

OCCIDENTAL PETROLEUM CORP /DE/  
Form 8-K  
April 23, 2004

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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) APRIL 23, 2004

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

DELAWARE (State or other jurisdiction of incorporation)	1-9210 (Commission File Number)	95-4035997 (I.R.S. Employer Identification No.)
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10889 WILSHIRE BOULEVARD LOS ANGELES, CALIFORNIA (Address of principal executive offices)	90024 (ZIP code)
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Registrant's telephone number, including area code:  
(310) 208-8800

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Item 5. Other Events

Occidental Petroleum Corporation announced on April 23, 2004, net income for the first quarter 2004 of \$487 million (\$1.24 per share), compared with \$325 million (\$0.86 per share) for the first quarter 2003. The 2003 income included net after-tax charges of \$108 million for changes in accounting principles and a debt-remarketing fee.

Oil and Gas  
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Oil and gas segment earnings were \$750 million for the first quarter 2004, compared with \$727 million for the first quarter 2003. The improvement in the first quarter 2004 earnings reflected the impact of higher energy prices and increased crude oil volumes. This was partially offset by higher exploration expense, operating expense -- particularly energy-related production taxes and other costs -- and increased DD&A rates, due to accelerated drilling in Colombia and Yemen and a facility expansion project in Qatar. Daily production increased to 568,000 barrels of oil equivalent (BOE) for the first quarter 2004 from

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532,000 BOE for the first quarter 2003.

### Chemicals

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Chemical segment earnings were \$50 million for the first quarter 2004, compared with \$35 million for the first quarter 2003. The improvement was due primarily to higher margins and volumes in vinyls, which were partially offset by higher ethylene costs and also by lower caustic soda margins.

Statements in this presentation 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; and not successfully completing (or any material delay in) any expansion, capital expenditure, acquisition, or disposition. Occidental disclaims any obligation to update any forward-looking statements.

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#### SUMMARY OF SEGMENT NET SALES AND EARNINGS

	First Quarter	
(In millions, except per-share amounts)	2004	2003
SEGMENT NET SALES		
Oil and gas	\$ 1,693	\$ 1,553
Chemical	857	790
Other	30	28
	-----	-----
Net sales	\$ 2,580	\$ 2,371
	=====	=====
SEGMENT EARNINGS		
Oil and gas	\$ 750	\$ 727
Chemical	50	35
	-----	-----
	800	762
UNALLOCATED CORPORATE ITEMS		
Interest expense, net (a)		
Debt, net	(54)	(124)
Trust preferred distributions & other	(14)	(11)
Income taxes (b)	(190)	(178)
Other	(55)	(56)
	-----	-----
INCOME FROM CONTINUING OPERATIONS	487	393
Cumulative effect of changes in accounting principles, net	--	(68)
	-----	-----
NET INCOME	\$ 487	\$ 325
	=====	=====

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BASIC EARNINGS PER COMMON SHARE		
Income from continuing operations	\$ 1.24	\$ 1.04
Cumulative effect of changes in accounting principles, net	--	(0.18)
	-----	-----
	\$ 1.24	\$ 0.86
	=====	=====
DILUTED EARNINGS PER COMMON SHARE		
Income from continuing operations	\$ 1.23	\$ 1.03
Cumulative effect of changes in accounting principles, net	--	(0.18)
	-----	-----
	\$ 1.23	\$ 0.85
	=====	=====
AVERAGE BASIC COMMON SHARES OUTSTANDING	391.5	379.1
=====	=====	=====

See footnotes on following page.

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- (a) The first quarter 2004 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 first quarter 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 first quarter 2004 includes a \$20 million credit related to the settlement of an issue with the Internal Revenue Service.

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SUMMARY OF OPERATING STATISTICS

	First Quarter	
	2004	2003
=====	=====	=====
NET OIL, GAS AND LIQUIDS		
PRODUCTION PER DAY		
United States		
Crude oil and liquids (MBBL)		
California	77	78
Permian	153	144
Horn Mountain	25	15
Hugoton	3	4
	-----	-----
Total	258	241
Natural Gas (MMCF)		

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California	243	262
Hugoton	127	144
Permian	140	117
Horn Mountain	17	5
	-----	-----
Total	527	528
Latin America		
Crude oil (MBBL)		
Colombia	36	37
Ecuador	43	16
	-----	-----
Total	79	53
Middle East		
Crude oil (MBBL)		
Oman	14	13
Qatar	42	47
Yemen	39	39
	-----	-----
Total	95	99
Natural Gas (MMCF)		
Oman	11	--
Other Eastern Hemisphere		
Crude oil (MBBL)		
Pakistan	9	10
Natural Gas (MMCF)		
Pakistan	75	75
BARRELS OF OIL EQUIVALENT (MBOE)		
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Subtotal consolidated subsidiaries	543	504
Colombia-minority interest	(4)	(4)
Russia-Occidental net interest	28	30
Yemen-Occidental net interest	1	2
	-----	-----
TOTAL WORLDWIDE PRODUCTION	568	532
	=====	=====
CAPITAL EXPENDITURES (millions)	\$ 343	\$ 298
	=====	=====
DEPRECIATION, DEPLETION AND		
AMORTIZATION OF ASSETS (millions)		
	\$ 325	\$ 285
	=====	=====

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 provide useful information to investors interested in comparing Occidental's earnings performance between periods. Reported earnings are considered

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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 per-share amounts)	First Quarter			
	2004	EPS	2003	EPS
TOTAL REPORTED EARNINGS	\$ 487	\$ 1.24	\$ 325	\$ 0.86
OIL AND GAS				
Segment Earnings	\$ 750		\$ 727	
Less:				
None	--		--	
Segment Core Earnings	\$ 750		\$ 727	
CHEMICALS				
Segment Earnings	\$ 50		\$ 35	
Less:				
None	--		--	
Segment Core Earnings	\$ 50		\$ 35	
CORPORATE				
Results	\$ (313)		\$ (437)	
Less:				
Trust preferred redemption charge	(11)		--	
IRS settlement	20		--	
6.4% senior note remarket fee	--		(61)	
Tax effect of pre-tax adjustments	4		21	
Changes in accounting principles, net*	--		(68)	
TOTAL CORE EARNINGS	\$ 474	\$ 1.21	\$ 433	\$ 1.14

\* These amounts are shown after tax.

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### ITEMS AFFECTING COMPARABILITY OF CORE EARNINGS BETWEEN PERIODS

(\$ millions)	First Quarter	
	2004	2003
PRE-TAX		

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INCOME / (EXPENSE)

CORPORATE

Equity earnings (3) (21)

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Item 9. Regulation FD Disclosure and Item 12. Results of Operations and Financial Condition

On April 23, 2004, Occidental Petroleum Corporation released information regarding its results of operations for the fiscal period ended March 31, 2004. This Form 8-K is being furnished to report information pursuant to Item 9, Regulation FD Disclosure and Item 12, Results of Operations and Financial Condition. The full text of the speeches given by Dr. Ray R. Irani and Stephen I. Chazen is attached to this report as Exhibit 99.1. Investor Relations Supplemental Schedules are attached to this report as Exhibit 99.2.

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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: April 23, 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 Full text of speeches given by Stephen I. Chazen and Dr. Ray R. Irani

99.2 Investor Relations Supplemental Schedules