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FOR IMMEDIATE RELEASE TO THE MARKET

www.ubs.com/instalments

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Participating Organisation of the
Australian Stock Exchange

Santos Limited Instalments – Loan Amount Adjustments in respect of Santos limited Entitlement Offer

UBS AG Australia Branch ("UBS") is the issuer of the below series of instalment warrants (collectively known as "STO Instalments" in this announcement) over fully paid ordinary shares of Santos Limited ("STO"). Each STO Instalment has been offered under the corresponding Product Disclosure Statements ("PDS") listed in the table below.

Series	Date of PDS or Master PDS	Date of SPDS or Term Sheet
STOISB	16-Feb-11	29-Oct-15
STOISJ	17-Oct-14	26-May-15
STOISN	19-May-11	07-Oct-11
STOISQ	19-May-11	04-Jun-14
STOSSC	25-Sep-14	26-May-15

This announcement concerns adjustments which UBS intends to make to the terms of the STO Instalments as a result of the announcement by STO of a 1 for 1.7 accelerated pro-rata renounceable entitlement offer ("STO Entitlement Offer") of new ordinary shares at an issue price of \$3.85 per new ordinary share. Full details of the STO Entitlement Offer are set out in the announcement by STO dated 9 November 2015 (which can be found at www.asx.com.au).

Key details of the STO Entitlement Offer

The key details of the STO Entitlement Offer are as follows:

- 1 for 1.7 accelerated pro-rata renounceable entitlement offer;
- Entitlement offer price of \$3.85 per new ordinary share;
- STO ordinary shares will resume trading on an ex-entitlement basis on 12 November 2015;
- New ordinary shares will rank equally with existing ordinary shares on issue.

Adjustment to STO Instalments

Pursuant to clause 18 of the Instalment Deed, UBS intends to adjust the terms of the STO Instalments as follows:

- (a) New STO ordinary shares issued pursuant to the STO Entitlement Offer will not form part of the Underlying Parcel for the STO Instalments, and will be dealt with by UBS in its absolute discretion; and
- (b) The Loan Amount for the STO Instalments will be reduced by an amount which reflects the value of the entitlement (i.e. the "Rights Value" as defined in the Instalment Deed for the STO Instalments) and an Interest Refund based on the reduction of the Loan Amount for the period until the earlier of the Maturity Date or the next Annual Interest Date (as applicable); and
- (c) The Capped Level (where applicable) will be adjusted accordingly.

The Underlying Parcel for the STO Instalments will not change: it will continue to be one STO ordinary share.

UBS expects the Rights Value per STO ordinary share to be the value of the right calculated by the ASX where the ASX is making an adjustment to Options Market Contracts (as defined in ASX Operating Rule 7100) over STO ordinary shares. That is, 1/1.7 multiplied by the value calculated by the ASX as the Volume Weighted Average Price (VWAP) ex-entitlement of existing STO ordinary shares on the first day of trading ex-entitlement on the ASX (Thursday 12 November 2015) less the Entitlement Offer price (\$3.85).

Rights Value = 1/1.7 x (VWAP of ordinary shares – Entitlement Offer Price)

Entitlement Offer Price = \$3.85

If the Rights Value is zero or negative, there will be no adjustment to the Loan Amount.

All amounts are expressed in Australian dollars.

Timing of Adjustment, Suspension and Announcement

Trading in STO Instalments is currently suspended but will recommence on Friday 13 November 2015 with the new Loan Amounts. To effect the STO Instalments adjustment, an announcement will be made by UBS after the close of market on the first day STO retail entitlements commence trading (being Thursday 12 November 2015) detailing the value of the reduction of the Loan Amounts.

Alternative adjustments

UBS reserves the right to implement adjustments to the STO Instalments on a basis other than those described above. If UBS decided to make other adjustments it will make an announcement to the ASX before the first ex-entitlement trading day for STO.

Unless otherwise stated, all terms used in this letter have the same meaning as in the PDS.

If you have any questions regarding the STO Entitlement Offer, please contact your financial adviser or STO. If you have any questions regarding this announcement please contact your financial adviser or call the UBS Warrant Sales Desk on 1800 633 100.

Yours sincerely,

UBS AG, Australia Branch

A handwritten signature in black ink, appearing to be 'Anand Kannan', written in a cursive style.

UBS AG, Australia Branch
Anand Kannan
Associate Director

A handwritten signature in black ink, appearing to be 'Grant Schwulst', written in a cursive style.

UBS AG, Australia Branch
Grant Schwulst
Manager - Equities Settlement