

# Pennzoil Texaco: The Takeover Battle That Made History

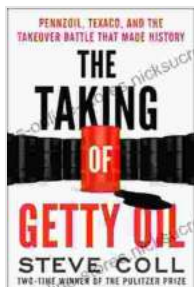
The Pennzoil Texaco takeover battle was one of the most dramatic and controversial in corporate history. It began in 1984, when Pennzoil, a Houston-based oil company, made a hostile bid for Texaco, a much larger rival. Texaco initially resisted the takeover, but eventually agreed to a friendly merger with Chevron. Pennzoil sued Texaco for breach of contract, and the case eventually went to the Supreme Court. In 1987, the Court ruled in favor of Pennzoil, awarding the company \$10.5 billion in damages. The takeover battle had a profound impact on corporate America, and it is still studied today as a case study in hostile takeovers and corporate greed.

The key players in the Pennzoil Texaco takeover battle were:

- **Pennzoil:** A Houston-based oil company founded in 1913. Pennzoil was led by CEO J. Hugh Liedtke, who was known for his aggressive business tactics.
- **Texaco:** A much larger oil company than Pennzoil, Texaco was founded in 1902. Texaco was led by CEO John K. McKinley, who was known for his conservative approach to business.
- **Chevron:** A San Francisco-based oil company, Chevron was founded in 1879. Chevron was led by CEO George M. Keller, who was known for his pragmatic approach to business.

In 1984, Pennzoil made a hostile bid for Texaco. Pennzoil offered to pay \$11.5 billion for Texaco, which was a 30% premium over Texaco's current

market value. Texaco initially resisted the takeover, but eventually agreed to a friendly merger with Chevron. Pennzoil sued Texaco for breach of contract, and the case eventually went to the Supreme Court.



## The Taking of Getty Oil: Pennzoil, Texaco, and the Takeover Battle That Made History by Steve Coll

★★★★☆ 4.7 out of 5

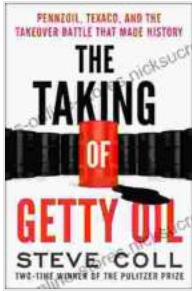
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In 1987, the Supreme Court ruled in favor of Pennzoil, awarding the company \$10.5 billion in damages. The Court found that Texaco had breached its contract with Pennzoil by agreeing to the merger with Chevron. The Court's ruling was a major victory for Pennzoil, and it sent a strong message to other companies that they could not break contracts without facing serious consequences.

The Pennzoil Texaco takeover battle had a profound impact on corporate America. The case showed that even the largest companies could be held accountable for their actions, and it made hostile takeovers more difficult to execute. The case also led to a number of changes in the way that companies are governed, including the adoption of poison pill provisions and golden parachutes.

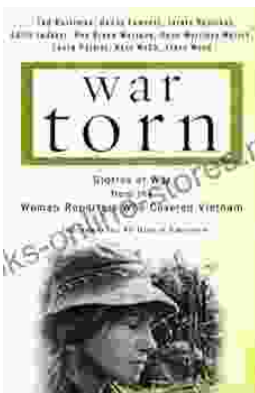
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