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OCCIDENTAL PETROLEUM CORP /DE/

Form 8-K

October 21, 2002

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, 2002

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

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

10889 WILSHIRE BOULEVARD	
LOS ANGELES, CALIFORNIA	90024
(Address of principal executive offices)	(ZIP code)

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

Item 5. Other Events and Regulation FD Disclosure

On October 21, 2002, Occidental Petroleum Corporation announced net income for the third quarter 2002 of \$402 million (\$1.07 per share), compared with \$444 million (\$1.19 per share) for the third quarter 2001. Earnings before special items and discontinued operations were \$329 million (\$0.87 per share) for the third quarter 2002, compared with \$316 million (\$0.85 per share) for the third quarter 2001. The third quarter 2002 included special items and discontinued operations of a net \$73 million gain related to asset sales, primarily the sale of the investment in Equistar, partially offset by the impairment of various chemical assets. The third quarter 2001 special items and discontinued operations included a net \$128 million gain related to the sale of non-strategic assets.

In announcing the results, Dr. Ray R. Irani, chairman and chief executive officer, said, "Occidental turned in another strong performance in the third quarter. Earnings before special items and discontinued operations not only

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exceeded last year's third quarter results, but also this year's second quarter results.

For the first nine months of this year, our production of 513,000 BOE per day increased by over 8 percent compared with the same period in 2001. We have exceeded the production forecast of 500,000 BOE per day for 2002 that we provided earlier this year, and we are reaffirming our forecast for 2003 of 525,000 BOE per day.

Income from our chemical businesses continued to improve in the third quarter from the second quarter as a result of improving margins, mainly from chloro-vinyls products."

### OIL AND GAS

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Oil and gas segment earnings before special items were \$483 million for the third quarter 2002, compared with \$528 million for the third quarter 2001. The decline in the third quarter 2002 earnings reflected the effect of lower natural gas prices partially offset by lower exploration expense and higher crude oil prices.

Oil and gas segment earnings were \$490 million for the third quarter 2002, compared with \$927 million for the third quarter 2001. The special items in both years included after-tax gains related to the sale of non-strategic assets, \$7 million in the third quarter 2002 and \$399 million in the third quarter 2001.

### CHEMICALS

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Chemical segment earnings before special items were \$87 million for the third quarter 2002, compared with \$38 million for the third quarter 2001. The improvement in the third quarter 2002 earnings reflected higher sales prices for PVC, chlorine and EDC, and improved performance of the Equistar petrochemical investment partially offset by lower caustic soda prices.

Chemical segment earnings were \$214 million for the third quarter 2002. The third quarter 2002 special items included a \$164 million net of tax gain from the sale of the investment in Equistar and a \$37 million pre-tax charge for the impairment of various operating assets. There were no special items in the third quarter 2001.

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### NINE MONTHS RESULTS

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For the first nine months of 2002, net income was \$667 million (\$1.77 per share), compared with \$1.401 billion (\$3.77 per share) for the first nine months of 2001. Earnings before special items and discontinued operations were \$702 million (\$1.87 per share) for 2002, compared with \$1.291 billion (\$3.47 per share) for the same period of 2001.

### EITF ISSUE 02-3

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Occidental adopted EITF Issue 02-3 in the third quarter of 2002 and reflected the appropriate changes in all periods presented. Revenues and cost of sales for oil and gas trading activities were reduced by equal and offsetting

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amounts, as discussed in the footnote to the Summary of Segment Net Sales and Earnings in this press release. There was no change in margins, income, EPS or cash flow for any period as a result of this adoption. Energy companies that have revenues from trading activities were required to implement this issue in the third quarter.

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 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

(Millions, except per-share amounts)

Periods Ended September 30 =====	Third Quarter		Nine Months	
	2002	2001	2002	2001
=====	=====	=====	=====	=====
<b>SEGMENT NET SALES</b>				
Oil and gas (a)	\$ 1,224	\$ 1,251	\$ 3,347	\$ 4,310
Chemical	739	732	2,006	2,408
	-----	-----	-----	-----
Net sales	\$ 1,963	\$ 1,983	\$ 5,353	\$ 6,718
=====	=====	=====	=====	=====
<b>SEGMENT EARNINGS</b>				
Oil and gas	\$ 490	\$ 927	\$ 1,217	\$ 2,679
Chemical	214	38	217	14
	-----	-----	-----	-----
	704	965	1,434	2,693
<b>UNALLOCATED CORPORATE ITEMS</b>				
Interest expense, net (b)	(73)	(60)	(195)	(207)
Income taxes (c)	(105)	(128)	(250)	(550)
Trust preferred distributions & other	(12)	(13)	(35)	(43)
Other (d)	(38)	(321)	(114)	(467)
	-----	-----	-----	-----
<b>INCOME FROM CONTINUING OPERATIONS</b>	476	443	840	1,426
Discontinued operations (e)	(74)	1	(78)	2
Extraordinary loss, net	--	--	--	(3)
Cumulative effect of changes in accounting principles, net	--	--	(95)	(24)
	-----	-----	-----	-----
<b>NET INCOME</b>	<b>\$ 402</b>	<b>\$ 444</b>	<b>\$ 667</b>	<b>\$ 1,401</b>
=====	=====	=====	=====	=====

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BASIC EARNINGS PER COMMON SHARE				
Income from continuing operations	\$ 1.26	\$ 1.19	\$ 2.23	\$ 3.83
Discontinued operations (e)	(.19)	--	(.21)	.01
Extraordinary loss, net	--	--	--	(.01)
Cumulative effect of changes in accounting principles, net	--	--	(.25)	(.06)
	-----	-----	-----	-----
	\$ 1.07	\$ 1.19	\$ 1.77	\$ 3.77
	=====	=====	=====	=====
DILUTED EARNINGS PER COMMON SHARE				
Income from continuing operations	\$ 1.25	\$ 1.18	\$ 2.22	\$ 3.81
Discontinued operations (e)	(.19)	--	(.21)	.01
Extraordinary loss, net	--	--	--	(.01)
Cumulative effect of changes in accounting principles, net	--	--	(.25)	(.06)
	-----	-----	-----	-----
	\$ 1.06	\$ 1.18	\$ 1.76	\$ 3.75
	=====	=====	=====	=====
AVERAGE BASIC COMMON SHARES				
OUTSTANDING	377.1	373.5	376.0	371.9
	=====	=====	=====	=====

See footnotes on following page.

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- (a) Oil and gas revenues reflect the adoption of EITF 02-3 effective in the third quarter of 2002. Segment net sales (revenues) and cost of sales were reduced by equal and offsetting amounts to report revenue from oil and gas trading activities on a net basis as follows:

	Third Quarter 2001	Nine Months 2001
	-----	-----
Previously reported sales	\$ 2,521	\$ 9,097
Adjustments pursuant to EITF 02-3	(1,270)	(4,787)
	-----	-----
Sales as adjusted	\$ 1,251	\$ 4,310
	=====	=====

There was no change in margins, income, EPS or cash flow for any period as a result of this adoption.

- (b) Includes interest income on notes receivable from Altura partners. The nine months year-to-date 2002 includes \$22 million and the third quarter and nine months year-to-date 2001 include \$24 million and \$85 million, respectively.
- (c) Includes an offset for charges and credits in lieu of U.S. federal income taxes allocated to the segments. Oil and gas segment earnings have been impacted by charges of \$3 million and \$35 million in the third quarters of 2002 and 2001, respectively. The oil and gas segment third quarters of 2002 and 2001 includes the tax effects from asset sales of \$4 million and \$35 million, respectively. Chemical segment earnings have been impacted by credits of \$395 million in the third quarter of 2002 and \$16 million in the third quarter of 2001. The chemical segment third quarters of 2002 and 2001

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include the tax effects from asset sales/dispositions of \$392 million and \$12 million, respectively.

- (d) Includes preferred distributions to the Occidental Permian partners. The nine months year-to-date 2002 includes \$20 million. The third quarter and nine months year-to-date 2001 include \$25 million and \$87 million, respectively. These amounts are essentially offset by the interest income discussed in (b) above. The third quarter and nine months year-to-date 2001 also include a \$272 million net-of-tax loss related to the sale of Occidental's residual interest in Occidental Texas Pipeline Company.
- (e) Occidental's chromium business and Brazilian vinyl operations have been reclassified to discontinued operations. Occidental announced on October 11, 2002 it has agreed to sell its chromium chemical business to Elementis plc. As a result of the pending sale, Occidental recognized an after-tax loss of \$30 million in the third quarter 2002. Occidental is currently in discussions with a buyer for its Brazilian vinyl operations. Occidental recognized a loss of \$39 million related to write-down of these assets in the third quarter 2002.

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### SUMMARY OF OPERATING STATISTICS

	Third Quarter		Nine Months	
Periods Ended September 30	2002	2001	2002	2001
=====	=====	=====	=====	=====
<b>NET OIL, GAS AND LIQUIDS</b>				
<b>PRODUCTION PER DAY</b>				
<b>United States</b>				
Crude oil and liquids (MBBL)				
California	84	78	87	75
Permian	143	137	141	136
Other	3	--	3	-
Total	230	215	231	211
Natural Gas (MMCF)				
California	283	302	293	305
Hugoton	149	154	152	161
Permian	132	146	129	147
Total	564	602	574	613
<b>Latin America</b>				
Crude oil and condensate (MBBL)				
Colombia	33	35	34	19
Ecuador	13	13	13	13
Total	46	48	47	32
<b>Eastern Hemisphere</b>				
Crude oil and condensate (MBBL)				
Oman	9	10	14	10

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Pakistan	12	7	10	7
Qatar	44	45	43	43
Russia	26	27	27	27
Yemen	29	32	36	33
	-----	-----	-----	-----
Total	120	121	130	120
Natural Gas (MMCF)				
Pakistan	74	50	58	49
Barrels of Oil Equivalent (MBOE)	502	493	513	473
CAPITAL EXPENDITURES (millions)	\$ 283	\$ 395	\$ 840	\$ 908
	=====	=====	=====	=====
DEPRECIATION, DEPLETION AND AMORTIZATION OF ASSETS (millions)	\$ 245	\$ 243	\$ 759	\$ 722
=====	=====	=====	=====	=====

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Item 9. Regulation FD Disclosure

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

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Executive Vice President - Corporate Development  
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Occidental Petroleum Corporation

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

- Conference Call -  
Third Quarter 2002 Earnings Announcement

October 21, 2002  
Los Angeles, California

Good morning, and thanks for joining us.

Those of you who have not received a copy of the press release announcing our third quarter earnings, along with the Investor Relations Supplemental Schedules, can find them on our website - oxy.com or on the SEC's EDGAR site.

Net income for the quarter was \$402 million, or \$1.07 per share. Last year's third quarter net income was \$444 million, or \$1.19 per share. Earnings before special items and discontinued operations of \$329 million, or \$0.87 per share, exceeded the \$316 million, or \$0.85 per share, we earned in the third quarter a year ago.

On a segment basis, oil and gas third quarter earnings were \$490 million compared to \$927 million for last year's third quarter. Oil and gas earnings before special items were \$483 million, compared to \$528 million during the same period a year ago. Factors affecting third quarter earnings were:

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- o The increase in Oxy's third quarter 2002 worldwide oil price realizations added \$70 million of earnings over the comparable period last year.
- o The decline in domestic natural gas prices in the third quarter of 2002, due to the absence of the unusual California gas market experienced last year, reduced earnings by \$90 million.
- o While third quarter 2002 net barrel of oil equivalent (BOE) production was modestly higher than last year's BOE production, it was below BOE production in the second quarter of this year. Production declined from the second quarter mainly due to higher oil prices which reduced our takes under production sharing contracts.

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- o Exploration expense was \$29 million in the quarter compared to \$91 million in last year's third quarter. Included in last year's exploration expense is the write-off of the Gibraltar well in Colombia that accounted for \$66 million of the total.
- o The third quarter 2002 results included an after-tax gain of \$7 million related to the sale of additional interests in the Gulf of Mexico.
- o The third quarter 2001 results included the after-tax gain of \$399 million on the sale of Occidental's interest in the Tangguh LNG project in Indonesia.

Chemical segment earnings for the third quarter this year were \$214 million compared to \$38 million last year. Chemical earnings before special items were \$87 million for the third quarter of this year. There were no special items last year.

Factors affecting third quarter chemical earnings were:

- o Higher sales prices for Chloro-vinyls and stronger performance from our Equistar investment (3Q01 \$30 million loss---3Q02 \$7 million profit), partially offset by lower caustic soda prices.
- o The results for the third quarter of 2002 included a \$164 million after-tax gain from the sale of our interest in Equistar and impairment charges for chemical assets some of which are shown as discontinued operations. The impairment charges included \$30 million after tax from the recently announced sale of our chromium business and \$39 million for the write-down of our Brazilian vinyl operations both of which are shown as discontinued operations. Additionally, we took impairment charges of \$25 million for our PVC dispersion resin Plant and \$12 million for one of our chlor-alkali facilities. The expected net proceeds generated by these actions will be in the range of \$25 to \$30 million.

In August we closed on the sale of our interest in Equistar in return for an equity interest in Lyondell. Therefore, in the third quarter, we owned a 29.5 percent interest in Equistar for about two months and a 21 percent equity interest in Lyondell for one month. Included in the third quarter chemical results is \$7 million of earnings from our interest in Equistar. The one month of our equity interest in Lyondell is included in corporate other. As reported,

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chemicals earnings before special items were \$87 million. Excluding the two months of Equistar earnings and the discontinued operation of the Chrome and Brazilian operations, our base chemicals had earnings before special items of \$80 million. Page 14 of the Investor Relations Supplemental Schedules breaks out the historical chemical financials excluding Petrochemicals and the two discontinued operations reported this quarter. For the nine months of this year the current chemical operations had earnings before special items of \$137 million and free cash flow of \$219 million. This compares to earnings of \$109 million and free cash flow of \$179 million for the year 2001.

Interest expense, including distributions on trust-preferred securities, was \$85 million during the third quarter this year compared to \$98 million in last year's third quarter. Included in the third quarter of this year was a one-time charge of \$6 million relating to debt extinguishment. Through the first nine months of this year, total interest expense of \$250 million was \$87 million below the same period a year ago.

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For the first nine months of this year, net income was \$667 million, or \$1.77 per share, compared to the \$1.4 billion, or \$3.77 per share last year. Earnings before special items and discontinued operations for nine months were \$702 million, or \$1.87 per share, compared to last year's \$1.3 billion, or \$3.47 per share.

Cash flow from operations for the first nine months of the year was approximately \$1.5 billion.

Turning to the balance sheet, for the first nine months, we increased shareholder equity by \$387 million to \$6.0 billion. At the same time, we reduced total debt by \$267 million to \$4.62 billion, compared to \$4.89 billion at the end of last year. During the quarter we repaid the gas sales obligation, which had an outstanding balance of \$215 million at the end of the second quarter. At the end of the third quarter, our debt to total capitalization ratio was down to 43-percent, compared to 46-percent at the end of last year.

Capital spending for the quarter was \$283 million and \$840 million for the first nine months. We expect total spending for the year to be between \$1.2 to \$1.3 billion, including \$100 million for chemicals.

Looking forward to the fourth quarter, we would expect:

- o BOE production to be similar to the third quarter;
- o Exploration expense to be slightly higher than the third quarter;
- o Chemical earnings to be comparable to the second quarter as a result of lower PVC demand and prices, seasonal effects and higher energy prices; and
- o The effective tax rate to be about 27 percent.

Our sensitivity to changes in oil and gas prices will be similar to prior quarters. A 25-cents per million BTUs swing in gas prices has a \$13.5 million impact on our quarterly oil and gas earnings, and a \$1.00 per barrel change in oil prices impacts segment quarterly earnings by \$28 million.

At the end of the third quarter we had approximately \$300 million of cash. Assuming the continuation of the current environment, the



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payment of the \$340 million related to the Dolphin project bid and related capital, taxes and other payments, we would expect year-end debt to be slightly higher than third quarter debt.

The last issue I would like to discuss deals with a change in our oil and gas trading revenue figures resulting from the adoption of the Emerging Issues Task Force Issue No. 02-3.

Occidental has two major types of oil and gas revenue. The first is from the sale of oil and gas we produce or equity production. The second is from sales of oil and gas produced by others, but purchased and resold by Occidental, which we refer to as revenue from trading activities. Our financial statements and our SEC filings have noted for several years that our revenues from trading activities are significant. Both types of sales involve physical deliveries

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and historically have been reflected in our financial statements in the same way, consistent with the accounting rules.

The recent ruling by the EITF requires the revenue from energy trading activities to be shown on a net basis, but this has no effect on the profits for those sales. Occidental is required to adopt this new accounting requirement in the third quarter. Occidental has not engaged in any round-trip trading activities that the FERC was investigating earlier this year and, as you may recall, the audit we requested KPMG, our new auditors, to perform for our 1999 through 2001 financial statements resulted in no adjustments to sales, income, balance sheet, EPS or cash flow. Adopting the EITF Issue resulted in identical adjustments only to sales and cost of sales. We now show our revenues from trading activities on a net basis, in compliance with the new rule, and we believe this has the added benefit of making our oil and gas sales revenue easier to analyze and understand. The changes to 2001 revenue are footnoted in the Earnings Press Release. For the third quarter 2002, our revenues and cost of sales were affected by approximately \$1.3 billion.

Now I would like to turn the conference call over to Dr. Ray Irani, Chairman and CEO.

Text of Speech by Dr. Ray R. Irani, Chairman and Chief Executive Officer  
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Occidental Petroleum Corporation

DR. RAY R. IRANI  
Chairman and Chief Executive Officer

- Conference Call -  
Third Quarter 2002 Earnings Announcement

October 21, 2002  
Los Angeles, California

Thank you, Steve.

The results Steve just reviewed reflect the continuing implementation of

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the strategy that we successfully initiated 5 years ago. That strategy focuses on large, long-lived, cost-competitive "legacy" oil and gas assets that give us stable production, strong earnings and cash flow - and a solid platform for new growth initiatives. Those assets are continuing to perform well.

Oil and gas production averaged 502,000 barrels of oil equivalent per day for the quarter and 513,000 BOE through nine months. We expect fourth quarter production to be at roughly the same level as the third quarter, which means production for the year should average about 510,000 BOE per day. We're clearly going to beat our forecast of 500,000 BOE per day for the year. More importantly, we are reaffirming our earlier forecast for 2003 production of 525,000 BOE per day - and we are very comfortable with this forecast.

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Next year's production growth will come primarily from the startup of Horn Mountain in the deepwater Gulf of Mexico later this year and the Eden Yuturi field in Ecuador in the second half of 2003.

Our five-year forecast is for production to grow from 476,000 BOE per day in 2001 to 610,000 BOE in 2006. That translates into an average annual increase in excess of 5 percent per year - and we also are comfortable with this forecast which is based entirely on existing projects.

Key components of our strategy since 1997 include strengthening our balance sheet and reducing the volatility of earnings. We are continuing to take full advantage of strong oil and gas prices to reduce debt. As Steve said, our debt to cap ratio is 43 percent - and we would like to drive it down to 40 percent.

The sale of our Equistar holdings in return for an equity interest in Lyondell is expected to reduce the volatility of our chemical earnings. Before special items, our chemical earnings through nine months were \$104 million, but without Equistar chemical earnings would have been \$137 million. The timely sale of the chrome business in the face of the elimination of its primary market also strengthens the outlook of our core chemical business.

As we look ahead, I want to note that our chloro-vinyls business differs substantially from the petrochemical businesses. Unlike petrochemicals, which has undergone a significant expansion in capacity, there have been no capacity additions along the chloro-vinyls chain. In fact, there have been a number of closures of chlor-alkali facilities. These factors have led to strengthening prices and margin improvement.

Over the past 10 years, earnings before interest and taxes for our chloro-vinyls business averaged about \$300 million per year - and we expect this business to average at least this much during the next three years.

Thank you, and now we're ready to answer your questions.

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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 consideration, for oil, gas and chemicals; higher-than-expected costs; and not successfully completing (or any material delay in) any expansion, capital expenditure,

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acquisition, or disposition. Occidental disclaims any obligation to update any forward-looking statements. The United States Securities and Exchange Commission (SEC) permits oil and natural gas companies, in their filings with the SEC, to disclose only proved reserves demonstrated by actual production or conclusive formation tests to be economically producible under existing economic and operating conditions. We use certain terms in this presentation, such as probable, possible and recoverable reserves, that the SEC's guidelines strictly prohibit us from using in filings with the SEC. U.S. investors are urged to consider carefully the disclosure in our form 10-K, available through the following toll-free telephone number, 1-888-OXYPETE (1-888-699-7383) or on the Internet at <http://www.oxy.com>. You also can obtain a copy from the SEC by calling 1-800-SEC-0330.

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### Supplemental Investor Information

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#### Investor Relations Supplemental Schedules

[OXY LOGO]

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

	REPORTED INCOME	ADJUSTMENTS	
	-----	-----	
Oil & Gas	\$ 490	\$ (7)	Asset sale
Chemical	214	(164)	Sale of Equistar investment
		37	Asset write-downs
Corporate			
Interest	(73)		
Trust Pfd Distributions & Other	(12)		
Other	(38)		
Taxes	(105)	(13)	Tax effect of adjustments
	-----	-----	
INCOME FROM CONTINUING OPERATIONS	476	(147)	
Discontinued operations	(74)	74	Discontinued operations
	-----	-----	
NET INCOME	\$ 402	\$ (73)	
	=====	=====	
BASIC EARNINGS PER SHARE			
Income from continuing operations	\$ 1.26		
Discontinued operations	(0.19)		

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NET INCOME	----- \$ 1.07 =====
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OCCIDENTAL PETROLEUM  
2001 Third Quarter  
Net Income (Loss)  
(\$ millions)

	REPORTED INCOME	ADJUSTMENTS	
	-----	-----	
Oil & Gas	\$ 927	\$ (399)	Indonesia - Tangguh LNG
Chemical	38		
Corporate			
Interest - Permian Non-recourse debt	(13)		
Interest - all others	(71)		
Trust Pfd Distributions & Other	(14)		
Other	(296)	272	Occidental Texas Pipelin
Taxes	(128)		
	-----	-----	
INCOME FROM CONTINUING OPERATIONS	443	(127)	
Discontinued operations	1	(1)	Discontinued operations
	-----	-----	
NET INCOME	\$ 444	\$ (128)	
	=====	=====	
BASIC EARNINGS PER SHARE			
Income from continuing operations	\$ 1.19		
Discontinued operations	--		
	-----		
NET INCOME	\$ 1.19		
	=====		

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Investor Relations Supplemental Schedules

[OXY LOGO]

OCCIDENTAL PETROLEUM  
2002 First Nine Months  
Net Income (Loss)  
(\$ millions)

	REPORTED INCOME	ADJUSTMENTS	
	-----	-----	
Oil & Gas	\$ 1,217	\$ (7)	Asset sale
Chemical	217	(164)	Sale of Equistar invest
		37	Asset write-downs
		14	Severance
Corporate			
Interest	(217)		
Trust Pfd Distributions & Other	(33)		
Other	(94)		
Taxes	(250)	(18)	Tax effect of adjustme
	-----	-----	
Income from continuing operations	840	(138)	
Discontinued operations	(78)	78	Discontinued operation
Cumulative effect of changes in accounting principles, net	(95)	95	Goodwill impairment
	-----	-----	
NET INCOME	\$ 667	\$ 35	
	=====	=====	
BASIC EARNINGS PER SHARE			
Income from continuing operations	\$ 2.23		
Discontinued operations	(0.21)		
Cumulative effect of changes in accounting principles	(0.25)		
	-----		
NET INCOME	\$ 1.77		
	=====		

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Investor Relations Supplemental Schedules

[OXY LOGO]

OCCIDENTAL PETROLEUM  
2001 First Nine Months  
Net Income (Loss)  
(\$ millions)

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	REPORTED INCOME	ADJUSTMENTS	
	-----	-----	
Oil & Gas	\$ 2,679	\$ (399)	Indonesia - Tangguh LNG
Chemical	14	(7)	Asset sale
Corporate		26	Severance & plant shut
Interest - Permian Non-recourse debt	(69)		
Interest - all others	(223)		
Trust Pfd Distributions & Other	(45)		
Other	(380)	272	Occidental Texas Pipeli
		49	Environmental remediati
		(6)	OIL insurance dividend
Taxes	(550)	(70)	State tax reserve rever
	-----	-----	
Income from continuing operations	1,426	(135)	
Discontinued operations	2	(2)	Discontinued operations
Extraordinary loss, net	(3)	3	Early debt extinguishme
Cumulative effect of changes in accounting principles, net	(24)	24	Derivative & hedge acco
	-----	-----	
NET INCOME	\$ 1,401	\$ (110)	
	=====	=====	
BASIC EARNINGS PER SHARE			
Income from continuing operations	\$ 3.83		
Discontinued operations	0.01		
Extraordinary loss, net	(0.01)		
Cumulative effect of changes in accounting principles, net	(0.06)		
	-----		
NET INCOME	\$ 3.77		
	=====		

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Investor Relations Supplemental Schedules

[OXY LOGO]

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

	THIRD QUARTER 2002	SECOND QUARTER 2002	B / (W)
	-----	-----	-----
Oil & Gas	\$ 490	\$ 421	\$ 69
Chemical	214	34	180

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Corporate			
Interest - all others	(73)	(74)	1
Trust Pfd Distributions & Other	(12)	(9)	(3)
Other	(38)	(30)	(8)
Taxes	(105)	(101)	(4)
	-----	-----	-----
Income from continuing operations	476	241	235
Discontinued operations	(74)	(1)	(73)
	-----	-----	-----
Net Income	\$ 402	\$ 240	\$ 162
	=====	=====	=====
Basic Earnings Per Share	\$ 1.07	\$ 0.64	\$ 0.43
	=====	=====	=====
Effective Tax Rate	-152%	29%	181%
	=====	=====	=====

=====

OCCIDENTAL PETROLEUM  
2002 Third Quarter Net Income (Loss)  
Income Before Special Items Comparison

	THIRD QUARTER 2002	SECOND QUARTER 2002	B / (W)
	-----	-----	-----
Oil & Gas	\$ 483	\$ 421	\$ 62
Chemical	87	34	53
Corporate			
Interest - all others	(73)	(74)	1
Trust Pfd Distributions & Other	(12)	(9)	(3)
Other	(38)	(30)	(8)
Taxes	(118)	(101)	(17)
	-----	-----	-----
Net Income	\$ 329	\$ 241	\$ 88
	=====	=====	=====
Basic Earnings Per Share	\$ 0.87	\$ 0.64	\$ 0.23
	=====	=====	=====
Effective Tax Rate	26%	29%	3%
	=====	=====	=====

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OCCIDENTAL PETROLEUM

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Oil & Gas  
 Segment Earnings Before Special Items Variance Analysis  
 (\$ millions)

2002 3rd Quarter	\$	483
2002 2nd Quarter		421
		-----
	\$	62
		=====
Price Variance	\$	47
Volume Variance		(6)
Exploration Expense Variance		30
All Other		(9)
		-----
TOTAL VARIANCE	\$	62
		=====

=====

OCCIDENTAL PETROLEUM  
 Chemical  
 Segment Earnings Before Special Items Variance Analysis  
 (\$ millions)

2002 3rd Quarter	\$	87
2002 2nd Quarter		34
		-----
	\$	53
		=====
Sales Price	\$	66
Sales Volume/Mix		(9)
Operations/Manufacturing		(25)
All Other		21
		-----
TOTAL VARIANCE	\$	53
		=====

\* Increased volume and higher feedstock costs

\*\* Includes higher equity earnings



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Investor Relations Supplemental Schedules

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

	Third Quarter 2002	Third Quarter 2001	B / (W)
	-----	-----	-----
Oil & Gas	\$ 490	\$ 927	\$ (437)
Chemical	214	38	176
Corporate			
Interest - Permian Non-recourse debt	--	(13)	13
Interest - all others	(73)	(71)	(2)
Trust Pfd Distributions & Other	(12)	(14)	2
Other	(38)	(296)	258
Taxes	(105)	(128)	23
	-----	-----	-----
Income from continuing operations	476	443	33
Discontinued operations	(74)	1	(75)
	-----	-----	-----
Net Income	\$ 402	\$ 444	\$ (42)
	=====	=====	=====
Basic Earnings Per Share	\$ 1.07	\$ 1.19	\$ (0.12)
	=====	=====	=====
Effective Tax Rate	-152%	-5%	147%
	=====	=====	=====

=====

OCCIDENTAL PETROLEUM  
2002 Third Quarter Net Income (Loss)  
Income Before Special Items Comparison

	Third Quarter 2002	Third Quarter 2001	B / (W)
	-----	-----	-----
Oil & Gas	\$ 483	\$ 528	\$ (45)
Chemical	87	38	49
Corporate			
Interest - Permian non-recourse debt	--	(13)	13
Interest - all others	(73)	(71)	(2)
Trust Pfd Distributions & Other	(12)	(14)	2
Other	(38)	(24)	(14)
Taxes	(118)	(128)	10
	-----	-----	-----
Net Income	\$ 329	\$ 316	\$ 13

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	=====	=====	=====
Basic Earnings Per Share	\$ 0.87	\$ 0.85	\$ 0.02
	=====	=====	=====
Effective Tax Rate	26%	28%	2%
	=====	=====	=====

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Investor Relations Supplemental Schedules

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OCCIDENTAL PETROLEUM  
Oil & Gas  
Segment Earnings Before Special Items Variance Analysis  
(\$ millions)

2002 3rd Quarter	\$	483
2001 3rd Quarter		528
		-----
	\$	(45)
		=====
Price Variance	\$	(43)
Volume Variance		3
Exploration Expense Variance		62
All Other		(67)
		-----
TOTAL VARIANCE	\$	(45)
		=====

=====

OCCIDENTAL PETROLEUM  
Chemical  
Segment Earnings Before Special Items Variance Analysis  
(\$ millions)

2002 3rd Quarter	\$	87
2001 3rd Quarter		38
		-----
	\$	49
		=====
Sales Price	\$	13

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Sales Volume/Mix	(1)
Operations/Manufacturing	(17)
All Other	54
	-----
TOTAL VARIANCE	\$ 49
	=====

\* 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

	Third Quarter		Nine Months	
	2002	2001	2002	2001
NET PRODUCTION PER DAY:				
United States				
Crude oil and liquids (MBL)				
California	84	78	87	75
Permian	143	137	141	136
US Other	3	--	3	--
	-----	-----	-----	-----
Total	230	215	231	211
Natural Gas (MMCF)				
California	283	302	293	305
Hugoton	149	154	152	161
Permian	132	146	129	147
	-----	-----	-----	-----
Total	564	602	574	613
Latin America				
Crude oil (MBL)				
Colombia	33	35	34	19
Ecuador	13	13	13	13
	-----	-----	-----	-----
Total	46	48	47	32
Eastern Hemisphere				
Crude oil (MBL)				
Oman	9	10	14	10
Pakistan	12	7	10	7
Qatar	44	45	43	43
Russia	26	27	27	27
Yemen	29	32	36	33

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	-----	-----	-----	-----
Total	120	121	130	120
Natural Gas (MMCF)				
Pakistan	74	50	58	49
Barrels of Oil Equivalent (MBOE)	502	493	513	473
-----	-----	-----	-----	-----

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Investor Relations Supplemental Schedules

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SUMMARY OF OPERATING STATISTICS

	Third Quarter		Nine Months	
	-----	-----	-----	-----
	2002	2001	2002	2001
	-----	-----	-----	-----
OIL & GAS:				
-----				
PRICES				
UNITED STATES				
Crude Oil (\$/BBL)	25.75	23.03	22.81	23.48
Natural gas (\$/MCF)	2.94	4.49	2.74	7.71
LATIN AMERICA				
Crude oil (\$/BBL)	25.35	21.14	22.21	21.40
EASTERN HEMISPHERE				
Crude oil (\$/BBL)	24.59	22.60	21.61	22.66
Natural Gas (\$/MCF)	1.95	2.16	2.14	2.25

	Third Quarter		Nine Months	
	-----	-----	-----	-----
	2002	2001	2002	2001
	-----	-----	-----	-----
Exploration Expense				
Domestic	\$ 18	\$ 15	\$ 72	\$ 37
Latin America	3	68	17	72
Eastern Hemisphere	8	8	26	21
	-----	-----	-----	-----
TOTAL	\$ 29	\$ 91	\$ 115	\$ 130
	=====	=====	=====	=====

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Investor Relations Supplemental Schedules

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OCCIDENTAL PETROLEUM  
CHEMICALS  
Volume (M Tons)

MAJOR PRODUCTS	Third Quarter		Nine Months	
	2002	2001	2002	2001
Chlorine	685	720	2,121	2,211
Caustic	716	760	2,033	2,179
Ethylene Dichloride	94	208	386	584
PVC Resins	1,022	1,015	3,215	3,128

CHEMICALS  
Prices (Index)

MAJOR PRODUCTS	Third Quarter		Nine Months	
	2002	2001	2002	2001
Chlorine	1.37	0.68	0.83	0.78
Caustic	0.61	1.36	0.72	1.37
Ethylene Dichloride	1.30	0.43	1.02	0.66
PVC Resins	0.88	0.65	0.70	0.71

CHLORINE

OxyChem Commentary

- o Demand continued to improve through July and August but fell in September. The current outlook for the 4th quarter is continued softening as seasonal PVC demand declines and large buyers work down inventories before year-end.
- o Industry effective operating rates continued to climb to 94% in the 3rd quarter, up from 92% in the 2nd quarter and 87% in the 1st quarter. Rates are expected to ease in the 4th quarter as demand falls.
- o A price increase of \$40/ton was announced in late August for implementation in October.

Influencing Factors:

A continued economic recovery in 2003, coupled with a lack of new capacity, is expected to yield stronger demand and higher industry operating rates.

Investor Relations Supplemental Schedules

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CAUSTIC

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OxyChem Commentary

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- o Caustic soda consumption in the domestic and export markets continues to slowly improve. Seasonal demand for caustic soda was robust, particularly in the bleach market. Demand for caustic soda into the distribution and inorganic markets remained stable. Consumption in the fourth quarter will ease due to seasonal changes.
- o Domestic pricing for caustic soda continues to improve. Third quarter pricing improved as a result of the \$50/ton price increase supported by the industry in mid-May. Producers have announced an additional \$50/ton price increase for the fourth quarter.

Influencing Factors:

-----

The supply/demand balance for caustic soda continues to narrow due to capacity restrictions and improving demand for caustic soda in the U.S. manufacturing sector. Continued strengthening of the US economy, coupled with improved global economic conditions, is expected to lead to continued price improvement.

EDC

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OxyChem Commentary

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- o Demand was stable for most of the third quarter, as buyers remained uncertain about the market. The market in China has softened due to increased production of VCM through alternative methods and an increased supply of EDC from the Middle East and Japan.
- o Declining PVC prices in China has put significant downward price pressure on EDC. Prices in August were 2 cents/lb. lower than in June. As a result some producers are directing chlorine into the merchant market rather than to the production of EDC.

Influencing Factors:

-----

Pricing will be under pressure for the 2nd half of 2002. The demand for vinyls in China is expected to increase in early 2003 yielding an improved supply/demand balance and higher prices for EDC.

PVC/VCM

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OxyChem Commentary

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- o Going into the quarter, PVC resin demand outweighed production capability. By the end of the quarter a slowdown began in the pipe sector and resin inventories began to climb.
- o OxyVinyls' PVC operating rates for the 3rd quarter were at 94%. Rates in the 4th quarter are expected to remain strong to rebuild inventory in

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preparation for the spring construction season. The estimated industry average operating rate for the 3rd quarter was 90%. Early in the quarter, some resin producers were constrained by a lack of

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### Investor Relations Supplemental Schedules

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chlorine and VCM, while later in the quarter some producers opted to slow their plants due to weakening demand. Capacities used to calculate operating rates have been modified to exclude both the former Borden Geismar and Addis facilities, which are currently idle.

- o Domestic PVC resin market prices increased \$.02/lb in July and were flat in August and September.
- o Demand for exports to Asia was weak for most of the quarter. U.S. export PVC resin prices into Asia started the quarter at approximately \$580/MT and declined to \$520/MT by the end of the quarter. Prices to Latin America declined by \$100/MT, ending the quarter at approximately \$620/MT.
- o Demand for VCM has been very strong throughout the year and the 3rd quarter was no exception. VCM inventory levels remain low due to numerous planned and unplanned plant outages throughout the 3rd quarter and strong domestic PVC demand. PVC demand is expected to fall in the 4th quarter due to the seasonal slowdown. During this period VCM producers will rebuild inventory levels and look for opportunities to sell VCM in overseas markets in order to keep their plants running.
- o Demand for VCM overseas remained strong throughout most of the 3rd quarter. However, VCM prices started to fall in August as PVC prices in South America dropped due to increased competition. Asian demand has fallen in recent months and is not expected to rebound this year.
- o Export VCM prices started their rise in February from the \$250 - \$260/MT range and continued to their peak of about \$520/MT in July. Prices started to fall in August as demand in several overseas markets, including Asia and South America, started to taper off. Pricing for September shipments was in the \$470 - \$490/MT range.

#### Influencing Factors:

-----  
Price pressure in the 4th quarter created by the downturn in the pipe sector and the normal seasonal slowdown will be moderated by the resin producers' need to build inventory and expectations that tight chlorine and VCM markets will continue to constrain PVC production in the 1st half of 2003.

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### Investor Relations Supplemental Schedules

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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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Investor Relations Supplemental Schedules

[OXY LOGO]

SUMMARY OF OPERATING STATISTICS

	Third Quarter		Nine Months	
	2002	2001	2002	2001
	-----	-----	-----	-----
Capital Expenditures (\$MM)				
Oil & Gas				
California	\$ 57	\$ 111	\$ 178	\$ 229
Permian	50	67	153	192
Other - U.S.	20	41	64	95
Latin America	26	20	77	56
Eastern Hemisphere	92	94	270	228
Chemicals	21	22	56	64
Corporate	17	40	42	44
	-----	-----	-----	-----
TOTAL	\$ 283	\$ 395	\$ 840	\$ 908
	=====	=====	=====	=====



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Depreciation, Depletion &  
Amortization of Assets (\$MM)

Oil & Gas				
Domestic	\$ 138	\$ 134	\$ 434	\$ 396
Latin America	9	8	27	18
Eastern Hemisphere	52	46	153	139
Chemicals	44	46	139	140
Corporate	2	9	6	29
	-----	-----	-----	-----
TOTAL	\$ 245	\$ 243	\$ 759	\$ 722
	=====	=====	=====	=====

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Investor Relations Supplemental Schedules

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OCCIDENTAL PETROLEUM  
CORPORATE  
(\$ millions)

	30-Sep-02	31-Dec-01
	-----	-----
CAPITALIZATION		
Oxy Long-Term Debt (including current maturities)	\$ 4,141	\$ 4,065
Gas Sales Obligation (current and non-current)	--	282
Trust Preferred Securities	456	463
Others	26	80
	-----	-----
Total Debt	\$ 4,623	\$ 4,890
	=====	=====
EQUITY	\$ 6,021	\$ 5,634
	=====	=====
Total Debt To Total Capitalization	43%	46%
	=====	=====

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Investor Relations Supplemental Schedules

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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: October 18, 2002

S. P. Dominick, Jr.

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