

OCCIDENTAL PETROLEUM CORP /DE/  
Form 8-K  
January 29, 2003

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) JANUARY 29, 2003

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

Item 5. Other Events and Regulation FD Disclosure

On January 29, 2003, Occidental Petroleum Corporation announced net income for the fourth quarter 2002 of \$322 million (\$0.85 per share), compared with a net loss of \$247 million (\$0.66 per share) for the fourth quarter 2001. The fourth quarter 2001 included a \$240 million after-tax charge, reflecting the effect of the agreement to sell Occidental's interest in Equistar.

In announcing the results, Dr. Ray R. Irani, chairman and chief executive officer, said, "Our strong fourth quarter performance completed another year of major accomplishments that included exceeding our combined oil and natural gas production forecast, the continued strengthening of our balance sheet and the generation of competitive returns on equity and capital employed. Oil and gas production in the fourth quarter averaged 518,000 barrels of oil equivalent (BOE) per day. That's 7.5 percent higher than in the fourth quarter of 2001 and keeps us on target to meet or exceed our 2003 forecast of 525,000 BOE per day. We ended the year with our debt to capitalization ratio at 43 percent, the lowest level in 21 years. Our strong earnings performance produced a return on

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equity of nearly 17 percent and return on capital employed of almost 11 percent."

### OIL AND GAS

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Oil and gas segment and core earnings were \$490 million for the fourth quarter 2002, compared with \$166 million for the fourth quarter 2001. The improvement in the fourth quarter 2002 earnings reflected \$299 million from higher worldwide crude oil and natural gas prices and a \$35 million increase from higher production volumes; partially offset by higher exploration expense.

### CHEMICALS

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Chemical segment earnings were \$58 million for the fourth quarter 2002, compared with a loss of \$412 million for the fourth quarter 2001. The 2001 loss resulted from a \$412 million pre-tax charge, reflecting the effect of the sale of the company's interest in the Equistar petrochemicals joint venture.

Chemical core earnings also were \$58 million for the fourth quarter 2002, compared with breakeven core earnings for the fourth quarter 2001. The improvement in the fourth quarter 2002 core earnings reflected higher sales prices for PVC, chlorine and EDC, lower self-insured reserve requirements and the absence of the Equistar fourth quarter 2001 loss; partially offset by lower caustic sales prices and higher energy and raw material costs.

### TWELVE-MONTH RESULTS

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For the twelve months of 2002, net income was \$989 million (\$2.63 per share), compared with \$1.154 billion (\$3.10 per share) for the twelve months of 2001.

Core earnings were \$999 million for 2002 compared with \$1.246 billion for 2001. See the attached schedule for a reconciliation of earnings to core earnings.

For details of items affecting the comparability of core earnings between periods in 2002 and 2001, see the attached schedule.

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Statements in this presentation that contain words such as "will" or "expect", or otherwise related 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 consideration 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

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(\$ millions, except per-share amounts)

	Fourth Quarter		Twelve Months	
	2002	2001	2002	2001
=====				
SEGMENT NET SALES				
Oil and gas	\$ 1,287	\$ 824	\$ 4,634	\$ 5,134
Chemical	698	560	2,704	2,968
	-----	-----	-----	-----
Net sales	\$ 1,985	\$ 1,384	\$ 7,338	\$ 8,102
=====				
SEGMENT EARNINGS (LOSSES)				
Oil and gas	\$ 490	\$ 166	\$ 1,707	\$ 2,845
Chemical	58	(412)	275	(399)
	-----	-----	-----	-----
	548	(246)	1,982	2,446
UNALLOCATED CORPORATE ITEMS				
Interest expense, net (a)	(58)	(62)	(253)	(272)
Income taxes (b)	(114)	190	(364)	(359)
Trust preferred distributions & other	(12)	(13)	(47)	(56)
Other (c)	(41)	(113)	(155)	(580)
	-----	-----	-----	-----
INCOME/(LOSS) FROM CONTINUING OPERATIONS	323	(244)	1,163	1,179
Discontinued operations, net	(1)	(3)	(79)	(1)
Cumulative effect of changes in accounting principles, net	--	--	(95)	(24)
	-----	-----	-----	-----
NET INCOME/(LOSS)	\$ 322	\$ (247)	\$ 989	\$ 1,154
=====				
BASIC EARNINGS PER COMMON SHARE				
Income/(loss) from continuing operations	\$ 0.85	\$ (0.65)	\$ 3.09	\$ 3.16
Discontinued operations, net	--	(0.01)	(0.21)	--
Cumulative effect of changes in accounting principles, net	--	--	(0.25)	(0.06)
	-----	-----	-----	-----
	\$ 0.85	\$ (0.66)	\$ 2.63	\$ 3.10
=====				
DILUTED EARNINGS PER COMMON SHARE				
Income/(loss) from continuing operations	\$ 0.84	\$ (0.65)	\$ 3.07	\$ 3.15
Discontinued operations, net	--	\$ (0.01)	\$ (0.21)	--
Cumulative effect of changes in accounting principles, net	--	--	(0.25)	(0.06)
	-----	-----	-----	-----
	\$ 0.84	\$ (0.66)	\$ 2.61	\$ 3.09
=====				
AVERAGE BASIC COMMON SHARES OUTSTANDING	377.6	373.8	376.2	372.4
=====				

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See footnotes on following page.

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- (a) Includes interest income on notes receivable from Altura partners. The partnership exercised an option in May 2002 to redeem the sellers' remaining partnership interests in exchange for the outstanding balance on the notes. The twelve months 2002 amount includes \$21 million and the fourth quarter and twelve months 2001 amounts include \$17 million and \$102 million, respectively.
- (b) Excludes U.S. federal income tax charges and credits allocated to the segments and foreign taxes. Oil and gas segment earnings include credits of \$1 million in both the fourth quarters of 2002 and 2001. Chemical segment earnings include a credit of \$4 million in the fourth quarter of 2001.

The fourth quarter 2001 amount includes a \$172 million credit reflecting the statutory tax effect of the agreement, in principle, to sell Occidental's interest in Equistar.

Oil and gas segment earnings for the twelve months 2002 and 2001 include charges of \$1 million and \$36 million, respectively. The amounts include charges for asset sales of \$4 million and \$39 million for the years 2002 and 2001, respectively. Chemical segment earnings have been impacted by credits of \$403 million for the twelve months 2002 and by credits of \$42 million for the twelve months 2001. The 2002 amount includes a \$392 million credit for the tax effects of the sale of the Equistar investment and the 2001 amount includes \$26 million of credits for asset sales.

- (c) Includes preferred distributions to the Occidental Permian partners. The twelve months 2002 amount includes \$22 million. The fourth quarter and twelve months 2001 amounts include \$17 million and \$104 million, respectively. This is essentially offset by the interest income discussed in (a) above. The partnership exercised an option in May 2002 to redeem the sellers' remaining partnership interests in exchange for the outstanding balance on the notes.

The twelve months 2001 amount includes a \$272 million net-of-tax loss related to the sale of Occidental's residual interest in Occidental Texas Pipeline Company.

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SUMMARY OF OPERATING STATISTICS

	Fourth Quarter		Twelve Months	
	2002	2001	2002	2001
=====	=====	=====	=====	=====

NET OIL, GAS AND LIQUIDS  
PRODUCTION PER DAY

United States

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Crude oil and liquids (MBBL)				
California	84	82	86	76
Permian	142	137	142	137
Other	6	--	4	--
	-----	-----	-----	-----
Total	232	219	232	213
Natural Gas (MMCF)				
California	266	297	286	303
Hugoton	139	153	148	159
Permian	133	150	130	148
	-----	-----	-----	-----
Total	538	600	564	610
Latin America				
Crude oil (MBBL)				
Colombia	41	17	35	18
Ecuador	13	13	13	13
	-----	-----	-----	-----
Total	54	30	48	31
Eastern Hemisphere				
Crude oil (MBBL)				
Oman	13	14	13	12
Pakistan	12	7	10	7
Qatar	37	43	42	43
Russia	29	28	27	27
Yemen	39	32	38	33
	-----	-----	-----	-----
Total	130	124	130	122
Natural Gas (MMCF)				
Pakistan	76	51	63	50
Barrels of Oil Equivalent (MBOE)	518	482	515	476
	=====	=====	=====	=====
Consolidated subsidiaries	516	482	514	476
Non-consolidated interests - net	2	--	1	--
	-----	-----	-----	-----
Total worldwide production	518	482	515	476
	=====	=====	=====	=====
CAPITAL EXPENDITURES (millions)	\$ 396	\$ 400	\$ 1,236	\$ 1,308
	=====	=====	=====	=====
DEPRECIATION, DEPLETION AND AMORTIZATION OF ASSETS (millions)	\$ 253	\$ 243	\$ 1,012	\$ 965
	=====	=====	=====	=====

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

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nature 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. 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)	Fourth Quarter		Twelve Months	
	2002	2001	2002	2001
=====	=====	=====	=====	=====
TOTAL EARNINGS (LOSS)	\$ 322	\$ (247)	\$ 989	\$ 1,154
=====	=====	=====	=====	=====
OIL AND GAS				
Segment Earnings	\$ 490	\$ 166	\$ 1,707	\$ 2,845
Less:				
Gain on sale of interest in the Indonesian Tangguh LNG project*	--	--	--	399
Segment Core Earnings	490	166	1,707	2,446
=====	=====	=====	=====	=====
CHEMICALS				
Segment Earnings (Loss)	58	(412)	275	(399)
Less:				
Gain on sale of Equistar investment*	--	--	164	--
Equistar writedown	--	(412)	--	(412)
Segment Core Earnings	58	--	111	13
=====	=====	=====	=====	=====
CORPORATE AND OTHER				
Results	(226)	(1)	(993)	(1,292)
Less:				
Loss on sale of pipeline-owning entity*	--	--	--	(272)
Settlement of state tax issue	--	--	--	70
Changes in accounting principles, net*	--	--	(95)	(24)
Discontinued operations, net*	(1)	(3)	(79)	(1)
Tax effect of pre-tax adjustments	--	172	--	148
=====	=====	=====	=====	=====
TOTAL CORE EARNINGS (LOSS)	\$ 323	\$ (4)	\$ 999	\$ 1,246
=====	=====	=====	=====	=====

\*These amounts are shown after tax.

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ITEMS AFFECTING COMPARABILITY OF CORE EARNINGS BETWEEN PERIODS

(\$ millions)	Fourth Quarter		Twelve Months	
	2002	2001	2002	2001
INCOME / (EXPENSE)				
OIL AND GAS				
Exploration asset write-offs	\$ (25)	\$ --	\$ (58)	\$ (66)
Self insurance and litigation adjustments	(4)	--	(4)	--
CHEMICALS				
Asset idling and impairments	--	(11)	(37)	(20)
State tax reserves adjustment	7	14	7	14
Self insurance and litigation adjustments	15	--	15	--
Reorganizations/severance	--	--	(14)	(17)
CORPORATE				
Gain on sale of stock investment	32	--	32	--
Environmental remediation	(15)	(60)	(23)	(109)
Equity earnings (a)	(22)	(20)	(58)	(80)
Interest - early debt extinguishments	--	(8)	--	(12)

(a) Includes share of Equistar results that were previously reported in the Chemical segment.

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Item 9. Regulation FD Disclosure

Text of Speech by Stephen I. Chazen, Chief Financial Officer and

Executive Vice President - Corporate Development

Occidental Petroleum Corporation

STEPHEN CHAZEN  
Chief Financial Officer and  
Executive Vice President - Corporate Development

- Conference Call -  
Fourth Quarter 2002 Earnings Announcement

January 29, 2003  
Los Angeles, California

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Good morning, and thanks for joining us.

Those of you who have not received a copy of the press release announcing our fourth quarter earnings, along with the Investor Relations Supplemental Schedules, can find them on our website - oxy.com or on the SEC's EDGAR site. We have added two schedules to the format we used in previous earnings announcements.

The first schedule lists the "Significant Transactions and Events Affecting Earnings" that impacted reported fourth quarter and annual earnings for 2002 and 2001. We have narrowly defined the term "Significant Transactions and Events" to include only material gains and losses, discontinued operations and changes in accounting standards.

The second schedule contains a list of items affecting comparability between quarters and annually. We leave it to the individual users of this schedule to decide whether to adjust our core earnings by segment or reporting period. For the fourth quarter of 2002 these are U. S. source items so it would be appropriate to apply a 35 percent tax rate to them.

Net income for the quarter was \$322 million, or \$0.85 per share. Net income for the 2001 fourth quarter was a loss of \$247 million, or \$0.66 per share. If the 2001 fourth quarter transactions and events are eliminated, core earnings for the quarter would have been a loss of \$4 million, or 1-cent per share.

On a segment basis, oil and gas fourth quarter earnings were \$490 million, compared to \$166 million for the fourth quarter of 2001. The following factors affected fourth quarter earnings.

- o The increase in fourth quarter 2002 worldwide oil and gas price realizations added \$299 million of earnings over the comparable period in 2001.

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- o Production in the fourth quarter 2002 was 7.5 percent higher than the fourth quarter of 2001 and accounted for \$35 million of earnings. Production started up at Horn Mountain late in the fourth quarter. When this project becomes fully operational later this year, we expect our share of production to be approximately 20,000 BOE per day.
- o Exploration expense was \$61 million in the quarter compared to \$54 million in fourth quarter of 2001. The fourth quarter 2002 expense includes a \$25 million write-off for the Thunderball deep gas well in California.

For the year 2002, oil and gas segment earnings were \$1.7 billion compared to \$2.8 billion in 2001. The single largest factor accounting for the variance was substantially higher natural gas prices in 2001, particularly in California, which made up \$830 million of the difference. The other major factor was the 2001 sale of our Indonesian gas interests for \$399 million. These factors were partially offset by higher oil prices and higher production in 2002.

Chemical segment earnings for the fourth quarter 2002 were \$58 million compared to a loss of \$412 million in the fourth quarter of 2001. The fourth quarter 2001 included a pre-tax charge of \$412 million related to the announced sale of our interest in Equistar. Excluding this significant item, earnings from



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our core chemical operations were break-even in the 2001 fourth quarter.

The primary factors affecting fourth quarter 2002 chemical earnings compared to the 2001 fourth quarter were:

- o higher chlorine, PVC and ethylene dichloride prices, and;
- o the elimination of the Equistar loss.

The chemical business weakened in October and November, but strengthened in December. PVC markets and prices are strong and we expect caustic prices to strengthen this year.

For the year, our consolidated net income was \$989 million, or \$2.63 per share, compared to \$1.2 billion, or \$3.10 per share, in 2001.

Cash flow from operations for the year was approximately \$2.1 billion.

Interest expense, including distributions on trust-preferred securities, was \$70 million during the fourth quarter 2002, compared to \$92 million in the 2001 fourth quarter. Included in the fourth quarter of 2001 was a one-time charge of \$8 million relating to early debt extinguishment. For the year 2002, total interest expense of \$320 million was \$112 million less than our interest expense in 2001.

Turning to the year-end 2002 balance sheet, we increased shareholder equity to \$6.3 billion, or \$684 million higher than the year-end 2001 level. At the same time, we reduced total debt by \$131 million to \$4.76 billion, compared to \$4.89 billion at the end of 2001. At the end of last year, our debt to total capitalization ratio was down to 43-percent, compared to 46-percent at the end of 2001.

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At the end of the year we had approximately \$146 million of cash.

Capital spending for the quarter was \$396 million and \$1.2 billion for the year. We expect total spending for 2003 to be at roughly the same level. The company also made acquisitions in 2002 totaling \$485 million, including \$350 for our interest in the Dolphin Project.

As we look forward in the first quarter of this year:

- o We expect production to average about 525,000 BOE per day - which is consistent with our 2003 forecast. This could vary slightly due to high oil prices affecting our production sharing contracts in Oman, Qatar, Yemen and THUMS. Also, Colombia production is always difficult to forecast.
- o We expect exploration expense for the quarter to be about \$35 million.
- o Chemical earnings should be in the range of \$60 million. This outlook is based on current conditions featuring high energy prices and new prices for caustic as well as seasonal factors which typically result in the fourth and first quarters being weak. We expect quarterly earnings to increase during the remainder of the year.
- o We expect interest expense, including distributions on trust-preferred securities, to be about \$75 million. This does not include an unusual

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charge which I'll discuss later.

- o We record the equity earnings from our 34.5 million shares of Lyondell in corporate "Other" and we rely on the estimates provided by Lyondell's management.
- o A \$1.00 per barrel change in oil prices impacts segment quarterly earnings by about \$27.5 million. The WTI price in the fourth quarter was \$28.15. A swing of 10-cents per million BTUs in gas prices has a \$6 million impact on quarterly oil and gas earnings. The NYMEX gas price for the fourth quarter was \$3.57.
- o Our tax rate in the first quarter should be about 33 percent. This reflects our expectation of higher U.S. source income during 2003 than in 2002.

There are three unusual items we expect in the first quarter.

- 1) The adoption of accounting standard 143, which is related to asset abandonment costs, requires companies to record on their books the present value of the liability for the ultimate abandonment of the fixed asset when the asset is placed in service. For Oxy, this is expected to result in a non-cash cumulative catch-up charge of approximately \$50 million after-tax in the first quarter for assets currently in service. This is primarily related to on-shore oil and gas properties. In addition, there will be an annual pre-tax non-cash charge to income of about \$17 million to reflect the accretion of the liability and higher depreciation expense. The actual cash abandonment cost will not be incurred until the asset is retired.

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- 2) The FASB has rescinded EITF Issue Number 98-10 that was in effect since 1999 which required the mark to market of non-derivative trading positions. In Oxy's case, non-derivative energy trading positions relate mainly to physical natural gas inventories.

As a result of the change by FASB, we must reverse the mark to market gain for the physical gas inventory that was on our books at year-end. This reversal will result in a non-cash, after-tax charge of about \$18 million in the first quarter. As the gas is sold, we will book the gains in operating income. We expect to realize about \$13 million in income in the first quarter and the remainder later in the year.

- 3) We also expect to record a pre-tax interest charge of \$50-\$70 million to repay a \$450 million bond issue that has 10 years of remaining life. We intend to refinance this issue. This action will lower our future interest expense.

We have been focusing on improving our returns on equity and capital employed - and the results have been striking as we have moved from the bottom to the top quartile among our oil and gas competitors during the last four years.

For the year 2002, our return on equity was nearly 17 percent and the four year average from 1999 through 2002 was about 21 percent. During that same four-year period our equity increased from \$3.5 billion to \$6.3 billion.

Our return on capital employed for 2002 was 11 percent and the four year

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average was 13 percent.

And finally, I would like to remind everyone that we announced a 4 percent increase in our annual dividend rate last December and indicated that we would review our dividend policy annually.

Our chairman and CEO, Dr. Ray Irani, is traveling on business and is unable to tie into this conference call. I am joined this morning by our president, Dale Laurance, and we're now ready to answer questions.

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Supplemental Investor Information

Investor Relations Supplemental Schedules

[OXY LOGO]

OCCIDENTAL PETROLEUM  
2002 Fourth Quarter  
Net Income (Loss)  
(\$ millions)

	REPORTED INCOME	SIGNIFICANT ITEMS AFFECTING INCOME	CORE EARNING
	-----	-----	-----
Oil & Gas	\$ 490		\$ 490
Chemical	58		58
Corporate			
Interest	(58)		(58)
Trust pfd distributions & other	(12)		(12)
Other	(41)		(41)
Taxes	(114)		(114)
	-----	-----	-----
Income from continuing operations	323	--	323
Discontinued operations, net	(1)	1	Discontinued operations -
	-----	-----	-----
NET INCOME	\$ 322	\$ 1	\$ 323
	=====	=====	=====
 BASIC EARNINGS PER SHARE	 \$ 0.85		 \$ 0.85
	=====		=====

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Investor Relations Supplemental Schedules

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[OXY LOGO]

OCCIDENTAL PETROLEUM  
2001 Fourth Quarter  
Net Income (Loss)  
(\$ millions)

	REPORTED INCOME -----	SIGNIFICANT ITEMS AFFECTING INCOME -----	
Oil & Gas	\$ 166		
Chemical	(412)	412	Equistar
Corporate			
Interest - Permian non-recourse debt	(5)		
Interest - all others	(74)		
Trust pfd distributions & other	(13)		
Other	(96)		
Taxes	190	(172)	Tax effect of adjustments
	-----	-----	
Income / (loss) from continuing operations	(244)	240	
Discontinued operations, net	(3)	3	Discontinued operations
	-----	-----	
NET INCOME (LOSS)	\$ (247)	\$ 243	
	=====	=====	
BASIC EARNINGS PER SHARE			
Income / (loss) from continuing operations	\$ (0.65)		
Discontinued operations, net	(0.01)		
	-----		
NET INCOME (LOSS)	\$ (0.66)		
	=====		

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Investor Relations Supplemental Schedules

[OXY LOGO]

OCCIDENTAL PETROLEUM  
2002 Total Year  
Net Income (Loss)  
(\$ millions)

REPORTED INCOME	SIGNIFICANT ITEMS AFFECTING INCOME
--------------------	------------------------------------

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Oil & Gas	\$ 1,707		
Chemical	275	(164)	Sale of Equistar investment
Corporate			
Interest	(275)		
Trust pfd distributions & other	(45)		
Other	(135)		
Taxes	(364)		
Income from continuing operations	1,163	(164)	
Discontinued operations, net	(79)	79	Discontinued operations
Cumulative effect of changes in accounting principles, net	(95)	95	Goodwill impairment
NET INCOME	\$ 989	\$ 10	
BASIC EARNINGS PER SHARE			
Income from continuing operations	\$ 3.09		
Discontinued operations, net	(0.21)		
Cumulative effect of changes in accounting principles, net	(0.25)		
NET INCOME	\$ 2.63		

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Investor Relations Supplemental Schedules

[OXY LOGO]

OCCIDENTAL PETROLEUM  
2001 Total Year  
Net Income (Loss)  
(\$ millions)

	REPORTED INCOME	SIGNIFICANT ITEMS AFFECTING INCOME	
	-----	-----	
Oil & Gas	\$ 2,845	\$ (399)	Indonesia - Tangguh LNG
Chemical	(399)	412	Equistar
Corporate			
Interest - Permian non-recourse debt	(74)		
Interest - all others	(300)		
Trust pfd distributions & other	(58)		
Other	(476)	272	Occidental Texas Pipeline
Taxes	(359)	(70)	State tax reserve reversal

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(148) Tax effect of adjustments

Income from continuing operations	1,179	67	
Discontinued operations, net	(1)	1	Discontinued operations
Cumulative effect of changes in accounting principles, net	(24)	24	Derivative & hedge account
NET INCOME	\$ 1,154	\$ 92	
BASIC EARNINGS PER SHARE			
Income from continuing operations	\$ 3.16		
Discontinued operations, net	--		
Cumulative effect of changes in accounting principles, net	(0.06)		
NET INCOME	\$ 3.10		

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Investor Relations Supplemental Schedules

[OXY LOGO]

OCCIDENTAL PETROLEUM  
Items Affecting Comparability of Core Earnings Between Periods

INCOME / (EXPENSE)	FOURTH QUARTER		TWELVE MONTHS	
	2002	2001	2002	2001
OIL & GAS				
Exploration asset write-offs	\$ (25)	\$ --	\$ (58)	\$ (66)
Self insurance and litigation adjustments	(4)	--	(4)	--
CHEMICALS				
Asset idling and impairments	--	(11)	(37)	(20)
State tax reserves adjustment	7	14	7	14
Self insurance and litigation adjustments	15	--	15	--
Reorganizations / severance	--	--	(14)	(17)
CORPORATE				
Gain on sale of stock investment	32	--	32	--
Environmental remediation	(15)	(60)	(23)	(109)
Equity earnings (a)	(22)	(20)	(58)	(80)
Interest - early debt extinguishments	--	(8)	--	(12)

(a) Includes share of Equistar results that were previously reported in the

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Chemical segment

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Investor Relations Supplemental Schedules

[OXY LOGO]

OCCIDENTAL PETROLEUM  
2002 Fourth Quarter Net Income (Loss)  
Reported Income Comparison

	FOURTH QUARTER 2002	THIRD QUARTER 2002	B / (W)
	-----	-----	-----
OIL & GAS	\$ 490	\$ 490	\$ --
CHEMICAL	58	214	(156)
CORPORATE			
INTEREST - ALL OTHERS	(58)	(73)	15
TRUST PFD DISTRIBUTIONS & OTHER	(12)	(12)	--
OTHER	(41)	(38)	(3)
TAXES	(114)	(105)	(9)
	-----	-----	-----
INCOME FROM CONTINUING OPERATIONS	323	476	(153)
DISCONTINUED OPERATIONS, NET	(1)	(74)	73
	-----	-----	-----
NET INCOME	\$ 322	\$ 402	\$ (80)
	=====	=====	=====
BASIC EARNINGS PER SHARE	\$ 0.85	\$ 1.07	\$ (0.22)
	=====	=====	=====
EFFECTIVE TAX RATE	26%	-152%	-178%
	=====	=====	=====

OCCIDENTAL PETROLEUM  
2002 Fourth Quarter Net Income (Loss)  
Core Earnings Comparison

	FOURTH QUARTER 2002	THIRD QUARTER 2002	B / (W)
	-----	-----	-----
OIL & GAS	\$ 490	\$ 490	\$ --
CHEMICAL	58	50	8
CORPORATE			
INTEREST - ALL OTHERS	(58)	(73)	15

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TRUST PFD DISTRIBUTIONS & OTHER	(12)	(12)	--
OTHER	(41)	(38)	(3)
TAXES	(114)	(105)	(9)
	-----	-----	-----
NET INCOME	\$ 323	\$ 312	\$ 11
	=====	=====	=====
BASIC EARNINGS PER SHARE	\$ 0.86	\$ 0.83	\$ 0.03
	=====	=====	=====
EFFECTIVE TAX RATE	26%	24%	-2%
	=====	=====	=====

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Investor Relations Supplemental Schedules

[OXY LOGO]

OCCIDENTAL PETROLEUM  
OIL & GAS  
CORE EARNINGS VARIANCE ANALYSIS  
(\$ MILLIONS)

2002 4th Quarter	\$ 490
2002 3rd Quarter	490
	-----
	\$ --
	=====
Price Variance	\$ 22
Volume Variance	12
Exploration Expense Variance	(29)
All Other	(5)
	-----
TOTAL VARIANCE	\$ --
	=====

OCCIDENTAL PETROLEUM  
CHEMICAL  
CORE EARNINGS VARIANCE ANALYSIS  
(\$ MILLIONS)

2002 4th Quarter	\$ 58
2002 3rd Quarter	50
	-----



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	\$ 8
	=====
Sales Price	\$ (15)
Sales Volume/Mix	0
Operations/Manufacturing	(20) *
All Other	43 **
	-----
TOTAL VARIANCE	\$ 8
	=====

\* Higher energy and feedstock costs

\*\* Includes lower equity earnings

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Investor Relations Supplemental Schedules

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OCCIDENTAL PETROLEUM  
2002 Fourth Quarter Net Income (Loss)  
Reported Income Comparison

	FOURTH QUARTER 2002	THIRD QUARTER 2002	B / (W)
	-----	-----	-----
OIL & GAS	\$ 490	\$ 166	\$ 324
CHEMICAL	58	(412)	470
CORPORATE			
INTEREST - PERMIAN NON-RECOURSE DEBT	--	(5)	5
INTEREST - ALL OTHERS	(58)	(74)	16
TRUST PFD DISTRIBUTIONS & OTHER	(12)	(13)	1
OTHER	(41)	(96)	55
TAXES	(114)	190	(304)
	-----	-----	-----
INCOME FROM CONTINUING OPERATIONS	323	(244)	567
DISCONTINUED OPERATIONS, NET	(1)	(3)	2
	-----	-----	-----
NET INCOME	\$ 322	\$ (247)	\$ 569
	=====	=====	=====
BASIC EARNINGS PER SHARE	\$ 0.85	\$ (0.66)	\$ 1.51
	=====	=====	=====
EFFECTIVE TAX RATE	26%	43%	17%
	=====	=====	=====

OCCIDENTAL PETROLEUM  
2002 Fourth Quarter Net Income (Loss)  
Core Earnings Comparison

	FOURTH QUARTER 2002	THIRD QUARTER 2002	B / (W)
OIL & GAS	\$ 490	\$ 166	\$ 324
CHEMICAL	58	--	58
CORPORATE			
INTEREST - PERMIAN NON-RECOURSE DEBT	--	(5)	5
INTEREST - ALL OTHERS	(58)	(74)	16
TRUST PFD DISTRIBUTIONS & OTHER	(12)	(13)	1
OTHER	(41)	(96)	55
TAXES	(114)	18	(132)
NET INCOME	\$ 323	\$ (4)	\$ 327
BASIC EARNINGS PER SHARE	\$ 0.86	\$ (0.01)	\$ 0.87
EFFECTIVE TAX RATE	26%	85%	59%

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Investor Relations Supplemental Schedules

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OCCIDENTAL PETROLEUM  
OIL & GAS  
CORE EARNINGS VARIANCE ANALYSIS  
(\$ MILLIONS)

2002 4th Quarter	\$ 490
2001 4th Quarter	166
	-----
	\$ 324
	=====
Price Variance	\$ 299
Volume Variance	35
Exploration Expense Variance	(8)

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All Other		(2)
		-----
	TOTAL VARIANCE	\$ 324
		=====

=====

OCCIDENTAL PETROLEUM  
CHEMICAL  
CORE EARNINGS VARIANCE ANALYSIS  
(\$ MILLIONS)

2002 4th Quarter		\$ 58
2001 4th Quarter		--
		-----
		\$ 58
		=====
Sales Price		\$ 62
Sales Volume/Mix		3
Operations/Manufacturing		(58) *
All Other		51 **
		-----
	TOTAL VARIANCE	\$ 58
		=====

\* Higher energy and feedstock costs.  
\*\* Includes higher equity earnings

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Investor Relations Supplemental Schedules

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OCCIDENTAL PETROLEUM  
-----  
SUMMARY OF OPERATING STATISTICS  
-----

	FOURTH QUARTER		TWELVE MONTHS	
	2002	2001	2002	2001
	-----	-----	-----	-----
NET PRODUCTION PER DAY:				
UNITED STATES				
CRUDE OIL AND LIQUIDS (MBL)				

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	California	84	82	86	76
	Permian	142	137	142	137
	US Other	6	--	4	-
	TOTAL	-----	-----	-----	-----
		232	219	232	213
NATURAL GAS (MMCF)					
	California	266	297	286	303
	Hugoton	139	153	148	159
	Permian	133	150	130	148
	TOTAL	-----	-----	-----	-----
		538	600	564	610
LATIN AMERICA					
CRUDE OIL (MBL)					
	Colombia	41	17	35	18
	Ecuador	13	13	13	13
	TOTAL	-----	-----	-----	-----
		54	30	48	31
EASTERN HEMISPHERE					
CRUDE OIL (MBL)					
	Oman	13	14	13	12
	Pakistan	12	7	10	7
	Qatar	37	43	42	43
	Russia	29	28	27	27
	Yemen	39	32	38	33
	TOTAL	-----	-----	-----	-----
		130	124	130	122
NATURAL GAS (MMCF)					
	Pakistan	76	51	63	50
BARRELS OF OIL EQUIVALENT (MBOE)		518	482	515	476
-----		=====	=====	=====	=====
CONSOLIDATED SUBSIDIARIES		516	482	514	476
NON-CONSOLIDATED INTERESTS - NET		2	--	1	-
		-----	-----	-----	-----
TOTAL WORLDWIDE PRODUCTION (MBOE)		518	482	515	476
		=====	=====	=====	=====

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Investor Relations Supplemental Schedules

[OXY LOGO]

SUMMARY OF OPERATING STATISTICS

	FOURTH QUARTER		TWELVE MONTHS	
	2002	2001	2002	2001
	-----	-----	-----	-----
OIL & GAS:				
-----				
PRICES				

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UNITED STATES				
Crude Oil (\$/BBL)	25.40	16.79	23.47	21.74
Natural gas (\$/MCF)	3.36	2.44	2.89	6.40
LATIN AMERICA				
Crude oil (\$/BBL)	25.03	15.36	23.01	19.95
EASTERN HEMISPHERE				
Crude oil (\$/BBL)	23.31	17.43	22.05	21.32
Natural Gas (\$/MCF)	1.94	2.16	2.08	2.29

	FOURTH QUARTER		TWELVE MONTHS	
	2002	2001	2002	2001
Exploration Expense				
Domestic	\$ 48	\$ 21	\$ 120	\$ 58
Latin America	3	5	20	77
Eastern Hemisphere	10	28	36	49
TOTAL	\$ 61	\$ 54	\$ 176	\$ 184

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OCCIDENTAL PETROLEUM  
CHEMICALS  
Volume (M Tons)

MAJOR PRODUCTS	FOURTH QUARTER		TWELVE MONTHS	
	2002	2001	2002	2001
Chlorine	686	636	2,807	2,847
Caustic	684	678	2,717	2,857
Ethylene Dichloride	187	151	573	735
PVC Resins	917	822	4,132	3,950

CHEMICALS  
Prices (Index)

FOURTH QUARTER

TWELVE MONTHS

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MAJOR PRODUCTS	2002	2001	2002	2001
Chlorine	1.57	0.61	1.01	0.74
Caustic	0.66	1.18	0.71	1.33
Ethylene Dichloride	0.99	0.44	1.01	0.61
PVC Resins	0.82	0.52	0.73	0.68

### CHLORINE

#### OXYCHEM COMMENTARY

- o Overall demand in the 4th quarter was down as expected due to the seasonal decline in the PVC market. However, a rebound occurred in December as buyers began building inventories in anticipation of a stronger 1st quarter demand.
- o Industry effective operating rates dropped to 85% in the 4th quarter from 94% in the 3rd quarter. Rates are expected to increase in the 1st quarter 2003 as demand continues to improve.
- o Despite the reduced operating rates, prices remained stable throughout the 4th quarter, aided by expectations of a tightening market in early 2003.

#### INFLUENCING FACTORS:

An expected economic recovery in 2003 combined with a lack of new capacity is expected to tighten the market, increase operating rates and improve prices.

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### CAUSTIC

#### OXYCHEM COMMENTARY

- o Demand for caustic soda continued to improve in the 4th quarter despite a seasonal slowdown in the bleach market. Demand improved in several major market segments including pulp and paper, refining, organic chemicals and alumina. Demand in the 1st quarter 2003 is expected to remain at current levels.
- o Domestic pricing for caustic soda improved as a result of a \$50 per ton price increase announced by U.S. producers for the 4th quarter. An additional \$70 per ton increase was announced for the 1st quarter 2003 but subsequently moderated to \$40 per ton.

#### INFLUENCING FACTORS:

Supply and demand for caustic soda remains balanced. Demand is dependent on the US manufacturing sector. The anticipated improvement in the US economy in conjunction with a strengthening global economy and reduced US operating capacity is expected to support continued price improvement.

EDC

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OXYCHEM COMMENTARY

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- o The supply/demand balance tightened in the 4th quarter as a result of low inventory levels of PVC, VCM and EDC in Asia.
- o The downward pressure on prices experienced in the 3rd quarter and early in the 4th quarter has reversed itself. As the PVC market has improved, buyers have been accepting higher EDC prices in anticipation of higher PVC prices.

INFLUENCING FACTORS:

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Continued growth in China and an increasing demand for EDC, VCM and PVC is expected to result in further improvements in EDC prices.

PVC/VCM

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OXYCHEM COMMENTARY

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- o Demand was slow going into the 4th quarter due to the seasonal slowdown in the pipe sector. This changed in mid-December as resin producers began announcing price increases for January and pipe prices improved.
- o OxyVinyls' PVC operating rates for the 4th quarter were at 88%. The estimated industry average operating rate was 85%. The feedstock shortages seen earlier in the

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year have temporarily eased as producers had sufficient chlorine and VCM to operate at rates necessary to meet demand and rebuild some inventory. Capacities used to calculate operating rates have been modified to exclude both the former Borden Geismar and Addis facilities, which are currently idle. These plants are not expected to start up during the 1st half of 2003.

- o Domestic PVC resin market prices decreased \$.01/lb in September, October, and November, and were flat in December. A \$.02/lb increase was implemented January 1, 2003. An additional \$.02/lb increase was announced by several resin producers for February.
- o Demand for PVC exports to Asia was weak going into the quarter but improved in November due to VCM outages and raw material shortages in the region. Prices bottomed out at \$470/MT in mid-November, increasing to \$520-530/MT in late-November and \$580-600/MT by late-December.
- o Demand for VCM tapered off gradually throughout the quarter, due primarily to seasonal reductions in the PVC market, although not as much as previously expected. Some VCM producers reduced rates in an effort to manage inventory levels, while others built inventory for planned outages in early 2003 or attempted to capitalize on spot shipments. Demand is expected to increase in the 1st quarter 2003 as the PVC market improves.
- o Export VCM prices declined in 4th quarter, which is typical for this time of the year. The export price peaked in July at the \$510-\$530/MT but fell each month, finishing the year at the \$400-\$420/MT level in December. Increased PVC demand and pricing is expected to lead to improved prices for VCM in the 1st quarter 2003.

INFLUENCING FACTORS:

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 Increased demand and operating rates will result in increased prices for PVC and VCM in the 1st quarter 2003, offsetting expected increases in energy and feedstock costs.

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OCCIDENTAL PETROLEUM  
 Chemical Segment  
 Historical Financials Excluding Petrochemicals

	1993	1994	1995	1996	1997	1998	1999	2000	2001
	-----	-----	-----	-----	-----	-----	-----	-----	-----
EBIT	\$ 185	\$ 236	\$ 634	\$ 414	\$ 315	\$ 243	\$ 120	\$ 216	\$ 216
DD&A	190	184	178	145	158	152	182	183	183
EBITDA	375	420	812	559	473	395	302	399	399
Capital Spending (1)	(128)	(153)	(195)	(215)	(346)	(300)	(112)	(148)	(148)
Free Cash Flow (2)	\$ 247	\$ 267	\$ 617	\$ 344	\$ 127	\$ 95	\$ 190	\$ 251	\$ 251
	=====	=====	=====	=====	=====	=====	=====	=====	=====

(1) Excludes divestiture proceeds and acquisitions

(2) Excludes working capital changes

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SUMMARY OF OPERATING STATISTICS

FOURTH QUARTER		TWELVE MONTHS	
2002	2001	2002	2001
-----	-----	-----	-----



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Capital Expenditures (\$MM)

Oil & Gas				
California	\$ 62	\$ 76	\$ 240	\$ 304
Permian	65	92	218	285
Other - U.S.	22	38	86	133
Latin America	29	46	106	102
Eastern Hemisphere	118	86	388	314
Chemicals	53	48	109	112
Corporate	47	14	89	58
	-----	-----	-----	-----
TOTAL	\$ 396	\$ 400	\$ 1,236	\$ 1,308
	=====	=====	=====	=====

DEPRECIATION, DEPLETION &  
AMORTIZATION OF ASSETS (\$MM)

Oil & Gas				
Domestic	\$ 141	\$ 144	\$ 575	\$ 540
Latin America	9	6	36	24
Eastern Hemisphere	56	47	209	186
Chemicals	44	44	183	184
Corporate	3	2	9	31
	-----	-----	-----	-----
TOTAL	\$ 253	\$ 243	\$ 1,012	\$ 965
	=====	=====	=====	=====

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OCCIDENTAL PETROLEUM  
CORPORATE  
(\$ millions)

	31-DEC-02	31-DEC-01
	-----	-----
CAPITALIZATION		
Oxy Long-Term Debt (including current maturities)	\$ 4,203	\$ 4,065
Gas Sales Obligation (current and non-current)	--	282
Trust Preferred Securities	455	463
Subsidiary Preferred Stock	75	--
Others	26	80
	-----	-----
TOTAL DEBT	\$ 4,759	\$ 4,890
	=====	=====

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EQUITY	\$ 6,318	\$ 5,634
	=====	=====
Total Debt To Total Capitalization	43%	46%
	=====	=====

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Portions of this presentation are "forward-looking statements" as defined by the Private Securities Litigation Reform Act of 1995, and involve risks and uncertainties that could significantly affect expected results. No assurance can be given that the results or statement of expectations or beliefs will be attained. Factors that may cause actual results to differ materially are contained in the March 13, 2002 form 10-K on file with the SEC.

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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: January 28, 2003

S. P. Dominick, Jr.

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