

ASX Announcement

Tuesday, 17 June 2014

ASX: WPL
OTC: WOPEY

Woodside Petroleum Ltd.
ACN 004 898 962
Woodside Plaza
240 St Georges Terrace
Perth WA 6000
Australia
www.woodside.com.au

WOODSIDE ANNOUNCES SELECTIVE BUY-BACK OF 78.3 MILLION SHARES FROM SHELL

Woodside Petroleum Ltd advises that the company has signed a binding buy-back agreement with Shell Energy Holdings Australia Limited to purchase 78.3 million Woodside shares from Shell via a selective buy-back at a price of US\$2,680 million. This represents approximately 9.5% of Woodside's issued share capital.

The proposed buy-back price of US\$2,680 million payable by Woodside is based on a share price of A\$36.49, representing a 14% discount to the volume weighted average price of Woodside shares over the five trading days up to and including Monday 16 June 2014¹.

In conjunction with the buy-back, Shell has also entered into an agreement to sell another 78.3 million shares, representing 9.5% of Woodside's issued capital, via an underwritten sell-down to institutional investors at A\$41.35 per share. It is expected that the sell-down will complete by Wednesday 18 June 2014 at 10am AEST, at which time Woodside shares will resume trading.

Shell's holding in Woodside would reduce from its current 23.1% of Woodside's issued capital to a maximum of 4.5% following completion of the selective buy-back and sell-down.

The buy-back is subject to Woodside shareholder approval, an independent expert providing an opinion that the transaction is fair and reasonable to all Woodside shareholders (other than Shell and its associates), and consent under a number of Woodside's facility agreements.

Woodside's Board of Directors recommends that shareholders (excluding Shell and its associates) vote in favour of the selective buy-back, subject to the independent expert concluding it is fair and reasonable to shareholders (excluding Shell and its associates). Dr Haynes and Dr Jamieson, who were originally nominated by Shell, abstained from voting.

Woodside CEO Peter Coleman said the combined transaction would deliver real value to Woodside shareholders through enhanced earnings per share, cash flow per share and dividends per share.

"This combined transaction is an efficient and disciplined use of capital and creates value for all our shareholders," Mr Coleman said.

"In parallel, it allows us to optimise the company's near-term capital structure, while maintaining the capacity to continue to develop existing projects and make additional investments in new growth opportunities.

"The combined transaction will also increase our liquidity in the market and resolve the uncertainty in relation to Shell's shareholding that has existed for several years."

Woodside has enjoyed a long and productive relationship with Shell which will continue through common investments in established projects, such as the North West Shelf Joint Venture, and growth opportunities, such as the Browse and Sunrise Joint Ventures.

¹ The selective buy-back transaction is priced in US\$ based on an average of USD:AUD exchange rates over the six days up to and including 16 June 2014 of 1.0659 for a buy-back price of US\$34.24 per share.

The buy-back price includes a capital component of US\$7.95 per share with the remainder of the buy-back price comprising a fully franked dividend. Following the proposed selective buy-back, Woodside will continue to retain a substantial franking credit balance of US\$1,878 million.

The proposed selective buy-back will be funded from a combination of Woodside's existing cash and debt facilities and is not expected to impact Woodside's current credit rating. Woodside will continue to target a strong investment grade credit rating. Woodside plans to continue its practice of an 80% dividend payout ratio for the foreseeable future, subject to the demands of significant new capital investments or if business performance or external circumstances change materially. The transaction is expected to increase the amount of future dividends per share above what they would be in the absence of the transaction.

In the coming weeks, Woodside shareholders will receive a notice of an extraordinary general meeting and an accompanying explanatory memorandum, including an invitation to vote on the transaction. The extraordinary general meeting is expected to be held in August 2014.

Teleconference

A teleconference with Woodside Chairman Michael Chaney and CEO Peter Coleman for investors, analysts and media will be held today at 9:00am AWST (11:00am AEST). The teleconference will be webcast live via Woodside's website www.woodside.com.au.

Contacts:

MEDIA

Michelle Grady

W: +61 8 9348 5995

M: +61 418 938 660

E: michelle.grady@woodside.com.au

INVESTORS

Craig Ashton

W: +61 8 9348 6214

M: +61 417 180 640

E: investor@woodside.com.au