pty Ltd	(2,4)	Australia	US Dollars
Woodside Energia (Brasil) Investimento em Exploração de Petróleo Ltda.	(4)	Brazil	US Dollars
Woodside Finance Ltd	(2,4)	Australia	Australian Dollars
Woodside Petroleum Holdings Pty Ltd	(2,4)	Australia	Australian Dollars
Woodside Petroleum (Timor Sea 19) Pty Ltd	(2,4)	Australia	US Dollars
Woodside Petroleum (Timor Sea 20) Pty Ltd	(2,4)	Australia	US Dollars
Mermaid Sound Port and Marine Services Pty Ltd	(2,4)	Australia	Australian Dollars
Woodside Group Staff Superannuation Pty Ltd	(2,4)	Australia	Australian Dollars
Woodside Petroleum (Northern Operations) Pty Ltd	(2,4)	Australia	Australian Dollars
Woodside Petroleum (W.A. Oil) Pty Ltd	(2,4)	Australia	Australian Dollars

(1) Woodside Petroleum Ltd is the ultimate holding company and the head entity within the tax consolidated group.

(2) These companies were members of the tax consolidated group at 31 December 2009.

(3) Pursuant to ASIC Class Order 98/1418, relief has been granted to the controlled entity, Woodside Energy Ltd from the *Corporations Act 2001* requirements for preparation, audit and publication of accounts. As a condition of the Class Order, Woodside Petroleum Ltd and Woodside Energy Ltd are parties to a deed of cross guarantee.

(4) All subsidiaries are wholly owned except for those listed in Note 5 below.

(5) Kansai Electric and Tokyo Gas each have 5% of the shares in these companies.

(6) This company was placed into voluntary liquidation on 18 December 2008 and was deregistered on 1 August 2009.

(7) This company was voluntarily dissolved on 26 January 2009.

35. Subsidiaries (continued)

(b) Deed of cross guarantee and closed group

Woodside Petroleum Ltd and Woodside Energy Ltd are parties to a deed of cross guarantee under which each company guarantees the debts of the other. By entering into the deed, the entities have been granted relief from the Corporations Act requirements for the preparation, audit and publication of accounts, pursuant to Australian Securities and Investment Commission (ASIC) Class Order 98/1418. The two entities represent a Closed Group for the purposes of the Class Order.

The consolidated income statement and statement of financial position of the members of the Closed Group are set out below.

Closed Group consolidated income statement	2009 $m	2008[1] $m
Profit before tax	3,503	2,557
Taxes	(1,162)	(1,532)
Profit after tax	2,341	1,025
Retained earnings at the beginning of the financial year	3,400	3,304
Dividends	(774)	(929)
Retained earnings at the end of the financial year	4,967	3,400

(1) 2008 figures were restated to include diminution in value of investments in controlled entities.

35. Subsidiaries (continued)

(b) Deed of cross guarantee and closed group (continued)

Closed Group consolidated statement of financial position	2009 $m	2008 $m
Current assets		
Cash and cash equivalents	(36)[1]	195
Receivables	492	307
Inventories	121	95
Other financial assets	-	44
Other assets	(6)	(16)
Assets of disposal group classified as held for sale	587	-
Total current assets	1,158	625
Non-current assets		
Receivables	64	57
Inventories	45	53
Other financial assets	10,328	5,499[2]
Other assets	-	-
Exploration and evaluation assets	246	145
Oil and gas properties	5,463	6,696
Other plant and equipment	88	103
Total non-current assets	16,234	12,553
Total assets	17,392	13,178
Current liabilities		
Payables	1,195	1,222
Tax payable	221	529
Other financial liabilities	55	26
Other liabilities	18	21
Liabilities directly associated with assets of disposal group classified as held for sale	41	-
Provisions	108	107
Total current liabilities	1,638	1,905
Non-current liabilities		
Payables	5,043	3,747
Deferred tax liabilities	979	589
Other financial liabilities	-	4
Other liabilities	208	292
Provisions	420	1,121
Total non-current liabilities	6,650	5,753
Total liabilities	8,288	7,658
Net assets	9,104	5,520
Equity		
Issued and fully paid shares	4,163	2,104
Shares reserved for employee share plans	(99)	(142)
Other reserves	73	158
Retained earnings	4,967	3,400[2]
Total equity	9,104	5,520

(1) Excess joint venture funds were put on deposit in interest-bearing accounts in Woodside Finance Ltd.
(2) 2008 figures were restated to include diminution in value of investments in controlled entities.

36. Corporate information

Woodside Petroleum Ltd is a company limited by shares incorporated in Australia. Its shares are publicly traded on the Australian Stock Exchange.

In accordance with a resolution of directors of Woodside Petroleum Ltd, we state that:

1. In the opinion of the directors:
   (a) the financial statements and notes thereto, and the disclosures included in the audited 2009 Remuneration Report, comply with Australian Accounting Standards and the *Corporations Act 2001*;
   (b) the financial statements and notes thereto give a true and fair view of the financial position of the company and the Group as at 31 December 2009 and of the performance of the company and the Group for the financial year ended 31 December 2009;
   (c) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable; and
   (d) there are reasonable grounds to believe that the members of the Closed Group identified in Note 35 will be able to meet any obligations or liabilities to which they are or may become subject to, by virtue of the deed of cross guarantee.
2. This declaration has been made after receiving the declarations required to be made to the directors in accordance with section 295A of the *Corporations Act 2001* for the year ended 31 December 2009.

For and on behalf of the Board

Michael Chaney, AO
Chairman

Don Voelte
Chief Executive Officer

Perth
24 February 2010

Independent Auditor's Report to the Members of Woodside Petroleum Ltd

Report on the Financial Report

We have audited the accompanying financial report of Woodside Petroleum Ltd (the company), which comprises the statement of financial position as at 31 December 2009, and the income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the Directors' Declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with the Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In Note 1, the directors also state that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, we consider internal controls relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit we have met the independence requirements of the *Corporations Act 2001*. We have given to the directors of the company a written Auditor's Independence Declaration, a copy of which is included in the Directors' Report. In addition to our audit of the financial report, we were engaged to undertake the services disclosed in the notes to the financial statements. The provision of these services has not impaired our independence.

Auditor's Opinion

In our opinion:

1. the financial report of Woodside Petroleum Ltd is in accordance with the *Corporations Act 2001*, including:
   (i) giving a true and fair view of the financial position of Woodside Petroleum Ltd and the consolidated entity at 31 December 2009 and of their performance for the year ended on that date; and
   (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*.
2. the financial report also complies with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 45 to 59 of the Directors' Report for the year ended 31 December 2009. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's Opinion

In our opinion the Remuneration Report of Woodside Petroleum Ltd for the year ended 31 December 2009, complies with section 300A of the *Corporations Act 2001*.

Ernst & Young

G H Meyerowitz, Partner
Perth, 24 February 2010

Number of shareholdings

There were 184,137 shareholders. All issued shares carry voting rights on a one for one basis.

Distribution of shareholdings

Size of shareholding	Number of holders	Number of shares	% of issued capital
1 - 1,000	133,191	48,596,436	6.25
1,001 - 5,000	45,120	86,654,486	11.15
5,001 - 10,000	3,810	25,665,326	3.30
10,001 - 100,000	1,903	39,141,532	5.04
100,001 and over	113	577,188,017	74.26
Total	184,137	777,245,797	100.00

Unmarketable Parcels

There were 1,929 members holding less than a marketable parcel of shares in the company.

Twenty Largest Shareholders

Shareholder	Shares held	% of issued capital
Shell Energy Holdings Australia Limited	266,323,921	34.27
HSBC Custody Nominees (Australia) Limited	91,418,061	11.76
J P Morgan Nominees Australia Limited	75,443,675	9.71
National Nominees Limited	49,622,602	6.38
ANZ Nominees Limited <Cash Income Account>	17,933,384	2.31
Citicorp Nominees Pty Limited	14,661,919	1.89
Cogent Nominees Pty Limited	5,933,638	0.76
UBS Wealth Management Australia Nominees Pty Ltd	4,909,286	0.63
Queensland Investment Corporation	4,239,335	0.55
AMP Life Limited	3,336,520	0.43
Australian Foundation Investment Company Limited	2,609,540	0.34
Perpetual Trustee Company Limited	2,067,522	0.27
UBS Nominees Pty Ltd	2,001,245	0.26
RBC Dexia Investor Services Australia Nominees Pty Limited <MLCI Account>	1,711,147	0.22
Argo Investments Limited	1,525,396	0.20
HSBC Custody Nominees (Australia) LIMITED-GSCO ECA	1,476,695	0.19
Australian Reward Investment Alliance	1,384,101	0.18
Citicorp Nominees Pty Limited <CFSIL CFS WS AUST Share Account>	1,276,595	0.16
Citicorp Nominees Pty Limited <CFS WSLE Imputation Fund Account>	1,175,991	0.15
Pacific Custodians Pty Ltd <WPL SPP Account>	1,077,377	0.14
Total	550,127,950	70.80

Substantial shareholders as disclosed in substantial shareholder notices given to the company are as follows:		
Shell Energy Holdings Australia Ltd (notice dated 3 May 2001).	228,456,275	34.27

Annual General Meeting

The 2010 AGM of Woodside Petroleum Ltd will be held at 10 am (AWST) on Friday, 30 April 2010 in the Riverside Theatre, Level 2, Perth Convention Exhibition Centre, 21 Mounts Bay Road, Perth, Western Australia. Details of the business of the meeting will be provided in the AGM notice.

The AGM will be webcast live on the internet. An archive version of the webcast will be placed on the website to enable the proceedings to be viewed at a later time. Copies of the Chairman's and CEO's speeches will be available on the company's website.

Share registry: enquiries

Investors seeking information about their shareholdings should contact the company's share registry:

Computershare Investor Services Pty Limited

Level 2, 45 St Georges Terrace
Perth, Western Australia 6000

Postal address: GPO Box D182
Perth, Western Australia 6840

Telephone: 1300 558 507
(within Australia)

+61 3 9415 4632
(outside Australia)

Facsimile: +61 8 9323 2033

Email: web.queries@computershare.com.au
Website: www.computershare.com

The share registry can assist with queries on share transfers, dividend payments, the dividend reinvestment plan, notification of tax file numbers and changes of name, address or bank account details.

Details of shareholdings can be checked conveniently and simply by visiting the share registry website at www.computershare.com and clicking on the Investor Centre button. For security reasons you will need your Security Reference Number (SRN) or Holder Identification Number (HIN) when communicating with the share registry.

The share registry website allows shareholders to make changes to address and banking details online.

Dividend payments

Shareholders may have their dividends paid directly into any bank or building society account within Australia. Payments are electronically credited on the dividend payment date and confirmed by payment advice. To request direct crediting of dividend payments please contact the share registry or visit the share registry website (www.computershare.com).

The history of dividends paid by the company can be found on the company's website (www.woodside.com.au).

Dividend reinvestment plan

Shareholders with registered addresses in Australia and New Zealand can elect to participate in Woodside's dividend reinvestment plan and have the dividends on some or all of their shares automatically reinvested in additional shares.Information on the dividend reinvestment plan is available on the company's website (www.woodside.com.au). Election forms are available from the company's website or from the share registry.

Change of address or banking details

Shareholders should immediately notify the share registry of any change to their address or banking arrangements for dividends electronically credited to a bank account. Changes can be made online at the share registry website (www.computershare.com).

Australian Securities Exchange listing

Woodside Petroleum Ltd securities are listed on the Australian Securities Exchange (ASX) under the code WPL. Share price information can be accessed on the company's website (www.woodside.com.au).

American Depositary Receipts

The Bank of New York sponsors a level one American Depositary Receipts (ADR) program in the United States of America. One Woodside share equals one ADR and trades over the counter under the symbol 'WOPEY'.

ADR holders should deal directly with the Bank of New York on all matters related to their ADRs. Enquiries should be directed to:

The Bank of New York
Depositary Receipts Division
101 Barclay Street, 22nd Floor,
New York NY 10286

Telephone: +1 888 269 2377 (within United States); +1 212 815 3700 (outside United States)

Email: shareowners@bankofny.com
Website: www.adrbny.com

Investor Relations: enquiries

Requests for specific information on the company can be directed to Investor Relations at:

Investor Relations
Woodside Petroleum Ltd
Woodside Plaza

240 St Georges Terrace,
Perth Western Australia 6000

Postal address: GPO Box D188
Perth, Western Australia 6840

Telephone: +61 8 9348 4000
Facsimile: +61 8 9348 2777

Email: investor@woodside.com.au
Website: www.woodside.com.au

Business directory

Registered Office Perth

Woodside Petroleum Ltd
Woodside Plaza
240 St Georges Terrace
Perth, WA 6000

Telephone: +61 8 9348 4000
Postal address: GPO Box D188
Perth, WA 6840

Karratha

Burrup Peninsula, Karratha, WA 6714
Telephone: +61 8 9348 4000

Houston (USA)

Woodside Energy (USA) Inc.
Sage Plaza
5151 San Felipe, Suite 1200
Houston, TX 77056, USA

Telephone: +1 713 401 0000

Key announcements 2009

JANUARY	Woodside suspends Oceanway development
FEBRUARY	Media Release: New look for Woodside – launch of new logo Record Full-Year 2008 net profit of $1786 million Martell gas discovery in Greater Pluto Area Woodside to issue USD$1 billion in corporate bonds
APRIL	Investigation underway into Vincent fire Heads of Agreement executed for Kimberley LNG Precinct Vincent production update
MAY	New debt facility completed
JUNE	Vincent production resumed
JULY	Media Release: North West Shelf Venture celebrates 25 years of operations
AUGUST	Woodside reports 2009 First-Half profit of $898 million
SEPTEMBER	Sierra Leone exploration well
OCTOBER	Update on Pluto supply talks
NOVEMBER	Sale of Otway Gas Project Woodside to issue USD$700 million in corporate bonds Dual FEED contracts for Pluto expansion
DECEMBER	Update on the Pluto LNG Project Renewals offered for Browse Basin retention leases Woodside announces $2.5 billion equity raising Successful completion of Institutional entitlement offer Renewals accepted for Browse Basin retention leases

Events calendar 2010

Key calendar dates for Woodside shareholders in 2010.
Please note dates are subject to review.

JANUARY	22	Fourth quarter 2009 report
FEBRUARY	24	2009 Full-Year result and final dividend announcement
MARCH	1	Ex-Dividend date for final dividend
	5	Record date for final dividend
	31	Payment date for final dividend
APRIL	23	First quarter 2010 report
	28	AGM proxy returns close at 10.00 am (AWST)
	30	Annual General Meeting
JUNE	30	Woodside Half-Year end
JULY	23	Second quarter 2010 report
AUGUST	18	2010 Half-Year result and interim dividend announcement
	TBA	Ex-Dividend date for interim dividend
	TBA	Record date for interim dividend
SEPTEMBER	TBA	Payment date for interim dividend
OCTOBER	22	Third quarter 2010 report
DECEMBER	31	Woodside Year end

Conversion factors and glossary

Conversion factors

bbl	barrel
Bcf	billion cubic feet
boe	barrel of oil equivalent
kPa	thousands of Pascals
Mcf	thousand cubic feet
MMbbl	million barrels
MMboe	million barrels of oil equivalent
MMBtu	million British Thermal Units
MMcf	million cubic feet
mtpa	million tonnes per annum
psi	pounds per square inch
psia	pounds per square inch absolute
t	tonne
TJ	terajoules

Product	Factor	Conversion Factors*
DOMESTIC GAS	1TJ	163.6 boe
LIQUEFIED NATURAL GAS (LNG)	1 tonne	8.9055 boe
CONDENSATE	1 bbl	1.000 boe
OIL	1 bbl	1.000 boe
LIQUEFIED PETROLEUM GAS (LPG)	1 tonne	8.1876 boe
GULF OF MEXICO GAS	1 MMBtu	0.1724 boe

* Minor changes to some conversion factors can occur over time due to gradual changes in the process stream

Glossary

$, $M	Australian dollars unless otherwise stated, millions of dollars
1H, 2H	halves of the calendar year (i.e. 1H is 1 January to 30 June, 2H is 1 July to 31 December)
APPRAISAL WELL	drilled to follow up a discovery and evaluate its commercial potential
BOD	basis of design
BROWNFIELD	An exploration or development project located within an existing province which can share infrastructure and management with an existing operation
CONDENSATE	hydrocarbons, which are gaseous in a reservoir, but which condense to form liquids as they rise to the surface
CRUDE OIL	Oil that is produced from a reservoir after any associated gas has been removed
CWLH	Cossack Wanaea Lambert Hermes
DEVELOPMENT WELL	drilled for the purpose of recovering hydrocarbons
DLNG	Darwin LNG
DRP	dividend reinvestment plan
EEP	employee equity plan
EIP	executive incentive plan
ER	equity rights
FAR	fixed annual reward
FDP	field development plan
FEED	front-end engineering and design
FID	final investment decision
FLNG	Floating LNG
FPSO	floating production storage and offloading vessel
GREENFIELD	The development or exploration located outside the area of influence of existing operations/infrastructure
GWA	Goodwyn A platform
GWF	Greater Western Flank
JV	joint venture
KGP	Karratha Gas Plant
KPI	key performance indicators
LIBOR	London Inter-Bank Offer Rate
LNG	liquefied natural gas
LPG	liquefied petroleum gas
TSR	total shareholder return
LTI	long-term incentive
NRA	North Rankin A platform
NRB	North Rankin B platform
NWS	North West Shelf
NWSV	North West Shelf Venture
PRRT	petroleum resources rent tax
Q1, Q2, Q3, Q4	quarters of the calendar year (i.e. Q1 is 1 January to 31 March, Q2 is 1 April to 30 June,Q3 is 1 July to 30 September, Q4 is 1 October to 31 December)
RAP	Reconciliation Action Plan
REI	Reportable Environmental Incidents
RTSR	relative total shareholder return
STI	short-term incentive
TLP	tension leg platform
TRCF	total recordable case frequency (per million hours worked)
ULLAGE	The quantity a container requires to completely fill it ie: the space in the container remaining above the liquid level
VAR	variable annual reward
VPR	variable pay rights
VWAP	volume weighted average price
WSSP	Woodside share purchase plan
WTI	West Texas intermediate cushing spot (oil price)

Quick reference guide

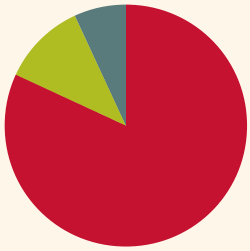
2009 summary charts

Product view

Investment

	2009	2008
Gas and condensate*	82%	74%
Oil*	11%	19%
Exploration and Other	7%	7%

* Indicative only as some assets produce oil and gas

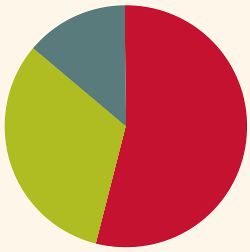


The majority of Woodside's 2009 capital expenditure was directed towards growing LNG production at our Pluto LNG project.

Production

	2009	2008
Natural gas*	54%	50%
Oil	32%	38%
Condensate	14%	12%

* Includes LNG, LPG and pipeline gas



Woodside produced 80.9 MMboe during 2009 of which over 50% was natural gas. Oil production decreased to 32% as our oil fields experienced natural field decline.

Revenue

	2009	2008
Natural gas*	38%	32%
Oil	45%	54%
Condensate	17%	14%

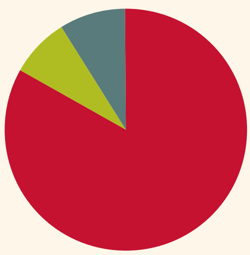
* Includes LNG, LPG and pipeline gas

The increase in natural gas revenue reflects the change in product mix with increased LNG production from NWSV Train 5 and reduced oil production across our assets.

Reserves (Proved plus Probable)

	2009	2008
Natural gas*	83%	81%
Oil	8%	10%
Condensate	9%	9%

* Includes LNG, LPG and pipeline gas

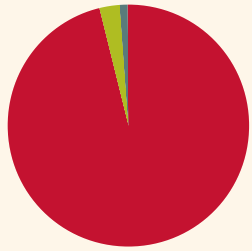


At the end of December 2009, Woodside's Proved plus Probable reserves stood at just over 1.65 billion barrels of oil equivalent.

Regional view

Investment

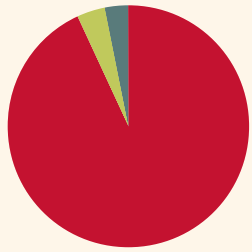
	2009	2008
Australia	96%	94%
United States	3%	4%
Rest of World	1%	<2%



In 2009 the Pluto LNG project accounted for approximately 75% of the company's capital spend, lifting the level of investment in Australia to 96%.

Production

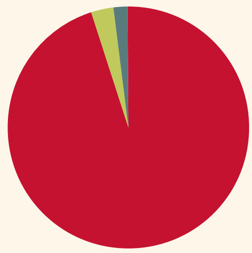
	2009	2008
Australia	93%	93%
United States	4%	4%
Rest of World	3%	3%



Australia accounted for 93% of Woodside's production with the NWSV contributing approximately 63% and oil production from the Greater Exmouth area contributing approximately 20%.

Revenue

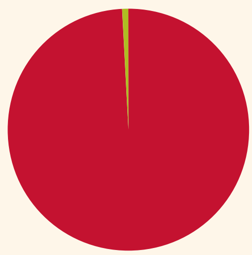
	2009	2008
Australia	95%	95%
United States	3%	4%
Rest of World	2%	1%



In 2009 the NWS operations delivered 57% of Woodside's total revenue and it was the largest contributor to the revenues derived from Australian production.

Reserves (Proved plus Probable)

	2009	2008
Australia	99%	98%
United States	<1%	2%
Rest of World	<0.1%	<0.2%



Upward revisions at Pluto–Xena, Enfield, Mutineer–Exeter, Vincent, Laminaria–Corallina, NWS and Otway more than offset downward revisions for Gulf of Mexico fields in the United States.

10 year comparative data summary

Year Ended 31 December	2009	2008	2007[12]	2006[12]	2005	2004[7]	2003	2002	2001	2000
Profit and Loss ($ million)										
Sales revenues										
Australia										
Pipeline gas	460	378	271	242						
LNG and LPG	1,104	1,389	847	915						
NWS gas (pipeline, LNG and LPG)	-	-	-	-	1,052	789	763	725	765	692
NWS oil and condensate	1,040	1,428	1,119	1,106	1,005	772	696	694	644	683
Australia - other	1,522	2,493	1,381	981	591	487	552	773	936	979
Gulf of Mexico	156	237	158	157	28	-	-	-	-	-
Algeria	70	65	65	74	71	77	8	-	-	-
Continuing operations	4,352	5,990	3,841	3,475	2,747	2,125	2,019	2,192	2,345	2,354
Mauritania (discontinued operations)[12]	-	-	163	335	-	-	-	-	-	-
Total	4,352	5,990	4,004	3,810	2,747	2,125	2,019	2,192	2,345	2,354
EBITDAX before significant items[1][2]	4,231	4,581	3,167	3,179	2,141	1,606	1,386	1,382	1,779	1,937
EBITDA[2]	3,836	4,182	2,592	2,781	1,904	1,923	1,090	404	1,683	1,908
EBIT after significant items[2]	2,870	3,298	1,859	2,235	1,624	1,645	854	114	1,331	1,510
Exploration and evaluation	320	348	524	422	306	253	296	978	96	29
Depreciation and amortisation	966	884	733	546	280	277	236	290	352	398
Finance costs	16	23	10	26	9	1	26	46	70	102
Tax expense	1,030	1,489	819	782	508	498	301	160	351	441
NPAT before significant items[3]	1,906	1,832	1,182	1,396	1,038	672	527	658	818	877
NPAT	1,824	1,786	1,030	1,427	1,107	1,146	527	(92)	910	967
EPS (cents) before significant items[3][8]	271	267	176	212	158	103	79	99	123	132
EPS (cents)[8]	259	260	153	217	169	175	79	(14)	137	145
DPS (cents)[4]	110	135	104	126	93	59	46	62	70	82
Payout ratio (%) before significant items[3]	44.9	51.5	59.9	60.2	59.7	58.5	58.2	62.8	57.1	62.3
EBITDA/Op Cash Flow (%)	206.3	110.5	104.4	143.9	137.9	160.5	90.6	33.5	151.8	127.8
Balance Sheet ($ million)										
Total assets	19,874	14,929	9,730	8,969	6,969	5,446	4,782	5,011	6,115	5,969
Debt	5,529	2,957	1,032	1,820	1,128	1,013	1,068	1,429	1,662	1,415
Net debt	4,178	2,816	894	1,507	895	216	891	1,274	1,502	1,140
Shareholder equity	9,865	6,705	5,094	4,202	3,501	2,771	2,434	2,320	2,554	2,111
Cash Flow and Capital Expenditure ($ million)										
Cash flow from										
Operations	1,859	3,784	2,482	1,933	1,381	1,198	1,203	1,207	1,108	1,493
Investing	(6,006)	(4,568)	(2,026)	(1,900)	(1,511)	(94)	(741)	(730)	(811)	(428)
Financing	5,354	803	(622)	55	(462)	(352)	(419)	(484)	(418)	(948)
Capital expenditure										
Exploration and evaluation	351	491	533	499	276	105	113	87	278	233
Oil and gas properties[9][13]	5,086	4,731	2,342	1,448	1,303	652	382	343	491	236
Ratios (%)										
ROACE before significant items[3]	15.1	22.4	19.4	26.8	26.5	19.7	15.0	16.5	22.4	26.8
ROACE	14.5	22.7	17.1	27.1	26.5	31.5	15.0	(1.5)	24.8	30.7
Return on shareholders funds before significant items[3]	19.2	26.3	22.5	33.5	30.2	29.3	21.6	28.4	32.0	41.5
Return on shareholders funds after significant items	18.5	25.8	20.2	34.0	31.6	41.4	21.6	(4.0)	35.6	45.8
Gearing[14]	29.8	29.6	14.9	26.4	20.4	7.2	26.8	35.5	37.0	35.1
Volumes										
Sales (million boe)										
Australia										
Pipeline gas	18.4	18.9	16.4	15.5						
LNG and LPG	22.8	18.2	18.2	18.5						
NWS gas (Pipeline, LNG and LPG)	-	-	-	-	34.8	30.8	31.0	27.9	28.2	24.8
NWS oil and condensate	13.9	13.2	12.6	12.8	14.0	14.4	16.2	15.7	15.0	15.1
Australia - other	20.1	24.5	15.6	11.7	8.0	9.1	13.3	19.1	23.2	24.8
Gulf of Mexico	3.2	3.1	2.6	2.6	0.4	-	-	-	-	-
Mauritania	-	-	2.0	4.3	-	-	-	-	-	-
Algeria	2.3	2.3	2.3	2.3	2.3	2.3	0.1	-	-	-
Total (million boe)[6]	80.7	80.2	69.7	67.7	59.5	56.6	60.6	62.7	66.4	64.7
Production (million boe)										
Australia										
Pipeline gas	18.4	18.9	16.4	15.6						
LNG and LPG	23.0	18.6	18.6	18.6						
NWS gas (pipeline, LNG and LPG)	-	-	-	-	35.0	31.5	31.1	28.3	28.5	25.2
NWS oil and condensate	14.0	13.5	12.7	12.8	13.8	14.3	16.4	16.0	14.8	14.9
Australia - other	20.0	24.9	15.8	11.6	8.2	9.3	13.1	19.9	23.0	24.9
Gulf of Mexico	3.2	3.1	2.6	2.6	0.4	-	-	-	-	-
Mauritania	-	-	2.2	4.4	-	-	-	-	-	-
Algeria	2.3	2.3	2.3	2.3	2.3	2.3	0.1	-	-	-
Total (million boe)[6]	80.9	81.3	70.6	67.9	59.7	57.4	60.7	64.2	66.3	65.0
Reserves (Proved plus Probable)										
Gas (Tcf)	7.8	7.9	7.8	6.9	4.7	5.1	4.7	4.8	4.5	4.6
Condensate (MMbbl)	147.8	151.4	152.1	144.6	129.7	138.0	145.7	154.9	154.6	149.4
Oil (MMbbl)	136.1	168.8	170.2	221.1	294.5	258.8	341.5	300.1	263.3	236.4
Other										
Employees[10]	3,219	3,124	2,981	2,888	2,508	2,528	2,219	2,418	2,420	2,198
Shares										
High ($)	53.87	70.51	56.66	49.80	39.39	21.48	15.10	15.05	16.42	15.25
Low ($)	31.19	26.81	34.81	34.81	19.87	14.11	10.00	11.50	12.29	9.30
Close ($)	47.20	36.70	50.39	38.11	39.19	20.10	14.80	12.38	13.39	14.75
Number (000's)	748,599	698,553	688,331	666,667	666,667	666,667	666,667	666,667	666,667	666,667
Number of shareholders	175,257	141,035	131,460	119,003	83,829	72,267	69,491	67,523	55,347	42,135
Market capitalisation ($ million)	35,334	25,637	34,685	25,407	26,127	13,400	9,867	8,253	8,927	9,833
Finding costs ($/boe) (3 year average)[5][11]	6.90	4.11	4.59	3.29	5.50	2.22	2.06	1.37	1.23	0.61
Effective income tax rate (%)	34.0	32.7	35.8	35.4	31.4	30.3	36.4	235.8	27.9	31.3
Net debt/total market cap (%)	11.8	11.0	2.6	5.9	3.4	1.6	9.0	15.4	16.8	11.6

(1) Includes significant items other than 2002 successful efforts and 2001 Gulf of Mexico write-off.

(2) EBIT is calculated as a profit before income tax, PRRT and net finance costs.

(3) Excludes significant items (2002 results restated to reflect effect of successful efforts policy from January 2002).

(4) DPS for 2002 includes a 41.0 cents dividend that was declared after 31 December 2002.

(5) Finding cost for 2003 includes acquisitions of additional scope for recovery volumes.

(6) From 2003, Woodside reports oil and condensate on a volumetric basis.

(7) From 1 January 2005, Woodside has prepared its financial statements in accordance with Australian equivalents to IFRS (AIFRS). To highlight the impact on previously reported data the information provided for 2004 has been restated. Information pre 1 January has not been adjusted for the effects of AIFRS.

(8) Earnings per share has been calculated using the following weighted average number of shares (2009: 703,310,697 / 2008: 685,179,496 / 2007: 671,447,950 / 2006: 657,178,947 /2005: 655,150,640 / 2004:653,790,795 / Pre 2004: 666,666,667).

(9) 2005 oil and gas properties capital expenditure includes acquisitions through business combinations of $415 million, relating to the acquisition of Gryphon Exploration Company.

(10) From 2005 employee numbers do not include third party contractors. Previous years have included third party contractors.

(11) Finding cost methodology has changed from 2004 to be in accordance with the FAS69/SEC industry standard.

(12) 2006 and 2007 data is presented inclusive of Mauritania operating results. This differs from the Income statement which presents the Mauritanian result in discontinued operations.

(13) 2008 oil and gas properties capital expenditure has been restated to exclude minority interests.

(14) 2008 gearing has been restated to exclude minority interests.

Visit us at

www.woodside.com.au

woodside

2009 Annual Report

Head Office:
Woodside Petroleum Ltd
240 St Georges Terrace
Perth WA 6000 Australia

Postal Address:
GPO Box D188
Perth WA 6840 Australia

t: +61 8 9348 4000
f: +61 8 9214 2777
e: companyinfo@woodside.com.au