



Woodside Petroleum Ltd.

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Dear Shareholder

22 February 2018

**WOODSIDE PETROLEUM LTD
~A\$2.5 BILLION RENOUNCEABLE ENTITLEMENT OFFER – NOTIFICATION TO INELIGIBLE RETAIL
SHAREHOLDERS**

On 14 February 2018 Woodside Petroleum Ltd (Woodside) announced a fully underwritten pro rata renounceable entitlement offer of new Woodside ordinary shares (New Shares) (with retail entitlements trading) to raise approximately A\$2.5 billion (Entitlement Offer). The offer price is A\$27.00 per New Share (Offer Price).

This letter is not an offer to issue New Shares to you, nor an invitation for you to apply for New Shares. This letter is to inform you about the Entitlement Offer, and to explain why you will not be able to subscribe for New Shares under the Entitlement Offer. **You are not required to do anything in response to this letter but there may be financial implications for you as a result of the Entitlement Offer that you should be aware of.**

The Entitlement Offer and Use of Proceeds

The Entitlement Offer comprises an institutional entitlement offer and an offer to eligible retail shareholders to participate at the same Offer Price and offer ratio (Retail Entitlement Offer). The Entitlement Offer is being made in accordance with section 708AA of the Australian *Corporations Act 2001* (Cth) (Act) (as modified by Australian Securities and Investments Commission Corporations (Non-Traditional Rights Issues) Instrument 2016/84), meaning that no prospectus needs to be prepared.

Proceeds from the Entitlement Offer will be used for the acquisition of up to an additional 50% interest in the Scarborough gas field (as announced on 14 February 2018 in Woodside's full-year 2017 results) and for general corporate purposes, including funding support for the Scarborough and SNE-Phase 1 developments and to progress development of Browse to targeted final investment decision.

Details of the Retail Entitlement Offer

The Retail Entitlement Offer is being made to eligible shareholders on the basis of one New Share for every 9 existing Woodside ordinary shares held on the Record Date (Entitlement). An offer booklet in relation to the Retail Entitlement Offer (Retail Information Booklet) will be despatched to Eligible Retail Shareholders by 22 February 2018.

Eligibility Criteria

Eligible Retail Shareholders are those persons who are a holder of existing Woodside ordinary shares as at 7.00pm (Australian Eastern Daylight Time) on 19 February 2018 and who:

1. have a registered address on the Woodside share register in Australia or New Zealand;
2. are not in the United States and are not acting for the account or benefit of a person in the United States (to the extent they are holding Woodside ordinary shares for the account or benefit of such person in the United States);
3. were not invited to participate (other than as nominee, in respect of other underlying holdings) in the institutional entitlement offer and were not treated as ineligible institutional shareholders under the institutional entitlement offer; and
4. are eligible under all applicable securities laws to receive an offer under the Retail Entitlement Offer without any requirement for a prospectus or offer document to be lodged or registered.

Shareholders who are not Eligible Retail Shareholders and who did not participate in the institutional entitlement offer are “Ineligible Shareholders” and are consequently unable to participate in the Retail Entitlement Offer.

The restrictions upon eligibility to participate in the Retail Entitlement Offer arise because of the legal and regulatory requirements in countries other than Australia or New Zealand and the potential costs to Woodside of complying with these legal and regulatory requirements compared with the relatively small number of shareholders in those countries, the relatively small number of existing Woodside ordinary shares those shareholders hold and the relatively low value of New Shares to which they would otherwise be entitled.

Woodside has determined, pursuant to Listing Rule 7.7.1(a) of the ASX Listing Rules and section 9A(3)(a) of the Act (as modified by Australian Securities and Investments Commission Corporations (Non-Traditional Rights Issues) Instrument 2016/84), that it would be unreasonable to make offers to shareholders in certain countries under the Retail Entitlement Offer.

Determination of eligibility of investors for the purposes of the Retail Entitlement Offer is determined by Woodside with reference to a number of matters. The underwriters to the Entitlement Offer and their affiliates and related bodies corporate and each of their respective directors, officers, partners, employees, advisers and agents disclaim any liability in respect of any determination as to eligibility, to the maximum extent permitted by law.

Unfortunately, according to our records, you do not satisfy the eligibility criteria for an Eligible Retail Shareholder stated above. Accordingly, in compliance with ASX Listing Rule 7.7.1(b) and section 9A(3)(b) of the Act, Woodside wishes to advise you that it will not be able to extend the Retail Entitlement Offer to you and you will not be able to subscribe for New Shares under the Retail Entitlement Offer. You will not be sent the documents relating to the Entitlement Offer.

However, as the Entitlement Offer is renounceable, you may receive value for entitlements you would have received had you been eligible to participate in the Retail Entitlement Offer. Arrangements have been made for the New Shares that would have represented the entitlements of Ineligible Shareholders to be sold via a retail shortfall bookbuild on 12 March 2018, which is to be undertaken by the underwriters to the Entitlement Offer. You will receive any proceeds in excess of the Offer Price in respect of each entitlement to subscribe for New Shares sold in the retail shortfall bookbuild that you would have received under the Retail Entitlement Offer if you were eligible to participate, net of any applicable withholding tax. However, there is no guarantee that you will receive any value as a result of the retail shortfall bookbuild.

The retail entitlements of Eligible Retail Shareholders will be tradeable on ASX. The assignment, transfer and exercise of retail entitlements trading on ASX will be restricted to persons meeting certain eligibility criteria. In particular, persons in the United States and persons acting for the account or benefit of persons in the United States will not be eligible to purchase or trade retail entitlements or to exercise retail entitlements they acquire. If you buy retail entitlements during the trading period, but you do not meet the eligibility criteria, you will not be able to take up or exercise those entitlements and, as a result, you may receive no value for them.

You are not required to do anything in response to this letter.

For further information on the Entitlement Offer or if you believe that you are an Eligible Retail Shareholder, you can call the Woodside Offer Information Line on 1300 117 918 (Australia) or +61 3 9415 4340 (International callers) from 8.30am to 5.00pm (Australian Eastern Daylight Time) Monday to Friday during the Retail Entitlement Offer period. If you have any further questions, you should contact your stockbroker, accountant or other professional adviser.

On behalf of the Board of Woodside, we regret that you are not eligible to participate in the Entitlement Offer and thank you for your continued support.

Yours faithfully
Woodside Petroleum Ltd



Warren Baillie
Company Secretary

NOT FOR DISTRIBUTION OR RELEASE IN THE UNITED STATES.

Important Information

This letter is issued by Woodside Petroleum Ltd. (ABN 55 004 898 962). This letter is not a prospectus or offering document under Australian law or under any other law. It is for information purposes only and does not constitute an offer, invitation or recommendation to subscribe for, retain or purchase any securities in Woodside in any jurisdiction. This letter does not constitute financial product advice and does not and will not form part of any contract for the acquisition of Woodside ordinary shares.

This letter does not constitute an offer to sell, or the solicitation of an offer to buy, any securities in the United States. No action has been or will be taken to register, qualify or otherwise permit a public offering of the Entitlements or New Shares in any jurisdiction outside Australia and New Zealand. In particular, neither the Entitlements nor the New Shares have been, or will be, registered under the U.S. Securities Act of 1933, as amended (Securities Act), or under the securities laws of any state or other jurisdiction of the United States. Accordingly, the Entitlements may not be exercised or taken up by, and the New Shares may not be offered or sold to, persons in the United States unless they have been registered under the Securities Act (which Woodside has no obligation or intention to do so or procure) or are offered and sold in a transaction exempt from, or not subject to, the registration requirements of the Securities Act and applicable U.S. state securities laws. The Entitlements and New Shares to be offered and sold in the Retail Entitlement Offer will only be offered and sold outside the United States in "offshore transactions" (as defined in Rule 902(h) of the Securities Act) in reliance on Regulation S under the Securities Act.

Certain statements made in this letter are forward-looking statements. These forward-looking statements are not historical facts but rather are based on Woodside's current expectations, estimates and projections about the industry in which Woodside operates, and beliefs and assumptions. Words such as "anticipates", "expects", "intends", "plans", "believes", "seeks", "estimates", and similar expressions are intended to identify forward-looking statements.

These statements are not guarantees of future performance and are subject to known and unknown risks, uncertainties and other factors, some of which are beyond the control of Woodside, are difficult to predict and could cause actual results to differ materially from those expressed or forecasted in the forward-looking statements. Woodside cautions shareholders and prospective shareholders not to place undue reliance on these forward-looking statements, which reflect the view of Woodside only as of the date of this letter. The forward-looking statements made in this letter relate only to events as of the date on which the statements are made. Woodside will not undertake any obligation to release publicly any revisions or updates to these forward-looking statements to reflect events, circumstances or unanticipated events occurring after the date of this letter except as required by law or by any appropriate regulatory authority.

The provision of this letter is not, and should not be considered as, financial product advice. The information in this letter is general information only, and does not take into account your individual objectives, taxation position, financial situation or needs. Please read the Retail Information Booklet, and if you are unsure of your position, please contact your accountant, tax advisor, stockbroker or other professional advisor.