

OCCIDENTAL PETROLEUM CORP /DE/  
Form 8-K  
October 21, 2004

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UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

PURSUANT TO SECTION 13 OR 15(D) OF THE  
SECURITIES EXCHANGE ACT OF 1934

DATE OF REPORT (DATE OF EARLIEST EVENT REPORTED) OCTOBER 21, 2004

OCCIDENTAL PETROLEUM CORPORATION  
(Exact name of registrant as specified in its charter)

|   |                                       |   |
|---|---------------------------------------|---|
| DELAWARE<br>(State or other jurisdiction<br>of incorporation) | 1-9210<br>(Commission<br>File Number) | 95-4035997<br>(I.R.S. Employer<br>Identification No.) |
|---|---------------------------------------|---|

|   |                     |
|---|---------------------|
| 10889 WILSHIRE BOULEVARD<br>LOS ANGELES, CALIFORNIA<br>(Address of principal executive offices) | 90024<br>(ZIP code) |
|---|---------------------|

Registrant's telephone number, including area code:  
(310) 208-8800

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Check the appropriate box below if the Form 8-K is intended to simultaneously satisfy the filing obligation of the Registrant under any of the following provisions (see General Instruction A.2. below):

Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

SECTION 2 - FINANCIAL INFORMATION

Item 2.02. Results of Operations and Financial Condition  
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On October 21, 2004, Occidental Petroleum Corporation released information regarding its results of operations for the fiscal period ended September 30, 2004. The exhibits to this Form 8-K and the information set forth in this Item

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2.02 are being furnished pursuant to Item 2.02, Results of Operations and Financial Condition. The full text of the press release is attached to this report as Exhibit 99.1. The full text of the speeches given by Dr. Ray R. Irani and Stephen I. Chazen are attached to this report as Exhibit 99.2. Investor Relations Supplemental Schedules are attached to this report as Exhibit 99.3.

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### SECTION 8 - OTHER EVENTS

#### Item 8.01. Other Events

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Occidental Petroleum Corporation announced on October 21, 2004 record net income for the third quarter 2004 of \$758 million (\$1.91 per share), compared with \$446 million (\$1.16 per share) for the third quarter 2003. Earnings of \$1.83 billion (\$4.63 per share) for the first nine months of 2004 were 55 percent higher than the \$1.15 billion (\$2.99 per share) the company earned in the comparable period last year.

Core earnings for the first nine months of 2004 were \$1.81 billion (\$4.60 per share), compared with \$1.25 billion (\$3.27 per share) for 2003. The debt-to-total capitalization at the end of the third quarter was 29 percent, compared with 37 percent at the end of last year. Interest expense of \$187 million for the first nine months of 2004 was 31 percent lower than the comparable 2003 period.

#### Oil and Gas

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Oil and gas segment earnings were \$1.0 billion for the third quarter 2004, compared with \$660 million for the third quarter 2003, an increase of 52 percent. The improvement in the third quarter 2004 earnings reflected higher worldwide crude oil and natural gas prices, partially offset by increased DD&A rates and higher operating costs.

#### Chemicals

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Chemical segment earnings were \$137 million for the third quarter 2004, compared with \$61 million for the third quarter 2003, an increase of 125 percent. The improvement in the third quarter 2004 was primarily due to higher sales prices and margins in chlorine, ethylene dichloride, polyvinyl chloride and vinyl chloride monomer, partially offset by higher ethylene and energy costs. Chemical earnings of \$272 million for the nine months were almost double that of 2003.

See the attached schedules for a reconciliation of net income to core earnings for the third quarter and nine months.

Statements in this release that contain words such as "will" or "expect", or otherwise relate to the future, are forward-looking and involve risks and uncertainties that could significantly affect expected results. Factors that could cause results to differ materially include, but are not limited to: global commodity pricing fluctuations and supply/demand considerations for oil, gas and chemicals; higher-than-expected costs; political risk; and not successfully completing (or any material delay in) any expansion, capital expenditure, acquisition, or disposition. Occidental disclaims any obligation to update any

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forward-looking statements.

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SUMMARY OF SEGMENT NET SALES AND EARNINGS

| (\$ millions, except<br>per-share amounts)                               | Third Quarter |          | Nine Months |          |
|--|---------------|----------|-------------|----------|
|  | 2004          | 2003     | 2004        | 2003     |
| =====  | =====         | =====    | =====       | =====    |
| SEGMENT NET SALES  |               |          |             |          |
| Oil and gas  | \$ 2,033      | \$ 1,480 | \$ 5,509    | \$ 4,473 |
| Chemical   | 973           | 793      | 2,767       | 2,368    |
| Other  | 27            | 46       | 87          | 115      |
|  | -----         | -----    | -----       | -----    |
| Net sales  | \$ 3,033      | \$ 2,319 | \$ 8,363    | \$ 6,956 |
| =====  | =====         | =====    | =====       | =====    |
| SEGMENT EARNINGS   |               |          |             |          |
| Oil and gas  | \$ 1,003      | \$ 660   | \$ 2,567    | \$ 2,024 |
| Chemical   | 137           | 61       | 272         | 139      |
|  | -----         | -----    | -----       | -----    |
|  | 1,140         | 721      | 2,839       | 2,163    |
| UNALLOCATED CORPORATE ITEMS  |               |          |             |          |
| Interest expense, net (a)--<br>debt and trust preferred<br>distributions | (59)          | (71)     | (187)       | (270)    |
| Income taxes (b)   | (274)         | (160)    | (673)       | (505)    |
| Other  | (49)          | (44)     | (153)       | (175)    |
|  | -----         | -----    | -----       | -----    |
| Income from Continuing Operations  | 758           | 446      | 1,826       | 1,213    |
| Cumulative effect of changes in<br>accounting principles, net            | --            | --       | --          | (68)     |
|  | -----         | -----    | -----       | -----    |
| NET INCOME   | \$ 758        | \$ 446   | \$ 1,826    | \$ 1,145 |
| =====  | =====         | =====    | =====       | =====    |
| BASIC EARNINGS PER COMMON SHARE  |               |          |             |          |
| Income from continuing<br>operations                                     | \$ 1.91       | \$ 1.16  | \$ 4.63     | \$ 3.17  |
| Cumulative effect of changes in<br>accounting principles, net            | --            | --       | --          | (0.18)   |
|  | -----         | -----    | -----       | -----    |
|  | \$ 1.91       | \$ 1.16  | \$ 4.63     | \$ 2.99  |
| =====  | =====         | =====    | =====       | =====    |
| DILUTED EARNINGS PER COMMON SHARE  |               |          |             |          |
| Income from continuing<br>operations                                     | \$ 1.88       | \$ 1.14  | \$ 4.57     | \$ 3.14  |
| Cumulative effect of changes in<br>accounting principles, net            | --            | --       | --          | (0.18)   |
|  | -----         | -----    | -----       | -----    |
|  | \$ 1.88       | \$ 1.14  | \$ 4.57     | \$ 2.96  |
| =====  | =====         | =====    | =====       | =====    |
| AVERAGE BASIC COMMON SHARES<br>OUTSTANDING                               | 396.3         | 385.5    | 394.1       | 382.6    |
| =====  | =====         | =====    | =====       | =====    |

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See footnotes on following page.

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- (a) The third quarter 2004 includes a \$2 million pre-tax interest charge to purchase in the open market and retire \$19 million of Occidental's senior notes and a \$3 million pre-tax interest charge to redeem all the \$157 million outstanding 6.5 percent senior notes which were due in 2005. The nine months 2004 also includes an \$11 million pre-tax interest charge to redeem all the outstanding 8.16 percent Trust Preferred Redeemable Securities on January 20, 2004. The nine months 2003 includes a \$61 million pre-tax interest charge to repay a \$450 million 6.4 percent senior notes issue that had ten years of remaining life, but was subject to re-marketing on April 1, 2003.
- (b) The nine months 2004 includes a \$20 million credit related to a first quarter settlement of an issue with the Internal Revenue Service. The nine months 2004 also reflected a lower U.S. income tax rate resulting from the crediting of foreign income taxes.

SUMMARY OF CAPITAL EXPENDITURES AND DD&A EXPENSE

| (\$ millions)  | Third Quarter |        | Nine Months |          |
|--|---------------|--------|-------------|----------|
|  | 2004          | 2003   | 2004        | 2003     |
| CAPITAL EXPENDITURES                                     | \$ 467        | \$ 360 | \$ 1,271    | \$ 1,151 |
| DEPRECIATION, DEPLETION<br>AND AMORTIZATION<br>OF ASSETS | \$ 322        | \$ 295 | \$ 972      | \$ 866   |

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SUMMARY OF OPERATING STATISTICS

|  | Third Quarter |      | Nine Months |      |
|--|---------------|------|-------------|------|
|  | 2004          | 2003 | 2004        | 2003 |
| NET OIL, GAS AND LIQUIDS<br>PRODUCTION PER DAY |               |      |             |      |
| United States                                  |               |      |             |      |
| Crude oil and liquids (MBBL)                   | 77            | 80   | 77          | 79   |
| California                                     |               |      |             |      |

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|                                    |       |       |       |       |
|------------------------------------|-------|-------|-------|-------|
| Permian                            | 154   | 151   | 155   | 150   |
| Horn Mountain                      | 17    | 24    | 22    | 19    |
| Hugoton                            | 3     | 4     | 3     | 4     |
|                                    | ----- | ----- | ----- | ----- |
| Total                              | 251   | 259   | 257   | 252   |
| Natural Gas (MMCF)                 |       |       |       |       |
| California                         | 228   | 248   | 235   | 254   |
| Hugoton                            | 124   | 136   | 128   | 141   |
| Permian                            | 122   | 134   | 131   | 128   |
| Horn Mountain                      | 14    | 16    | 15    | 12    |
|                                    | ----- | ----- | ----- | ----- |
| Total                              | 488   | 534   | 509   | 535   |
| Latin America                      |       |       |       |       |
| Crude oil (MBBL)                   |       |       |       |       |
| Colombia                           | 38    | 31    | 37    | 35    |
| Ecuador                            | 49    | 27    | 46    | 20    |
|                                    | ----- | ----- | ----- | ----- |
| Total                              | 87    | 58    | 83    | 55    |
| Middle East                        |       |       |       |       |
| Crude oil (MBBL)                   |       |       |       |       |
| Oman                               | 14    | 13    | 13    | 12    |
| Qatar                              | 44    | 44    | 44    | 47    |
| Yemen                              | 28    | 34    | 33    | 36    |
|                                    | ----- | ----- | ----- | ----- |
| Total                              | 86    | 91    | 90    | 95    |
| Natural Gas (MMCF)                 |       |       |       |       |
| Oman                               | 88    | --    | 52    | --    |
| Other Eastern Hemisphere           |       |       |       |       |
| Crude oil (MBBL)                   |       |       |       |       |
| Pakistan                           | 7     | 10    | 8     | 10    |
| Natural Gas (MMCF)                 |       |       |       |       |
| Pakistan                           | 73    | 71    | 74    | 74    |
| BARRELS OF OIL EQUIVALENT (MBOE)   |       |       |       |       |
| Subtotal consolidated subsidiaries | 539   | 519   | 544   | 514   |
| Other Interests                    |       |       |       |       |
| Colombia-minority interest         | (4)   | (4)   | (5)   | (4)   |
| Russia-Occidental net interest     | 27    | 30    | 29    | 30    |
| Yemen-Occidental net interest      | 1     | 1     | 1     | 1     |
|                                    | ----- | ----- | ----- | ----- |
| TOTAL WORLDWIDE PRODUCTION (MBOE)  | 563   | 546   | 569   | 541   |
| =====                              | ===== | ===== | ===== | ===== |

SIGNIFICANT TRANSACTIONS AND EVENTS AFFECTING EARNINGS

Occidental's results of operations often include the effects of significant transactions and events affecting earnings that vary widely and unpredictably in nature, timing, and amount. Therefore, management uses a measure called "core earnings", which excludes those items. This non-GAAP measure is not meant to disassociate those items from management's performance, but rather is meant to

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provide useful information to investors interested in comparing Occidental's earnings performance between periods. Reported earnings are considered representative of management's performance over the long term. Core earnings is not considered to be an alternative to operating income in accordance with generally accepted accounting principles.

The following table sets forth the core earnings and significant items affecting earnings for each operating segment and corporate:

| (\$ millions, except<br>per-share amounts) | Third Quarter |         |        |         |
|--|---------------|---------|--------|---------|
|  | 2004          | EPS     | 2003   | EPS     |
| TOTAL REPORTED EARNINGS                    | \$ 758        | \$ 1.91 | \$ 446 | \$ 1.16 |
| OIL AND GAS                                |               |         |        |         |
| Segment Earnings                           | \$ 1,003      |         | \$ 660 |         |
| No significant items<br>affecting earnings | --            |         | --     |         |
| Segment Core Earnings                      | 1,003         |         | 660    |         |
| CHEMICALS                                  |               |         |        |         |
| Segment Earnings                           | 137           |         | 61     |         |
| No significant items<br>affecting earnings | --            |         | --     |         |
| Segment Core Earnings                      | 137           |         | 61     |         |
| CORPORATE                                  |               |         |        |         |
| Results                                    | (382)         |         | (275)  |         |
| No significant items<br>affecting earnings | --            |         | --     |         |
| TOTAL CORE EARNINGS                        | \$ 758        | \$ 1.91 | \$ 446 | \$ 1.16 |

\* These amounts are shown after-tax.

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### SIGNIFICANT TRANSACTIONS AND EVENTS AFFECTING EARNINGS (CONTINUED)

| (\$ millions, except<br>per-share amounts) | Nine Months |         |          |         |
|--|-------------|---------|----------|---------|
|  | 2004        | EPS     | 2003     | EPS     |
| TOTAL REPORTED EARNINGS                    | \$ 1,826    | \$ 4.63 | \$ 1,145 | \$ 2.99 |
| OIL AND GAS                                |             |         |          |         |
| Segment Earnings                           | \$ 2,567    |         | \$ 2,024 |         |
| No significant items                       |             |         |          |         |

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|  |          |         |          |         |
|--|----------|---------|----------|---------|
| affecting earnings                         | --       |         | --       |         |
|  | -----    |         | -----    |         |
| Segment Core Earnings                      | 2,567    |         | 2,024    |         |
|  | -----    |         | -----    |         |
| CHEMICALS                                  |          |         |          |         |
| Segment Earnings                           | 272      |         | 139      |         |
| No significant items<br>affecting earnings | --       |         | --       |         |
|  | -----    |         | -----    |         |
| Segment Core Earnings                      | 272      |         | 139      |         |
|  | -----    |         | -----    |         |
| CORPORATE                                  |          |         |          |         |
| Results                                    | (1,013)  |         | (1,018)  |         |
| Less:                                      |          |         |          |         |
| 6.4% senior note remarket fee              | --       |         | (61)     |         |
| Trust preferred redemption<br>charge       | (11)     |         | --       |         |
| IRS settlement                             | 20       |         | --       |         |
| Tax effect of pre-tax adjustment           | 4        |         | 21       |         |
| Changes in accounting<br>principles, net*  | --       |         | (68)     |         |
|  | -----    |         | -----    |         |
| TOTAL CORE EARNINGS                        | \$ 1,813 | \$ 4.60 | \$ 1,253 | \$ 3.27 |
| =====                                      | =====    | =====   | =====    | =====   |

\* These amounts are shown after-tax.

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ITEMS AFFECTING COMPARABILITY OF CORE EARNINGS BETWEEN PERIODS

| (\$ millions)   | Third Quarter |       | Nine Months |       |
|---|---------------|-------|-------------|-------|
|   | 2004          | 2003  | 2004        | 2003  |
| =====   | =====         | ===== | =====       | ===== |
| PRE-TAX<br>INCOME / (EXPENSE)   |               |       |             |       |
| OIL AND GAS   |               |       |             |       |
| Gain on sale of GOM assets (a)  | \$ --         | \$ -- | \$ --       | \$ 14 |
| CHEMICALS   |               |       |             |       |
| Chlorine derivatives asset<br>impairment  | --            | --    | --          | (9)   |
| Reorganizations/severance   | --            | --    | --          | (15)  |
| CORPORATE   |               |       |             |       |
| Environmental remediation   | --            | --    | --          | (13)  |
| Equity earnings   | 15            | (6)   | 13          | (42)  |
| Interest expense - early debt<br>extinguishments - 2004/<br>consolidation of variable<br>interest entity - 2003 | (5)           | --    | (5)         | 6     |

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(a) Net of tax.

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SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

OCCIDENTAL PETROLEUM CORPORATION  
(Registrant)

DATE: October 21, 2004

S. P. Dominick, Jr.

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S. P. Dominick, Jr., Vice President and Controller  
(Chief Accounting and Duly Authorized Officer)

EXHIBIT INDEX

- 99.1 Press release dated October 21, 2004.
- 99.2 Full text of speeches given by Dr. Ray R. Irani and Stephen I. Chazen
- 99.3 Investor Relations Supplemental Schedules