

ASX Announcement

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UPDATE ON WOODSIDE PROPOSAL TO OIL SEARCH LIMITED

Woodside notes today's announcement by Oil Search Limited rejecting Woodside's 3 September 2015 merger proposal. Woodside is surprised and disappointed that the Board of Oil Search has rejected the proposal without meeting with Woodside to understand the benefits of the opportunity or to negotiate the terms of a possible merger.

Under the proposal, Oil Search shareholders would receive all scrip consideration of 0.25 Woodside shares for every Oil Search share and represent a 31.7% shareholding in the combined entity. This compares favourably to Oil Search's relative contribution to the merged group on a range of measures including production, reserves and free cashflow.

Woodside believes the proposal would create the regional oil and gas champion for both Papua New Guinea and Australia with a global portfolio of world class assets and development opportunities which would deliver significant benefits to both companies' shareholders.

The proposal implies a material premium to all relevant trading periods prior to initial media speculation of a potential approach by Woodside to Oil Search on 27 August 2015 and compares favourably on a range of measures relative to other recent transactions in the sector.

Woodside Proposal – Implied Premiums at the 0.25x exchange ratio ⁽¹⁾				
VWAP Period	Oil Search VWAP A\$/share	Woodside VWAP A\$/share	Implied Consideration OSH A\$/share	Implied Premium
1 week VWAP	A\$6.01	A\$30.87	A\$7.72	28.4%
1 month VWAP	A\$6.50	A\$32.71	A\$8.18	25.9%
3 month VWAP	A\$6.90	A\$34.04	A\$8.51	23.3%

Note (1): All volume weighted average prices (VWAPs) calculated up to and including close of trading on 27 August 2015.

The proposal is aligned with Woodside's strategy of developing superior shareholder returns by maximising the value of our core assets, leveraging our capabilities and growing our portfolio.

Woodside will continue to maintain a disciplined approach in relation to business development opportunities.

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