

## **Krupa Global Investments encourage Mr. Buffett to take much bigger equity stake in Occidental Petroleum to prove his belief in OXY**

Occidental Petroleum (OXY) recently acquired Anadarko Petroleum under conditions which are not beneficial for shareholders in first place, maybe beneficial for advisors, management and others involved but definitely not shareholders. OXY stock has dropped from \$70 to \$40 in less than year. Vicky Hollub CEO of OXY signed last-minute deal with Berkshire Hathaway which is good deal only for Warren Buffett not OXY shareholders.

Occidental Petroleum announced in May 2019 that Berkshire Hathaway had committed to invest \$10 billion in the company to help fund its proposed acquisition of Anadarko Petroleum. **Berkshire would make the investment by purchasing 100,000 shares of preferred stock, which pays out an 8% annual dividend.**

Based on media coverage, Mr. Buffett was willing to invest \$20 billion to help Occidental seal the deal. Occidental revised its bid to purchase Anadarko after the international oil and gas driller agreed to sell its business to Chevron last month for \$65 a share in a 75% stock and 25% cash deal worth \$50 billion including debt.

**Berkshire is receiving an 8 percent interest rate on its \$10 billion of preferred shares, or \$800 million a year. It also got warrants to buy 80 million shares of Occidental at \$62.50 a share, substantially above OXY's current price but worth as much as \$5 billion by some estimates.** Mr. Icahn and others have estimated Occidental is paying Buffett and Berkshire at least \$1.5 billion more than if it had used other means to raise the \$10 billion.

Activist investor Carl Icahn said that Anadarko deal is the worst he has ever seen in his entire life and when 83 year old activist legend say this, it might be truth and we absolutely agree with him in this matter. But of course, Mr. Buffett is clean and profitable on this deal.

This is kind of Mr. Buffett's deal. He has done very well by helping companies such as Mars/Wrigley, Bank of America, Goldman Sachs, Restaurant Brands International, Dow Chemical and General Electric in similar preferred stock deals. Each offered nice premiums and relatively low risk.

**There are several cheaper options to borrow money at this point, EU and Japan has negative interest rates and US interest rates are at lows. Vicky Hollub CEO of Occidental Petroleum should try to refinance this unfavourable loan from Berkshire Hathaway.**

***"We encourage Mr. Buffett to take much bigger equity stake in Occidental Petroleum to ensure investors and support Vicky Hollub and their management because obviously nobody on Wall Street has faith in her besides Berkshire Hathaway's CEO. Mr. Buffett should prove his belief in OXY management,"*** added Pavol Krupa, chairman of KGI.

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### About Krupa Global Investments:

KGI is a spin-off from private equity group Arca Capital with AUM of €2bln. It is named after its founder and chairman, Pavol Krupa. Our opportunistic business utilizes an activist investment approach in order to improve management practices, increase returns, and protect the interests of small shareholders. To further our objectives, we enlist the support of key partners when needed. For example, we invited Carl Icahn to involve himself and help increase the price on a problematic buyout transaction involving AmTrust Financial Services: <https://www.reuters.com/article/us-amtrust-fin-serv-stake-icahn/carl-icahn-files-lawsuit-against-amtrust-controlling-family-idUSKCN1IM1UJ>

### Contact for media:

Mgr. Barbora Hanáková, spokeswoman, +420 776 575 096, hanakova@krupainvestments.com  
**Krupa Global Investments a.s.**, Doudlebska 1699/5, 140 00 Prague 4, Czech Republic

[www.krupainvestments.com](http://www.krupainvestments.com)