



WorleyParsons

resources & energy

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25 October 2011

Manager, Company Announcements Office
ASX Limited
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SYDNEY NSW 2000

Dear Sir/Madam

**WORLEYPARSONS LIMITED (WOR)
ANNUAL GENERAL MEETING 2011**

Please find attached the addresses to be presented at today's Annual General Meeting by our Chairman – Mr Ron McNeilly, Chief Executive Officer – Mr John Grill and Remuneration Committee Chairman – Mr John M Green.

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25 October 2011

**2011 ANNUAL GENERAL MEETING
CHAIRMAN'S ADDRESS**

Introduction

Ladies and gentlemen, on behalf of my fellow directors, I would like to welcome you here today. Thank you for taking the time to attend, and for your ongoing support of, and interest in, WorleyParsons.

I am pleased to report that WorleyParsons has emerged from the very difficult operating environment of the past few years a stronger, more streamlined Company with encouraging signs for future performance.

The Board is pleased with the solid financial performance of the Company for the year, buoyed by a very strong second half result. There was an improved performance in all regions and sectors in the second half with underlying Net Profit After Tax up 50 percent on that delivered in the first half.

This has provided us with the clearest indication for some time that WorleyParsons is poised to deliver renewed growth.

It is very pleasing to note the significant number of solid contract wins awarded during the year across our operations, flowing from our extensive global client base. Our Chief Executive John Grill will talk in more detail shortly about the company's contract wins.

Safety

At Board level and across the organisation globally, safety remains our number one priority. It is gratifying that WorleyParsons' safety performance continued to improve during the year as we further increased our focus on this critical element of our business.



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Our safety performance continues to compare favourably against other companies in our sector. Despite this encouraging trend, safety remains the highest priority for us, particularly given the number of challenging environments in which we operate, and we believe further improvement is essential.

Our health, safety and environmental expectations are fundamental elements of our business. They are embedded into our management systems and processes and influence everything that the Company does.

People

During the year WorleyParsons significantly boosted the Company's overall people numbers, with an increase of 5,100 people across the organisation. We now employ more than 36,000 people, in 143 offices, across 43 countries.

This is an exciting milestone because it reflects the fact we are now arguably the most global of any of the companies operating in our sector. In addition, it is the highest number of people we have employed in the Company's extensive history.

The Company has a renewed emphasis on retaining and recruiting high calibre people which is one of the greatest challenges facing the Company. Our Group Managing Director of People, Barry Bloch who sits on the executive committee leads our efforts in this area.

In his role Barry will be working closely with the Board and senior management to facilitate the development of a group-wide diversity and inclusion policy and reporting structure.

We recognise that diversity generates value for all of our stakeholders - not just diversity by gender, but by race, ethnicity, socio-economic status, culture, age, physical ability, education, family status, and religion.

However, on gender diversity we recognise we still have a way to go, given that at the present time approximately 23 per cent of our employee base is female.



Importantly though, we are committed to increasing the proportion of female employees over time and achieving the balance we believe is necessary, while understanding that this will clearly not happen overnight.

On a group-wide basis our People team is looking at every aspect of our practices in respect of recruiting, training and management of our people.

Already, initiatives are being implemented to address these challenges. They include recruitment policies which use the full suite of recruitment methods available; a talent management process, to better enable us to track and manage the people we already have; and a comprehensive review and redesign of our remuneration policies.

Financial results

I will now run through a brief overview of the Company's 2011 financial results.

For the full year, WorleyParsons reported aggregated revenue of \$5,904 million, up 19 percent on the previous corresponding period. Net profit after tax for the year was \$364.2 million, up 25 percent on the prior year, and assisted by a \$65.7 million fair value gain from the acquisition of associates. Underlying Net Profit After Tax for the year was \$298.5 million, up 2.5 per cent on the prior year.

The Board resolved to pay a final dividend of 50.0 cents per share, franked to 25.7 percent, bringing the total dividend for the year to 86.0 cents per share, up 13.9 percent from 75.5 cents last year.

Currency

As with all Australian companies who have significant overseas operations, the effect of the stronger Australian dollar continued to have a negative impact on the translation of foreign currency earnings. With around 71 percent of the Company's revenue generated outside of Australia, we expect that exchange rate fluctuations will continue to have an effect on profit outcomes.



Major business developments

During the year WorleyParsons successfully completed the acquisition of KV3 Engineers, a leading South African engineering consulting firm. This is part of our strategy to increase participation in the developing world. Founded in 1977, KV3 brings substantial skills, capabilities, customer relationships and experience to our existing South African business. This business has been combined with WorleyParsons South Africa to provide a solid platform to further develop and strengthen our African businesses.

The Company also acquired a further 25 percent interest in our Saudi Arabian business, taking our interest to 75%. Our business in China has grown considerably and we are now that country's largest foreign owned engineering procurement and construction management services provider. Not only has the volume of work in China increased but importantly we are now doing more work for Chinese clients developing projects outside China.

Governance

The WorleyParsons Board places significant importance on ensuring we have a robust corporate governance structure in place to ensure the group meets the highest standards of safety, performance and governance.

The Board is very much aware of its responsibilities to our shareholders, customers, employees and suppliers, as well as to the communities in which we operate. We regularly review our corporate governance and update it as appropriate.

John Grill our CEO will talk about the organisational changes and the executive committee introduced earlier this year. The Board is satisfied this reorganisation significantly enhances WorleyParsons' operational governance structure and ensures that the Company is positioned to effectively manage the demands of future growth.

As a business, WorleyParsons is committed to complying with the law and conducting all activities with the highest level of integrity and ethical standards. In line with these commitments the Board regularly reviews our Company Code of Conduct which contains the principles that



guide our business interests and activities worldwide, and to everyone working at, or engaged by, WorleyParsons.

Board

During the year several changes were made to the composition of the WorleyParsons Board, reflecting our ongoing commitment to renewal at Board level.

As mentioned in the Annual Report, Eric Gwee retires as a Non-Executive Director following the AGM. Eric has been a highly valued member of the Board since joining in February 2005, and has provided a significant contribution, stemming from his extensive international experience in the hydrocarbons and power industries. The Board joins me in thanking Eric for his valuable contribution.

Bill Hall retired from the Board at the end of the 2010 financial year, after which he was alternate director on the Board for Larry Benke. Again as mentioned in the Annual Report, Bill steps down as an alternate director after the AGM. Bill has made an extremely valuable contribution to the Board, having been a former Chairman and CEO of the Parsons E&C Group. We are pleased that Bill continues his role within WorleyParsons as Managing Director of Project Delivery.

In February this year WorleyParsons' Chief Financial Officer and Executive Director David Housego announced his decision to resign from the Company and the Board, after nearly 12 years of service to the Company. David was a valuable member of the Board and as CFO ably managed all of the financial aspects of the Company. I would like to thank David for his significant contribution to the Board and Company and wish him well in his future career.

In line with our commitment to ensure that the experience and skills of the Board support the Company's strategic growth objectives, it is our intention to appoint at least two new Non-Executive Directors to the Board. In this regard, I am pleased to be able to announce that Ms Wang Xiao Bin has accepted our invitation to join the WorleyParsons board and will do so prior to our December board meeting. Wang Xiao Bin has been able to join us today and I would like to introduce her to you now. Wang Xiao Bin, who is based in Hong Kong, is currently Executive Director and CFO of China Resources Power Holdings and will bring to the Board considerable



business experience and expertise along with valuable insight into a region of the world of growing significance to our Company.

Succession

As I have indicated at previous Annual General Meetings, the Board has a detailed succession planning process in place to ensure the Company is well positioned for a change in leadership at CEO level when the time becomes appropriate.

We are pleased that John Grill continues as WorleyParsons' CEO and we believe we have a robust process in place to develop a potential successor to John from within our first class management team.

Conclusion

Finally, I would like to take this opportunity to extend my thanks to John, the WorleyParsons' management team and all of our staff worldwide for their outstanding efforts and professionalism in the past year. In addition, I would like to thank my fellow Board members for their valuable contributions.

Lastly, I would like to extend my sincere thanks to you, our shareholders. Ladies and gentlemen, that concludes my address. I would now like to ask John our Chief Executive Officer to address the meeting.



25 October 2011

2011 ANNUAL GENERAL MEETING CHIEF EXECUTIVE OFFICER'S ADDRESS

Introduction

Good afternoon ladies and gentlemen. Welcome and thank you for attending this year's AGM.

I would like to update you this afternoon on WorleyParsons' progress during the past financial year. In particular, I'll be touching on:

- WorleyParsons' 1500 years of combined history;
- Safety;
- Changes to our organisational structure;
- Our people;
- Significant new contracts; and
- Our outlook.

I will also spend some time on developments in each of our customer sector groups.

1500 years

This year marked a milestone in WorleyParsons' history as we celebrate 1,500 years of combined company history. This represents the total number of years that all of our companies have been in operation, including the original Worley Company, the Smith de Kantzow Wholohan and Grill partnership and our acquisitions.

This statistic demonstrates well the breadth and experience that these acquisitions have brought into the Company and which create the foundation for the long term growth of WorleyParsons.

We are proud to be celebrating the WorleyParsons Group's long and dynamic history as we honour the entrepreneurial spirit of our people and the strategic acquisitions that have accumulated these 1,500 years of combined history.



Safety

The safety of our people is of utmost importance to all of us at WorleyParsons. Our continued focus on safety produced an improved safety performance again in FY2011 and we continue to strive to achieve further improvements across the company.

In particular, we were pleased to reach several significant milestones in two of the world's more difficult safety environments during the year. We achieved 10 million hours of work without a lost time injury on the Pluto LNG project in north Western Australia, and a similar milestone in our Nigerian business. Both of these milestones are major achievements for all involved and would not have been reached without the commitment to safety of our staff, our contractors and our customers.

I would now like to move to a brief update of the developments in each of our four customer sector groups.

Organisational structure

In March this year we announced a new group-wide management restructure to position WorleyParsons for the next phase of the company's growth. The restructure was designed principally to improve our focus on our customers and locations. Our initial objective has been to simplify our organisation to facilitate outstanding location-based delivery with effective group wide support and we are starting to see the benefits of the restructure throughout the business.

A new executive committee was established to lead these changes. Key leadership accountabilities and appointments have been made in five areas: finance, operations; development; delivery; and people. Each of the Executive Committee members is here with us today, namely Stuart Bradie, Group Managing Director - Operations; Andrew Wood, Group Managing Director - Finance & CFO; Iain Ross, Group Managing Director - Development; David Steele, Group Managing Director - Delivery; and Barry Bloch, Group Managing Director - People.



The restructure has brought significant change to all parts of our business and I commend our people throughout the world for embracing these changes. I am confident the new structure will provide long term benefits in how we provide our services to our customers no matter where their project is located.

People

As Ron explained, the number of people in our organisation increased substantially over the past financial year and I can advise that numbers have continued to increase in the current financial year. This growth is in response to numerous recent project wins and is an indicator of the ongoing growth of our business.

Over the past five years, our office network has increased from 59 to 143. Those offices are in 43 countries and we undertake projects in many other countries.

I would like to take this opportunity to thank all of our people throughout the world for their efforts and for their commitment to the company over the past year.

Contract awards

It is very pleasing to note the significant number of solid contract wins awarded during the year across our operations, flowing from our extensive global client base. We were awarded more than 68 significant new long term contracts and major project awards in the year. This includes 37 new long term *Improve* contracts, increasing our worldwide portfolio to more than 230.



Our *Improve* business focuses on maintaining, upgrading and improving existing projects. That work tends to be long-term and ongoing. The additional 37 *Improve* contracts awarded during FY2011 reflects increased demand for our *Improve* services across all sector groups. We are making a significant investment in the systems we use to perform those contracts.

Increasingly, we are seeing a preference by our large multinational customers to contract on a global basis, and WorleyParsons is one of only a handful of companies able to provide the breadth of skills and services that those customers need. We currently have global agreements with Anglo American, BP, Chevron, Du Pont, Rio Tinto and Vale. During the last financial year we signed an additional global agreement with BP for engineering and project management services for onshore facilities. As a result, WorleyParsons is the only engineering contractor to hold all three services agreements with BP for onshore, offshore and subsea facilities.

We also continue to increase our participation in the developing world, as it contains most of the world's undeveloped resources and provides most of our large project opportunities.

Hydrocarbons

Demand for oil and gas continues to grow, particularly in the developing world, and investment in major upstream projects (that is, projects concerned with the search for, and recovery of, oil and gas) continues to grow, roughly in line with increasing demand. In the past year we saw demand grow particularly from our customers in Asia, Russia, Canada and the US. The downstream market focussed on projects concerned with the refining of oil and gas is recovering.

During FY2011 we were awarded key hydrocarbons projects by companies including BP, Chevron, Woodside and ExxonMobil, and we expect improved earnings in this sector in FY2012.



Minerals & Metals

Continued strong commodity prices through FY2011 led to increased investment in this sector. Further, the major mining companies, driven by Chinese demand, are continuing to invest in capacity growth.

We have continued to grow our relationship with those mining companies and were awarded key contracts by Vale, BHP, Rio Tinto, and Anglo American in the past financial year. We expect improved earnings in this sector in FY2012.

Power

In the developed world, investment in power infrastructure remains focused on asset management, energy efficiency and alternative energy. In the developing world, investment continues to be driven by increasing demand, resulting in the building of new power plants and *Improve* opportunities across all fuel types.

During FY2011 we were awarded key power projects in Australia, Canada, Venezuela, Vietnam and Turkey, and we expect improved earnings in this sector in FY2012.

Infrastructure & Environment

Demand for our Infrastructure & Environment services is being driven by increasing investment in resources projects. That investment is in turn driving an increase in demand for associated infrastructure, such as railways and ports. In addition, our EcoNomics offering, which provides our customers with the systems and expertise to make their projects both more profitable and sustainable, continues to differentiate the group. This has proved particularly useful in securing recent infrastructure projects in Latin America.

In FY2011 we were awarded key projects in this sector by port authorities in Doha Qatar, New York and Vancouver and also by Fortescue Metals and Hancock Coal. We expect improved earnings in this sector in FY2012.



Retirement of David Housego

In addition to the Chairman's comments, I would also like to acknowledge the significant contribution that David Housego made to WorleyParsons during his 12 years with us. David played a fundamental role in the company's growth from an unlisted company to the global group we are today.

Outlook

Subject to the markets for our services remaining strong, we expect to achieve good growth in 2012 compared to 2011 underlying earnings. We are projecting that current year earnings will be weighted to the second half of the financial year but expect our first half result to show improvement as compared to the corresponding period last year.

The group continues to evaluate opportunities for new business growth that will add to our existing capabilities and provide value for our shareholders.

We remain confident that WorleyParsons' medium term and long term prospects remain positive based on our competitive position, diversified operations and strong financial capacity.

Thank you.



25 October 2011

2011 ANNUAL GENERAL MEETING REMUNERATION COMMITTEE CHAIRMAN'S ADDRESS

Good afternoon, ladies and gentlemen. My name is John M. Green and I am the Chairman of the Board's Remuneration Committee.

At last year's Annual General Meeting I gave a detailed outline of WorleyParsons' executive remuneration practices, including an overview of our executive remuneration structure, how our incentive plans are aligned to performance and new and proposed changes to remuneration arrangements.

This is also explained at length in the Remuneration Report within our Annual Report, so I won't cover the same ground again. Instead, today I will focus on the link between performance and reward, fundamental to your Board's encouragement of a strong alignment between shareholders and our senior executive team.

Specifically I will focus on three key parts of our remuneration structure that relate to incentive pay, designed to motivate and reward good performance: these are our Cash Short-Term Incentive (Cash STI); our Deferred Equity Short-Term Incentive (Deferred Equity STI); and our Long-Term Incentive (LTI).

Cash Short-Term Incentive (Cash STI)

First, our Cash Short-Term Incentive (Cash STI).

At WorleyParsons, we set a high hurdle for this. We pay no Cash STI to our Key Management Personnel unless they deliver to shareholders a Group Net Profit After Tax (or NPAT) that exceeds 90% of the budget, and please bear in mind that we set our budgets with considerable stretch.

However, your Board is not just focussed on the size of earnings, but also their quality. We want to ensure that the NPAT we use for paying our executives Cash STI truly reflects the company's underlying operating performance.



In 2011, we bought out some of our partners in Saudi Arabia, South Africa and China. As a result we were required to revalue upwards our pre-existing shares of those businesses, and to report those revaluations of \$65.7m as increasing our profit.

So, as was presented in our results announcement and the Annual Report, we distinguished between the NPAT which the accounting standards required us to report and what we regard as the underlying NPAT.

In determining whether our Cash STI gate-opener had been achieved, we used the lower underlying NPAT and not the higher statutory NPAT. The lower underlying NPAT was still above our gate-opener, but by a much smaller proportion. While that still allowed us to pay Cash STI, the amounts were lower than if we had applied reported NPAT.

Deferred Equity Short Term Incentive (Deferred Equity STI)

Secondly, our Deferred Equity Short-Term Incentive (Deferred Equity STI).

Last year I told you we were introducing a new Deferred Equity STI Plan. Here, to increase alignment between shareholders and senior executives, we offer to pay an incentive in deferred shares if our results are even better than we hope for under the Cash STI plan.

Whereas the Cash STI pays out if the NPAT exceeds 90% of our stretch budget, this Deferred Equity STI plan only pays out if the NPAT exceeds 95% of budget.

Because the Board exercised its discretion to use underlying NPAT as I just mentioned, the gate-opener for this plan was not achieved, and we made no awards under this plan. We certainly hope that the 2012 results are such that we will be able to pay Deferred Equity STI next year.

Long-Term Incentive (LTI)

Turning thirdly to our Long-Term Incentive plan (LTI).

Under our LTI plan, executives receive a grant of performance rights which vest over a three or four year period if challenging Earnings Per Share (EPS) and relative Total



Shareholder Return (TSR) hurdles have been achieved. More details on the LTI plan are set out in the Remuneration Report section of the Annual Report.

Unfortunately, none of the hurdles were met for the three years to 30 June 2011, so none of the 2008/09 allocations have vested, but the TSR component will be subject to employees' election to re-test in a year's time.

As shareholders know from past years, your Board believes that because your company operates in cyclical sectors, it is fair to allow our executives the opportunity for one retest of that portion of their LTI which relates to T S R. As you will know from past years, this is not a free-kick retest, however. If an executive makes this election, choosing to test the TSR component over four years not three, it is irrevocable, and the executive may forfeit any shares that would otherwise have vested.

In 2010, approximately 14% of participants made this irrevocable election to forfeit the 81% of their TSR portion of LTI that would have vested after three years, and instead take the four-year outcome. In that case, they were marginally better off, attaining 85% of the TSR portion of their LTI allocation.

The Future

As you've already heard from our Chairman and our CEO, your executive team and employees throughout the Group have continued to work hard for shareholders. But as our remuneration structure rewards performance, not just effort, this year there has been no vesting of LTI, no Deferred Equity STI and limited Cash STI. Again, we hope our 2012 results will mean this will be different next year.

Your Board needs to be vigilant to ensure that our framework continues to serve us well over the medium and longer-term. Obviously, we want our variable incentive plans to provide strong rewards to executives when they create shareholder value. But since our company works in one of the most competitive global industries, we need to make sure we can also retain and attract the very best talent to deliver that value.

Your Board believes our framework continues to demonstrate a strong executive/shareholder alignment, and is undertaking a comprehensive review on whether it remains



optimal for retaining and attracting the best talent. We intend to outline the outcomes of our review in next year's Remuneration Report.

For 2012 we will continue with the existing LTI framework unchanged for our Key Management Personnel.

For participants below the CEO and other Key Management Personnel, our existing Plan is unnecessarily complex, and we believe it would further strengthen their alignment with shareholders if they were more confident of becoming shareholders. Given the competitive markets in which the company is operating, the Board believes it is in shareholder interests for the plan to be more focused on retention. Hence for those employees other than Key Management Personnel, we foresee that the plan could operate in future based on the criteria of continued employment and good performance.

In past years you will have voted on a resolution at the AGM to approve an offer of performance rights for executive directors under our LTI plan. We don't have such a resolution this year because, after David Housego's retirement during the year and Bill Hall's decision to step down as an alternate director, we currently have only one executive director, chief executive John Grill, and as we mention in our Remuneration Report, we have decided to award John cash-settled rights. That is because there is no question of his alignment with shareholders, given he is already such a large shareholder. The terms and conditions for his cash-settled rights will be the same as for equity-settled rights under the LTI Plan (which includes the performance hurdles relating to TSR and EPS), except that at the time of vesting, rather than receiving shares at a nil exercise price, he will receive their cash equivalent value.

The number of cash-settled performance rights awarded to John on this basis for 2012 is 67,639.



Non-Executive Directors

Your non-executive directors' fees have been frozen for four successive years.

Given the increased size, scale and complexity of our business, and after a comparison with similarly-sized Australian listed companies and comparable international firms, we propose to adjust non-executive director fees for 2012.

The new fee structure aims to ensure that our non-executive director fees are competitive, and enable us to attract suitable new independent directors from around the world.

Our non-executive directors do not receive any performance-based pay. We are also subject to a minimum shareholding requirement, like our senior executives, to help ensure we are focused on shareholder value creation. Later in the meeting, we are seeking your approval to increase the size of the non-executive director fee pool. The increase will allow the Board the flexibility to increase its number – and thus its diversity and expertise.

Concluding comments

I hope you have found this overview useful.

I conclude by emphasising that your Board remains committed to maintaining high standards in relation to executive pay, remuneration design and transparent disclosure and we always welcome shareholder feedback to help us further achieve these objectives.

Thank you.