

OCCIDENTAL PETROLEUM CORP /DE/
Form 10-Q
August 07, 2006
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, 2006

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)
(310) 208-8800

90024

(Zip Code)

(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 or a non-accelerated filer. (See definition of "accelerated filer" and "large accelerated filer" in Rule 12b-2 of the Exchange Act):

Large Accelerated Filer Accelerated Filer Non-Accelerated Filer

Indicate by check mark whether the registrant is a shell company (as defined in Exchange Act Rule 12b-2). Yes No

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, 2006
Common stock \$.20 par value	422,669,741 shares

OCCIDENTAL PETROLEUM CORPORATION AND SUBSIDIARIES

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

OCCIDENTAL PETROLEUM CORPORATION AND SUBSIDIARIES

CONSOLIDATED CONDENSED BALANCE SHEETS

June 30, 2006 AND DECEMBER 31, 2005

(Amounts in millions)

	2006	2005
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$1,356	\$2,188
Short-term investments	227	252
Receivables, net	3,664	3,099
Inventories	721	716
Prepaid expenses and other	255	256
Assets of discontinued operations	325	426
Total current assets	6,548	6,937
LONG-TERM RECEIVABLES, net	317	377
INVESTMENTS IN UNCONSOLIDATED ENTITIES	1,488	1,209
PROPERTY, PLANT AND EQUIPMENT, net of accumulated depreciation, depletion and amortization of \$10,687 at June 30, 2006 and \$9,774 at December 31, 2005	22,382	17,171

OTHER ASSETS	428	414
	\$31,163	\$26,108
The accompanying notes are an integral part of these financial statements.		

OCCIDENTAL PETROLEUM CORPORATION AND SUBSIDIARIES

CONSOLIDATED CONDENSED BALANCE SHEETS

June 30, 2006 AND DECEMBER 31, 2005

(Amounts in millions)

	2006	2005
LIABILITIES AND EQUITY		
CURRENT LIABILITIES		
Current maturities of long-term debt and capital lease liabilities	\$71	\$46
Accounts payable	2,498	2,046
Accrued liabilities	1,831	1,718
Domestic and foreign income taxes	254	326
Liabilities of discontinued operations	172	136
Total current liabilities	4,826	4,272
LONG-TERM DEBT, net of current maturities and unamortized discount	2,816	2,873
DEFERRED CREDITS AND OTHER LIABILITIES		
Deferred and other domestic and foreign income taxes	2,044	970
Liabilities of discontinued operations	208	
Other	2,949	2,621
	5,201	3,591
MINORITY INTEREST	358	340
STOCKHOLDERS' EQUITY		
Common stock, at par value	87	80
Treasury stock	(978)	(8)
Additional paid-in capital	6,998	4,908
Retained earnings	12,199	10,425
Accumulated other comprehensive income	(344)	(373)
	17,962	15,032
	\$31,163	\$26,108

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

OCCIDENTAL PETROLEUM CORPORATION AND SUBSIDIARIES

CONSOLIDATED CONDENSED STATEMENTS OF INCOME

FOR THE THREE MONTHS AND SIX MONTHS ENDED JUNE 30, 2006 AND 2005

(Amounts in millions, except per-share amounts)

	Three months ended		Six months ended	
	June 30 2006	2005	June 30 2006	2005
REVENUES				
Net sales	\$ 4,599	\$ 3,385	\$ 8,995	\$ 6,558
Interest, dividends and other income	74	33	128	66
Gains on disposition of assets, net	16	143	19	147
	4,689	3,561	9,142	6,771
COSTS AND OTHER DEDUCTIONS				
Cost of sales	2,134	1,588	4,073	3,086
Selling, general and administrative and other operating expenses	347	305	691	564
Environmental remediation	9	10	16	19
Exploration expense	50	107	121	145
Interest and debt expense, net	72	61	140	136
	2,612	2,071	5,041	3,950
Income before taxes and other items	2,077	1,490	4,101	2,821
Provision for domestic and foreign income and other taxes	881	26	1,786	610
Minority interest	34	29	71	50
Income from equity investments	(42)	(45)	(111)	(116)
Income from continuing operations	1,204	1,480	2,355	2,277
Discontinued operations, net	(347)	56	(269)	105
NET INCOME	\$ 857	\$ 1,536	\$ 2,086	\$ 2,382
BASIC EARNINGS PER COMMON SHARE				
Income from continuing operations	\$ 2.80	\$ 3.68	\$ 5.51	\$ 5.68
Discontinued operations, net	(0.81)	0.14	(0.63)	0.26
Basic earnings per common share	\$ 1.99	\$ 3.82	\$ 4.88	\$ 5.94
DILUTED EARNINGS PER COMMON SHARE				
Income from continuing operations	\$ 2.77	\$ 3.63	\$ 5.45	\$ 5.60
Discontinued operations, net	(0.80)	0.14	(0.62)	0.26
Diluted earnings per common share	\$ 1.97	\$ 3.77	\$ 4.83	\$ 5.86
DIVIDENDS PER COMMON SHARE	\$ 0.36	\$ 0.31	\$ 0.72	\$ 0.62

BASIC SHARES	430.1	401.9	427.3	401.2
DILUTED SHARES	433.9	407.3	432.2	406.8

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

OCCIDENTAL PETROLEUM CORPORATION AND SUBSIDIARIES

CONSOLIDATED CONDENSED STATEMENTS OF CASH FLOWS

FOR THE SIX MONTHS ENDED JUNE 30, 2006 AND 2005

(Amounts in millions)

	2006	2005
CASH FLOW FROM OPERATING ACTIVITIES		
Net income	\$2,086	\$2,382
Adjustments to reconcile income to net cash provided by operating activities:		
Discontinued operations, net	269	(105)
Depreciation, depletion and amortization of assets	953	673
Reversal of tax reserves		(619)
Deferred income tax provision	(76)	(42)
Other non-cash charges to income	301	359
Gains on disposition of assets, net	(19)	(147)
Income from equity investments	(111)	(116)
Dry hole and impairment expense	40	105
Changes in operating assets and liabilities	(438)	(128)
Other operating, net	(103)	(89)
Operating cash flow from continuing operations	2,902	2,273
Operating cash flow from discontinued operations	198	80
Net cash provided by operating activities	3,100	2,353
CASH FLOW FROM INVESTING ACTIVITIES		
Capital expenditures	(1,242)	(998)
Purchase of businesses, net	(1,511)	(1,720)
Sales of businesses and disposal of property, plant, and equipment, net	674	53
Short term investments - purchases	(90)	(46)
Short term investments - sales	115	56
Sales of equity investments and available-for-sale investments		299
Equity investments and other investing, net	(74)	56
Investing cash flow from continuing operations	(2,128)	(2,300)
Investing cash flow from discontinued operations	(33)	(56)
Net cash used by investing activities	(2,161)	(2,356)
CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from long-term debt	118	105
Payments on long-term debt and capital lease liabilities	(736)	(535