

Chevron Corporation

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Anadarko Petroleum shares soar as Chevron swoops with US\$50bn takeover

Anadarko Petroleum Corporation (NYSE:APC) shares shot up more than 30% in Friday's early trades as it agreed to be bought by Chevron Corporation (NYSE:CVX) in a deal worth US\$50bn.

It will see shareholders get a total of US\$33bn in stock and cash, and, Chevron will assume Anadarko's debt.

First year cost synergies of US\$1bn seen

Pitched at US\$65 per share, the deal consideration comprises 75% stock (0.3869 Chevron shares) and US\$16.25 for every share they hold.

In total, some 200mln new Chevron shares will be issued to Anadarko shareholders and Chevron will pay US\$8bn of cash.

As it integrates the business, Chevron expects in the first year to achieve US\$1bn of cost synergies, and, a US\$1bn reduction in capital spending. It also envisages US\$15-20bn of asset divestments over a two-year period and anticipates increasing its share buy-back programme to US\$5bn, from US\$4bn.

"The combination of Anadarko's premier, high-quality assets with our advantaged portfolio strengthens our leading position in the Permian, builds on our deepwater Gulf of Mexico capabilities and will grow our LNG business," said Michael Wirth, Chevron chairman.

"It creates attractive growth opportunities in areas that play to Chevron's operational strengths and underscores our commitment to short-cycle, higher-return investments."

RBC analyst Biraj Borkhataria said: "Noting that we thought its growth options outside of the Permian were weaker than peers. While this transaction does not necessarily add to the diversity of growth options (outside of Mozambique), it does add depth to Chevron's core areas of focus, and we suspect there is material high-grading of the portfolio to come."

Anadarko shares were changing hands at US\$61.92, up US\$16.70 or 35.9%, meanwhile, Chevron was down 3.7% at US\$121.34.

Price: US\$121.34

Market Cap: US\$231141.99M

1 Year Share Price Graph



Share Information

Code: CVX

Listing: NYSE

52 week	High	Low
	\$130.39	\$100.22

Sector: Oil & Gas Exploration & Production

Website: www.chevron.com

Company Synopsis:

Chevron is one of the world's largest upstream and downstream oil and gas companies with operations across the globe. The company also has interests in rare earth minerals, coal, chemicals and power.

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