

Media enquiries

Chandran Vigneswaran
+61 8 8116 5856 / +61 (0) 467 775 055
chandran.vigneswaran@santos.com

Investor enquiries

Andrew Nairn
+61 8 8116 5314 / +61 (0) 437 166 497
andrew.nairn@santos.com

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S&P's change to hybrid equity credit

Santos notes today's announcement from Standard & Poor's (S&P) that Santos' €1 billion hybrid issued in September 2010 will be reclassified as debt under revised S&P criteria. S&P previously classified the hybrid as equity.

As a consequence, S&P has placed Santos' BBB+ credit rating on CreditWatch with negative implications.

Santos Chief Financial Officer Andrew Seaton said there is no change to Santos' financial position as a result of the announcement from S&P.

"Santos has no need for further equity or debt facilities. With \$5.8 billion in cash and undrawn debt as at 31 December 2012, and strong operating cashflows, we have ample liquidity to fund our forecast capital commitments."

"With PNG LNG generating significant cash in 2014, we will commence considering capital management initiatives later in the year."

"None of our existing debt facilities contain any credit rating related covenant triggers or review events."

"We are however very disappointed with S&P's decision to reclassify the Santos hybrid instrument as debt. Retrospective application of the revised criteria is inconsistent with the detailed consultation and review undertaken with S&P in 2010 to ensure the terms and conditions of the hybrid met S&P's criteria for 100% equity classification."

Ends.