

OCCIDENTAL PETROLEUM CORP /DE/  
Form 10-Q  
August 05, 2008

Table of Contents

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

**FORM 10-Q**

**QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d)  
OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended June 30, 2008

**OR**

**TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d)  
OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission file number 1-9210

**OCCIDENTAL PETROLEUM CORPORATION**

(Exact name of registrant as specified in its charter)

**Delaware**

(State or other jurisdiction of  
incorporation or organization)

**95-4035997**

(I.R.S. Employer  
Identification No.)

**10889 Wilshire Boulevard**

**Los Angeles, California**

(Address of principal executive offices)

**90024**

(Zip Code)

**(310) 208-8800**

(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. (See definition of "accelerated filer", "large accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act):

Large Accelerated Filer  Accelerated Filer  Non-Accelerated Filer  Smaller Reporting Company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Class	Outstanding at June 30, 2008
Common stock \$.20 par value	817,077,803 shares

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Table of Contents

**OCCIDENTAL PETROLEUM CORPORATION AND SUBSIDIARIES**

**CONTENTS**

	PAGE
<b>Part I</b>	
<b>Financial Information</b>	
Item 1. Financial Statements (unaudited)	
<u>Consolidated Condensed Balance Sheets</u>	
<u>June 30, 2008 and December 31, 2007</u>	2
<u>Consolidated Condensed Statements of Income</u>	
<u>Three and six months ended June 30, 2008 and 2007</u>	4
<u>Consolidated Condensed Statements of Cash Flows</u>	
<u>Six months ended June 30, 2008 and 2007</u>	5
<u>Notes to Consolidated Condensed Financial Statements</u>	6
Item 2. <u>Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	14
Item 3. <u>Quantitative and Qualitative Disclosures About Market Risk</u>	24
Item 4. <u>Controls and Procedures</u>	24
<b>Part II</b>	
<b>Other Information</b>	
Item 1. <u>Legal Proceedings</u>	25
Item 2. <u>Share Repurchase Activities</u>	25
Item 4. <u>Submission of Matters to a Vote of Security Holders</u>	25
Item 6. <u>Exhibits</u>	27

Table of Contents**PART I FINANCIAL INFORMATION****Item 1. Financial Statements (unaudited)**

OCCIDENTAL PETROLEUM CORPORATION AND SUBSIDIARIES  
CONSOLIDATED CONDENSED BALANCE SHEETS  
JUNE 30, 2008 AND DECEMBER 31, 2007  
(Amounts in millions)

	2008	2007
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 1,506	\$ 1,964
Receivables, net	7,300	5,389
Inventories	947	910
Prepaid expenses and other	372	332
Total current assets	10,125	8,595
LONG-TERM RECEIVABLES, net	244	203
INVESTMENTS IN UNCONSOLIDATED ENTITIES	894	783
PROPERTY, PLANT AND EQUIPMENT, net of accumulated depreciation, depletion and amortization of \$14,873 at June 30, 2008 and \$13,638 at December 31, 2007	29,466	26,278
OTHER ASSETS	715	660
<b>TOTAL ASSETS</b>	<b>\$ 41,444</b>	<b>\$ 36,519</b>

The accompanying notes are an integral part of these financial statements.

Table of Contents

OCCIDENTAL PETROLEUM CORPORATION AND SUBSIDIARIES  
CONSOLIDATED CONDENSED BALANCE SHEETS  
JUNE 30, 2008 AND DECEMBER 31, 2007  
(Amounts in millions)

	2008	2007
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
<b>CURRENT LIABILITIES</b>		
Current maturities of long-term debt and notes payable	\$	\$ 47
Accounts payable	5,226	4,263
Accrued liabilities	2,307	1,611
Domestic and foreign income taxes	594	227
Liabilities of discontinued operations	117	118
Total current liabilities	8,244	6,266
LONG-TERM DEBT, net of current maturities and unamortized discount	1,775	1,741
<b>DEFERRED CREDITS AND OTHER LIABILITIES</b>		
Deferred and other domestic and foreign income taxes	2,223	2,324
Long-term liabilities of discontinued operations	165	174
Other	3,852	3,156
	6,240	5,654
MINORITY INTEREST	42	35
<b>STOCKHOLDERS' EQUITY</b>		
Common stock, at par value	176	175
Treasury stock	(3,500)	(2,610)
Additional paid-in capital	7,085	7,071
Retained earnings	22,492	18,819
Accumulated other comprehensive loss	(1,110)	(632)
	25,143	22,823
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$ 41,444	\$ 36,519

The accompanying notes are an integral part of these financial statements.

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Table of Contents

OCCIDENTAL PETROLEUM CORPORATION AND SUBSIDIARIES  
CONSOLIDATED CONDENSED STATEMENTS OF INCOME  
FOR THE THREE MONTHS AND SIX MONTHS ENDED JUNE 30, 2008 AND 2007  
(Amounts in millions, except per-share amounts)

	Three months ended		Six months ended	
	June 30		June 30	
	2008	2007	2008	2007
<b>REVENUES AND OTHER INCOME</b>				
Net sales	\$ 7,116	\$ 4,411	\$ 13,136	\$ 8,426
Interest, dividends and other income	73	57	133	241
Gains on disposition of assets, net	31	308	25	720
	7,220	4,776	13,294	9,387
<b>COSTS AND OTHER DEDUCTIONS</b>				
Cost of sales	2,681	2,205	5,143	4,256
Selling, general and administrative and other operating expenses	480	388	880	724
Environmental remediation	26	6	30	61
Exploration expense	58	93	132	195
Interest and debt expense, net	32	32	70	249
	3,277	2,724	6,255	5,485
Income before taxes and other items	3,943	2,052	7,039	3,902
Provision for domestic and foreign income and other taxes	1,671	904	2,965	1,588
Minority interest	37	21	66	28
Income from equity investments	(65)	(18)	(111)	(28)
Income from continuing operations	2,300	1,145	4,119	2,314
Discontinued operations, net	(3)	267	24	310
<b>NET INCOME</b>	<b>\$ 2,297</b>	<b>\$ 1,412</b>	<b>\$ 4,143</b>	<b>\$ 2,624</b>
<b>BASIC EARNINGS PER COMMON SHARE</b>				
Income from continuing operations	\$ 2.80	\$ 1.36	\$ 5.01	\$ 2.76
Discontinued operations, net		0.32	0.03	0.37
Basic earnings per common share	\$ 2.80	\$ 1.68	\$ 5.04	\$ 3.13
<b>DILUTED EARNINGS PER COMMON SHARE</b>				
Income from continuing operations	\$ 2.78	\$ 1.36	\$ 4.98	\$ 2.74
Discontinued operations, net		0.32	0.03	0.37
Diluted earnings per common share	\$ 2.78	\$ 1.68	\$ 5.01	\$ 3.11
<b>DIVIDENDS PER COMMON SHARE</b>	<b>\$ 0.32</b>	<b>\$ 0.22</b>	<b>\$ 0.57</b>	<b>\$ 0.44</b>
<b>WEIGHTED AVERAGE BASIC SHARES</b>	<b>821.3</b>	<b>837.7</b>	<b>822.5</b>	<b>839.3</b>

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WEIGHTED AVERAGE DILUTED SHARES	825.5	841.8	826.9	843.2
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The accompanying notes are an integral part of these financial statements.

Table of Contents

OCCIDENTAL PETROLEUM CORPORATION AND SUBSIDIARIES  
 CONSOLIDATED CONDENSED STATEMENTS OF CASH FLOWS  
 FOR THE SIX MONTHS ENDED JUNE 30, 2008 AND 2007  
 (Amounts in millions)

	2008	2007
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net income	\$ 4,143	\$ 2,624
Adjustments to reconcile net income to net cash provided by operating activities:		
Discontinued operations, net	(24)	(310)
Depreciation, depletion and amortization of assets	1,274	1,138
Deferred income tax provision (benefit)	148	(57)
Other non-cash charges to income	378	482
Gain on disposition of assets, net	(25)	(720)
Income from equity investments	(111)	(28)
Dry hole and impairment expense	96	90
Changes in operating assets and liabilities	(663)	(348)
Other operating, net	(234)	(64)
Operating cash flow from continuing operations	4,982	2,807
Operating cash flow from discontinued operations	49	141
Net cash provided by operating activities	5,031	2,948
 <b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Capital expenditures	(1,984)	(1,630)
Purchase of businesses and assets, net	(2,261)	(513)
Sale of businesses and disposal of property, plant, and equipment, net	8	63
Short term investments - purchases		(10)
Short term investments - sales		250
Sale of equity investments and available-for-sale investments		