OUTCOME OF THE EXECUTIVE INCENTIVE FRAMEWORK REVIEW

We are pleased to provide shareholders with an overview of the outcomes following the comprehensive review of Woodside's Executive Incentive Framework over the past two years.

The review has centered on strengthening the alignment between variable remuneration outcomes and the shareholder experience. We have focused on ensuring our executive remuneration structure is adaptable, promotes significant share ownership and more directly supports the company's strategy.

Introduction of the Executive Incentive Scheme (EIS)

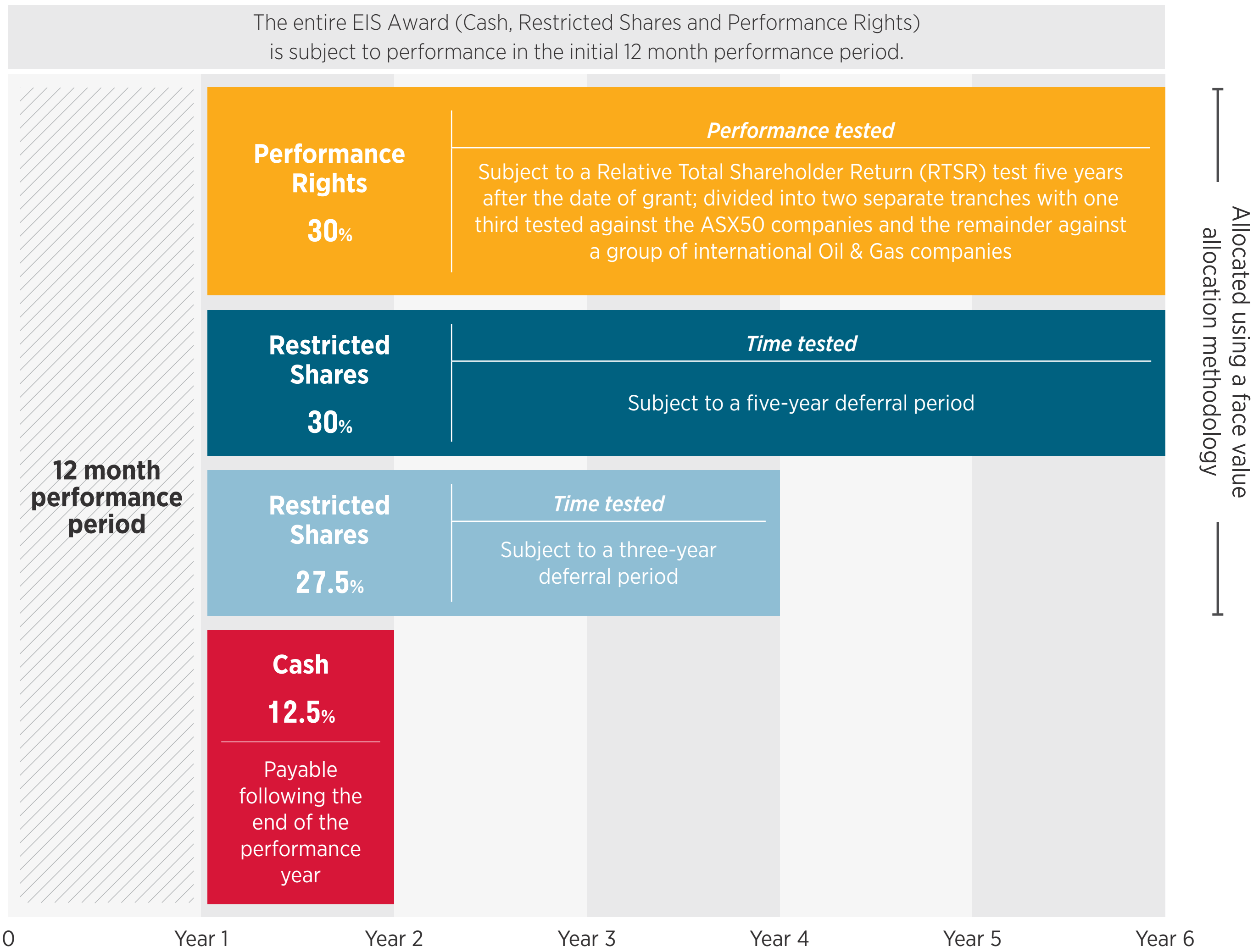
As a result of the review, a new incentive structure will be introduced. Executives will transition onto the Executive Incentive Scheme (EIS) in 2018 and the CEO will move to contractual terms that facilitate the new structure.

The new scheme seeks to deliver three key objectives:

+ Executive Engagement: enable Woodside to attract and retain executive capability in a globally competitive environment by providing executives with a simple structure and a clear line of sight to how performance is reflected in remuneration outcomes.
+ Alignment with the Shareholder Experience: 87.5% of the award will be delivered as equity in the form of Restricted Shares or Performance Rights.
+ Strategic Fit: 60% of the award will have a five year vesting period, which reflects Woodside's strategic time horizons which will drive executives to deliver our strategic objectives with discipline and collaboration and in turn create shareholder value.

These changes are applicable to awards allocated in 2019 for the 2018 performance year. A detailed summary of the related performance outcomes will be included in the 2018 Remuneration Report.

VARIABLE ANNUAL REWARD



Key terms

- The EIS will combine short term incentives, deferred short term incentives and long term incentives into a single combined award linked to annual performance. An executive's award will be based upon their individual performance against key performance indicators (KPIs) and the company's performance through the corporate scorecard. Both individual and corporate performance are equally weighted in determining an individual's EIS award.
- The Board will continue to assess performance against the corporate scorecard. Performance against individual KPIs is assessed by the Board in the case of the CEO, and by the CEO and the Human Resources & Compensation Committee in the case of other executive key management personnel (KMP). Woodside's executive KMP are the CEO and other senior executives who have a meaningful capacity to shape and influence the Group's strategic direction and performance through their actions.
- For the CEO, the award for achieving targeted performance in 2018 will be based on 200% of fixed annual reward. The award will increase for over achievement of targeted performance up to a maximum of 300% of fixed annual reward.
- For executive KMP, the award for achieving targeted performance in 2018 will be 160% of fixed annual reward. The award can increase for over achievement of targeted performance up to a maximum of 256% of fixed annual reward.
- The minimum award that an executive can receive is zero if the initial performance conditions are not achieved. The decision to pay or allocate any EIS award is subject to the overriding discretion of the Board, which may adjust outcomes in order to better reflect shareholder expectations, and company or management performance.

Key design features

KPIs	KPIs will be agreed with each executive on an annual basis having regard to their areas of accountability and influence. Commentary will be included in the Remuneration Report to demonstrate the clear link between performance and outcomes.
Allocation Methodology	Restricted Shares and Performance Rights will be allocated using a Face Value allocation methodology.
RTSR Measure	The vesting of Performance Rights will depend on the ranking of Woodside's total shareholder return percentile position within separate peer groups comprising of the ASX50 companies and international Oil and Gas companies.
No Retesting	There will be no retest applied to EIS awards. Performance Rights will lapse if the required RTSR performance is not achieved at the end of the five-year period.
Dividends	Executives are entitled to receive dividends on Restricted Shares. No dividends are paid on Performance Rights prior to vesting. For Performance Rights that do vest, a dividend equivalent payment will be paid by Woodside for the period between allocation and vesting.
Clawback Provisions	The Board has the discretion to reduce unvested entitlements including where an executive has acted fraudulently or dishonestly or is found to be in material breach of their obligations, there is a material misstatement or omission in the financial statements or the Board determines that circumstances have occurred that have resulted in an unfair benefit to the executive.
Control Event	The Board has the discretion to determine the treatment of any EIS award on a change of control event. If a change of control occurs during the 12 month performance period, executives will receive at least a pro-rata cash payment in respect of the unallocated cash and Restricted Share components of the EIS award for that year, assessed at target. If a change of control occurs during the vesting period for equity awards, Restricted Shares will vest in full whilst Performance Rights may, at the discretion of the Board, vest on at least a pro-rata basis.
Cessation of Employment	During a Performance Period, should an executive provide notice of resignation or be terminated for cause, no EIS award will be provided. In any other case, Woodside will have regard to performance against target and the portion of the performance period elapsed in determining the form of any EIS award. During a Vesting Period, should an executive provide notice of resignation or be terminated for cause, any EIS award will be forfeited or lapse. In any other case , any Restricted Shares will vest in full from a date determined by the Board whilst any Performance Rights will remain on foot and vest in the ordinary course subject to the satisfaction of applicable conditions. The Board will have discretion to accelerate the vesting of unvested equity awards, subject to termination benefits laws.