

**Media enquiries**

Matthew Doman  
+61 8 8116 5260 / +61 (0) 421 888 858  
[matthew.doman@santos.com](mailto:matthew.doman@santos.com)

**Investor enquiries**

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

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## **Santos increases hybrid funding to €1 billion with follow-on issue**

Santos today announced the successful launch and pricing of a €300 million follow-on hybrid issue (approximately A\$420 million).

This follows Santos' debut issue of a €700 million 100% equity credit Euro hybrid which settled on 22 September 2010. This will bring the total amount of hybrid capital raised by Santos in this market to €1.0 billion (approximately A\$1.4 billion). The follow-on hybrid will be fully fungible with the initial hybrid securities following settlement on or about 28 October 2010.

The follow-on issue represents another significant step towards funding Santos' share of the GLNG project, with a planned final investment decision before the end of the year.

Standard & Poor's has confirmed that the follow-on hybrid securities will also receive 100% equity credit, thereby providing further support to Santos' BBB+ credit rating.

Santos initially launched a €650 million hybrid security on 16 September 2010. This hybrid issue was subsequently increased to €700 million on 22 September 2010 following the exercise of an over-allotment option. Including the follow-on issue, the total size of the Santos hybrid transaction is now €1 billion.

Santos Executive Vice President and Chief Financial Officer Peter Wasow said the follow-on hybrid issue demonstrates Santos' strong reputation in the capital markets and the company's commitment to maintain an efficient capital structure.

"Given the strong support received for our initial hybrid issue in September, we received significant demand from investors for a follow-on issue.

"As we continue to proactively finalise our GLNG funding strategy, it was a logical decision to return to the Euro hybrid market and further reduce on a dollar for dollar basis the amount of potential equity that may be required to maintain our BBB+ credit rating."

The follow-on hybrid was issued at an implied yield of approximately 8.05%.

UBS was Structuring Advisor on the hybrid issue. Joint Lead Managers were Deutsche Bank and UBS.

Ends