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HONG KONG -- Royal Dutch Shell said on Tuesday that it would offload the majority of its stake in Woodside Petroleum, Australia's biggest independent oil and natural gas producer, in a deal worth \$5.7 billion.

Shell is selling a 19 percent stake in the Australian company, and its holding will drop to a maximum of 4.5 percent after the deal, from 23.1 percent.

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In a two-part transaction, Woodside will buy back 78.3 million of its shares from Shell, representing a 9.5 percent stake, at a price of 36.49 Australian dollars per share, or \$34.28. That represents a discount of about 15 percent to the closing price of Woodside's shares on Monday, at 42.85 dollars apiece.

In the second part of the deal, Shell will unload an additional 78.3 million shares via an underwritten share sale to institutional investors, at a price of 41.35 dollars per share -- a 3.5 percent discount to the close on Monday. The underwritten share sale is expected to be completed by Wednesday, when Woodside's stock is scheduled to resume trading in Sydney, Australia.

The deal removes an uncertainty about Shell's shareholding in Woodside that has persisted since it first began reducing its stake in 2010, when it sold off a stake of 10 percent in the Australian company in a \$3.3 billion deal. Beyond its equity investment in Woodside, Shell has considerable investments in Australia's oil and gas sector, including joint ventures with Woodside, which are not expected to be affected by the deal.

"Today's announcement is part of our drive to improve Shell's capital efficiency and to focus our Australia growth in directly owned assets," Shell's chief executive, Ben van Beurden, said Tuesday in a statement. "It doesn't change our view of Australia as an important player on the global energy stage, or Shell's central role in the country's energy industry."

Woodside's buyback remains subject to shareholder approval. In a separate statement on Tuesday, Woodside's chief executive, Peter Coleman, described the two-part deal as an "efficient and disciplined use of capital" that "creates value for all our shareholders."

"The combined transaction will also increase our liquidity in the market and resolve the uncertainty in relation to Shell's shareholding that has existed for several years," Mr. Coleman added.

This is a more complete version of the story than the one that appeared in print.

CO wodpet : Woodside Petroleum Ltd | rnlp : Royal Dutch Shell PLC
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