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UNITED STATES
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 25, 1994

TEXACO INC.
(Exact name of registrant as specified in its charter)

| | | |
|--|-------------------------------------|--|
| Delaware (State or other jurisdiction of incorporation) | 1-27 (Commission File Number) | 74-1383447 (I.R.S. Employer Identification Number) |
| 2000 Westchester Avenue, White Plains, New York (Address of principal executive offices) | | 10650 (Zip Code) |

(914) 253-4000
(Registrant's telephone number, including area code)

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Item 5. Other Events

1. On October 25, 1994, the Registrant issued an Earnings Press Release entitled "Texaco Reports Results for Third Quarter and Nine Months 1994," a copy of which is attached hereto as Exhibit 99.1 and made a part hereof.

Item 7. Financial Statements, Pro Forma Financial Information and
Exhibits

(c) Exhibits

- 99.1 Press Release issued by Texaco Inc. dated October 25, 1994, entitled "Texaco Reports Results for the Third Quarter and Nine Months 1994."

SIGNATURES

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.

TEXACO INC.

(Registrant)

By: R. E. KOCH

(Assistant Secretary)

Date: October 25, 1994

APPENDIX

Description of graphic material included in Exhibit 99.1.

The following information is depicted in graphic form in a Press Release issued by Texaco Inc. dated October 25, 1994, entitled "Texaco Reports Results for the Third Quarter and Nine Months 1994" filed as Exhibit 99.1 to this Form 8-K:

1. The first graph is located within the seventh paragraph of Exhibit 99.1. Graph is entitled "Texaco Average U.S. Natural Gas Price Per Quarter" and is shown in dollars per MCF by quarter for the year 1993 and first three quarters of 1994. The Y axis depicts dollars per MCF from \$0.00 to \$3.00 with \$.50 increments. The X axis depicts the calendar quarters for the year 1993 and first three quarters of 1994. The plot points are as follows:

| | | |
|---------------------|---|----------------|
| First Quarter 1993 | - | \$1.99 per MCF |
| Second Quarter 1993 | - | \$2.26 per MCF |
| Third Quarter 1993 | - | \$2.17 per MCF |
| Fourth Quarter 1993 | - | \$2.34 per MCF |
| First Quarter 1994 | - | \$2.32 per MCF |
| Second Quarter 1994 | - | \$2.02 per MCF |
| Third Quarter 1994 | - | \$1.84 per MCF |

The following summary information is also depicted at the bottom of the graph:

| | | |
|------------------|---|----------------|
| Nine Months 1993 | - | \$2.14 per MCF |
| Nine Months 1994 | - | \$2.05 per MCF |

2. The second graph is also located within the seventh paragraph of Exhibit 99.1. Graph is entitled "Texaco Average U.S. Crude Price Per Quarter" and is shown in dollars per barrel by quarter for the year 1993 and first three quarters of 1994. The Y axis depicts dollars per barrel from \$10.00 to \$18.00 with \$2.00 increments. The X axis depicts the calendar quarters for the year 1993 and first three quarters of 1994. The plot points are as follows:

| | | |
|---------------------|---|--------------------|
| First Quarter 1993 | - | \$15.46 per barrel |
| Second Quarter 1993 | - | \$15.70 per barrel |
| Third Quarter 1993 | - | \$13.55 per barrel |
| Fourth Quarter 1993 | - | \$12.36 per barrel |
| First Quarter 1994 | - | \$11.02 per barrel |
| Second Quarter 1994 | - | \$13.45 per barrel |
| Third Quarter 1994 | - | \$14.82 per barrel |

The following summary information is also depicted at the bottom of the graph:

| | | |
|------------------|---|--------------------|
| Nine Months 1993 | - | \$14.90 per barrel |
| Nine Months 1994 | - | \$13.10 per barrel |

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TEXACO REPORTS RESULTS

FOR THE THIRD QUARTER AND NINE MONTHS 1994

FOR IMMEDIATE RELEASE: TUESDAY, OCTOBER 25, 1994.

WHITE PLAINS, N.Y., Oct. 25 - Texaco announced today that consolidated worldwide net income from continuing operations for the third quarter of 1994 was \$281 million, or \$.98 per share, compared with \$317 million, or \$1.13 per share, for the third quarter of 1993. Net income from continuing operations for the first nine months of 1994 was \$598 million, or \$2.02 per share, compared with \$910 million, or \$3.22 per share, for the first nine months of 1993.

| Texaco Inc. (Millions): | Third Quarter | | Nine Months | |
|--|---------------|--------|-------------|--------|
| | 1994 | 1993 | 1994 | 1993 |
| Net income from continuing operations before special items | \$ 270 | \$ 255 | \$ 627 | \$ 848 |
| Special charges and credits | 3 | (83) | (116) | (83) |
| Tax benefits on asset sale | 8 | 145 | 87 | 145 |
| Total net income from continuing operations | 281 | 317 | 598 | 910 |
| Discontinued chemical operations: | | | | |
| Loss from operations | - | (11) | - | (17) |
| Loss on disposal of business | - | (164) | (87) | (164) |
| Total net income | \$ 281 | \$ 142 | \$ 511 | \$ 729 |

In commenting on 1994's results Alfred C. DeCrane, Jr., Texaco's Chairman of the Board and Chief Executive Officer stated, "The third quarter results reflect solid benefits over last year from improved operating performance and expense containment efforts. Higher international crude oil production, higher natural gas production in the U.S. and the North Sea, coupled with higher worldwide crude prices were sufficient to offset the decline in natural gas prices, depressed downstream margins in the eastern half of the U.S. and in Europe, and refinery downtime in Pembroke, Wales, due to a July fire."

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Net income from continuing operations for the third quarter of 1994 included a special charge of \$20 million by an insurance subsidiary related to property damage from the fire at the Pembroke refinery, as well as a special gain of \$23 million from the sale of an interest in a downstream joint venture in Sweden. Results for the nine months of 1994 also included net special charges of \$119 million relating to staff reductions and write-down of certain assets being offered for sale in the company's program to consolidate activities and sell non-core assets. Nine months and third quarter of 1993 included special charges of \$235 million related to staff reductions, write-down of assets and provisions for financial reserves, partly offset by \$152 million of net deferred tax benefits principally arising from reduced tax rates in the United Kingdom. Net income from continuing operations for the third quarter and nine months of 1994 included \$8 million and \$87 million, respectively, of net tax benefits realizable through the sale of an interest in a subsidiary. Similar benefits of \$145 million were recognized in 1993.

Net income for the nine months of 1994 included a second quarter charge of \$87 million for discontinued operations relating to the completion of the first phase of a transaction to sell substantially all of Texaco's worldwide chemical business. Comparatively, a charge of \$164 million was recorded in the third quarter of 1993, reflecting the initial projected effects of these sales. Of the previously mentioned tax benefits on the sale of an interest in a subsidiary, \$29 million and \$145 million for the first nine months 1994 and 1993, respectively, were realizable due to the taxable gain on the sale of the chemical operations. Negotiations for the second phase of this sale, consisting of the lubricant additives business, are continuing.

Capital and exploratory expenditures for continuing operations, including

equity in such expenditures of affiliates, were \$1,788 million for the first nine months of 1994, as compared to \$1,887 million for the same period in 1993. Expenditures for the third quarter of 1994 amounted to \$557 million versus \$732 million for the same quarter in 1993.

"Third quarter operating performance and financial results reflect the program for value growth and competitive improvement," DeCrane added. "Solid increases in international production, the initial benefits of reduced layers of supervision and a more focused exploration and development program all contributed to the improvement."

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ANALYSIS OF FUNCTIONAL NET INCOME

OPERATING EARNINGS FROM CONTINUING OPERATIONS
 PETROLEUM AND NATURAL GAS
 UNITED STATES

| Exploration & Production (Millions): | Third Quarter | | Nine Months | |
|--|---------------|--------|-------------|--------|
| | 1994 | 1993 | 1994 | 1993 |
| Operating earnings from continuing operations before special items | \$ 127 | \$ 138 | \$ 323 | \$ 434 |
| Special charges | - | (38) | (24) | (38) |
| Total operating earnings | \$ 127 | \$ 100 | \$ 299 | \$ 396 |

Lower natural gas prices of \$.33 per MCF in the 1994 third quarter adversely impacted comparative earnings. These lower natural gas prices more than offset the benefits from higher crude oil prices of \$1.27 per barrel for the quarter. In spite of the gradually improving crude oil prices during 1994, nine months earnings were adversely impacted by the depressed prices early in this year, which resulted in comparatively lower crude oil prices of \$1.80 per barrel.

The company's results in 1994 benefitted from further reductions in operating expenses and added production from successful exploration and development programs.

Special charges for 1994 provide for the estimated cost of announced employee separations. Special charges in 1993 included a deferred tax charge of \$32 million due to the U.S. tax rate increase to 35 percent effective January 1, 1993, coupled with charges relating to staff reductions.

| Manufacturing & Marketing (Millions): | Third Quarter | | Nine Months | |
|--|---------------|-------|-------------|--------|
| | 1994 | 1993 | 1994 | 1993 |
| Operating earnings from continuing operations before special items | \$ 92 | \$ 97 | \$ 209 | \$ 206 |
| Special charges | - | (91) | (24) | (91) |
| Total operating earnings | \$ 92 | \$ 6 | \$ 185 | \$ 115 |

Results for the comparative third quarter and nine month periods were essentially unchanged. Both periods benefitted from higher gasoline sales following the March 1994 successful introduction of Texaco's CleanSystem3 gasolines. In the western half of the U.S., third quarter 1994 earnings reflect improved performance at refineries partly offset by higher refinery feedstock costs. For the nine months, earnings in the western U.S. benefitted from both improved refinery performance plus lower average feedstock costs occurring in the first half of the year. These improvements were generally offset by decreased refinery margins in the East and Gulf coasts, particularly in the third quarter, reflecting feedstock costs that could not be fully recovered in the marketplace.

Special charges for 1994 relate to the adjustment to fair market value of certain facilities to be offered for sale and the estimated cost of employee separations. Results for 1993 included special charges for staff reductions, environmental reserves and the U.S. tax rate increase.

INTERNATIONAL

| Exploration & Production (Millions): | Third Quarter | | Nine Months | |
|--|---------------|--------|-------------|--------|
| | 1994 | 1993 | 1994 | 1993 |
| Operating earnings from continuing operations before special items | \$ 83 | \$ 15 | \$ 162 | \$ 176 |
| Special charges and credits | - | 110 | (16) | 110 |
| Total operating earnings | \$ 83 | \$ 125 | \$ 146 | \$ 286 |

Results for the third quarter 1994 improved substantially over 1993 reflecting a combination of increased international production of both crude oil and natural gas mainly in the U.K. sector of the North Sea, lower exploratory expenses, and somewhat higher crude prices. For the comparative first nine months, earnings benefitted also from higher production, mainly in the North Sea and in Indonesia. However, generally lower crude oil prices prevailing in the first half of 1994 more than offset the benefit of increased production.

The 1994 third quarter and nine months included non-cash charges of \$7 million and \$18 million, respectively, relating to the currency exchange impacts of the Pound Sterling on deferred income taxes. For 1993, such currency exchange impacts resulted in a charge of \$2 million for the third quarter and a \$4 million benefit for the nine months.

Special charges for 1994 related to the adjustment to fair market value of certain facilities being offered for sale and the estimated cost of employee separations. The third quarter of 1993 included a benefit of \$169 million relating to changes in the U.K. Petroleum Revenue Tax associated with the taxability of certain items, as well as a tax rate reduction from 75 percent to 50 percent. Special charges in 1993 related to staff reductions and the write-down of the carrying value of certain assets, principally in the North Sea, brought about by changes in the Petroleum Revenue Tax laws.

| Manufacturing & Marketing (Millions): | Third Quarter | | Nine Months | |
|--|---------------|--------|-------------|--------|
| | 1994 | 1993 | 1994 | 1993 |
| Operating earnings from continuing operations before special items | \$ 75 | \$ 103 | \$ 267 | \$ 344 |
| Special charges and credits | 23 | (30) | (15) | (30) |
| Total operating earnings | \$ 98 | \$ 73 | \$ 252 | \$ 314 |

Results for both the third quarter and nine months of 1994 versus 1993 reflect the decline in marketing margins in Europe, as well as lower refining margins and unfavorable currency exchange effects in the Caltex operating areas. Also, earnings were comparatively lower due to downtime resulting from a fire at the Pembroke refinery. Partly offsetting these decreases were higher marketing margins and sales volumes in Latin America, mainly Brazil.

The 1994 third quarter and nine months included non-cash charges of \$8 million and \$20 million, respectively, relating to the currency exchange impacts of the Pound Sterling on deferred income taxes.

The third quarter of 1994 included a special gain of \$23 million related to the sale of an interest in a downstream joint venture in Sweden. In addition to the gain in Sweden, the nine months of 1994 included special charges related to the estimated cost of employee separations, and the adjustment to fair market value of certain properties being offered for sale.

The third quarter and nine months of 1993 included special charges related to staff reductions and the write-down in the carrying values of certain assets.

NONPETROLEUM

| (Millions): | Third Quarter | | Nine Months | |
|------------------------------------|---------------|--------|-------------|---------|
| | 1994 | 1993 | 1994 | 1993 |
| Results from continuing operations | | | | |
| before special items | \$ (6) | \$ (3) | \$ (13) | \$ (8) |
| Special charges | (20) | (4) | (20) | (4) |
| Total operating earnings | \$ (26) | \$ (7) | \$ (33) | \$ (12) |

Net income from continuing operations for the third quarter of 1994 included a special charge of \$20 million by an insurance subsidiary related to property damage from the fire at the Pembroke refinery.

CORPORATE/NONOPERATING RESULTS FROM CONTINUING OPERATIONS

| (Millions): | Third Quarter | | Nine Months | |
|------------------------------------|---------------|---------|-------------|----------|
| | 1994 | 1993 | 1994 | 1993 |
| Results from continuing operations | | | | |
| before special items | \$ (101) | \$ (95) | \$ (321) | \$ (304) |
| Special charges and credits | - | (30) | (17) | (30) |
| Tax benefits on asset sale | 8 | 145 | 87 | 145 |
| Total corporate/nonoperating | \$ (93) | \$ 20 | \$ (251) | \$ (189) |

Results for the third quarter and nine months were principally impacted by reduced capitalization of interest expense due to project completions, which was partially offset by lower corporate overhead due to the company's ongoing expense reduction efforts.

The 1994 results included \$87 million of tax benefits realizable through the sale of an interest in a subsidiary of which \$8 million was realized in the third quarter. In addition, \$17 million of charges related to the estimated cost of employee separations were included in the nine month results. The third quarter and nine months 1993 included net tax benefits realizable through the sale of an interest in a subsidiary of \$145 million. Special charges and credits in 1993 related mainly to staff reductions.

CAPITAL AND EXPLORATORY EXPENDITURES

International upstream capital and exploratory expenditures declined for the comparative nine months and third quarter periods reflecting lower expenditures in the U.K. North Sea, where successful project completions have increased production of liquids and natural gas. Partly offsetting this decline for the comparative nine months were higher drilling and development activities in the United States, which began in the third quarter of 1993.

Downstream international expenditures for the first nine months of 1994 increased as compared to the same period of 1993 reflecting investments by Texaco's affiliate, Caltex, in refinery construction and upgrade projects in Thailand and Singapore and increased marketing expenditures, as well as ongoing refinery upgrades in Panama and increased marketing expenditures in selected European and Latin American countries. These increases were partially offset by lower expenditures in the U.S. due to completion of refinery upgrade projects underway in 1993 by both Texaco and its affiliate, Star Enterprise, and lower marketing investments.

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NOTE TO EDITORS: Tables for the third quarter and nine months are attached.

| | | |
|-----------|--------------------|--------------|
| CONTACTS: | Dave Dickson | 914-253-4128 |
| | J. Michael Trevino | 914-253-4175 |
| | Jim Reisler | 914-253-4389 |

| | Third Quarter | | Nine Months | |
|---|---------------|--------|-------------|--------|
| | 1994 | 1993 | 1994 | 1993 |
| FUNCTIONAL NET INCOME (\$000,000) | | | | |
| Operating Earnings (Losses) from Continuing Operations (a) | | | | |
| Petroleum and natural gas | | | | |
| Exploration and production | | | | |
| United States | \$ 127 | \$ 100 | \$ 299 | \$ 396 |
| International | 83 | 125 | 146 | 286 |
| Total | 210 | 225 | 445 | 682 |
| Manufacturing, marketing and distribution | | | | |
| United States | 92 | 6 | 185 | 115 |
| International | 98 | 73 | 252 | 314 |
| Total | 190 | 79 | 437 | 429 |
| Total petroleum and natural gas | 400 | 304 | 882 | 1,111 |
| Nonpetroleum | (26) | (7) | (33) | (12) |
| Total operating earnings | 374 | 297 | 849 | 1,099 |
| Corporate/Nonoperating (a) | (93) | 20 | (251) | (189) |
| Net Income from continuing operations | 281 | 317 | 598 | 910 |
| Discontinued chemical operations | | | | |
| Loss from operations | - | (11) | - | (17) |
| Loss on disposal of business | - | (164) | (87) | (164) |
| Total Net Income | \$ 281 | \$ 142 | \$ 511 | \$ 729 |
| Per common share (dollars): | | | | |
| Net income (loss): | | | | |
| Continuing operations | \$.98 | \$1.13 | \$2.02 | \$3.22 |
| Discontinued operations | - | (.68) | (.34) | (.70) |
| Total net income | \$.98 | \$.45 | \$1.68 | \$2.52 |
| Average number of common shares outstanding (000,000) | 259.1 | 259.0 | 259.2 | 258.9 |

(a) Results include special charges and credits

| | Third Quarter | | Nine Months | |
|-------------------------------------|---------------|---------|--------------|----------|
| | 1994 | 1993 | 1994 | 1993 |
| OTHER FINANCIAL DATA (\$000,000) | | | | |
| Revenues from continuing operations | \$8,960 | \$8,490 | \$24,394 | \$25,496 |
| Total assets as of September 30 | | | (b) \$25,500 | \$26,131 |

Stockholders' equity as of September 30

(b) \$ 9,839 \$10,133

Total debt as of September 30

(b) \$ 6,500 \$ 6,672

Capital and exploratory expenditures
Texaco Inc. and subsidiary companies

Exploration and production

| | | | | |
|---------------|--------|--------|--------|--------|
| United States | \$ 148 | \$ 216 | \$ 598 | \$ 516 |
| International | 111 | 212 | 376 | 590 |
| | ---- | ---- | ---- | ---- |
| Total | 259 | 428 | 974 | 1,106 |
| | ---- | ---- | ---- | ---- |

Manufacturing, marketing and
distribution

| | | | | |
|---------------|------|------|------|------|
| United States | 64 | 102 | 166 | 232 |
| International | 60 | 61 | 181 | 133 |
| | ---- | ---- | ---- | ---- |
| Total | 124 | 163 | 347 | 365 |
| | ---- | ---- | ---- | ---- |

Other

| | | | | |
|--|------|------|------|------|
| | 6 | 10 | 20 | 26 |
| | ---- | ---- | ---- | ---- |

Total Texaco Inc. and
subsidiaries

| | | | | |
|--|------|------|-------|-------|
| | 389 | 601 | 1,341 | 1,497 |
| | ---- | ---- | ----- | ----- |

Equity in affiliates

| | | | | |
|---------------|------|------|------|------|
| United States | 45 | 34 | 96 | 111 |
| International | 123 | 97 | 351 | 279 |
| | ---- | ---- | ---- | ---- |

Total equity in affiliates

| | | | | |
|--|------|------|-------|-------|
| | 168 | 131 | 447 | 390 |
| | ---- | ---- | ----- | ----- |

Total continuing
operations

| | | | | |
|--|-----|-----|-------|-------|
| | 557 | 732 | 1,788 | 1,887 |
|--|-----|-----|-------|-------|

Discontinued chemical operations

| | | | | |
|--|------|------|------|------|
| | 1 | 6 | 21 | 54 |
| | ---- | ---- | ---- | ---- |

Total

| | | | | |
|--|--------|--------|----------|----------|
| | \$ 558 | \$ 738 | \$ 1,809 | \$ 1,941 |
| | ===== | ===== | ===== | ===== |

Dividends paid to common
stockholders

| | | | | |
|--|--------|--------|--------|--------|
| | \$ 207 | \$ 207 | \$ 622 | \$ 621 |
|--|--------|--------|--------|--------|

Dividends per common share (dollars)

| | | | | |
|--|--------|--------|---------|---------|
| | \$.80 | \$.80 | \$ 2.40 | \$ 2.40 |
|--|--------|--------|---------|---------|

Dividend requirements for preferred
stockholders

| | | | | |
|--|-------|-------|-------|-------|
| | \$ 27 | \$ 26 | \$ 76 | \$ 77 |
|--|-------|-------|-------|-------|

(b) Preliminary

| | Third Quarter | | Nine Months | |
|---|---------------|-------|-------------|-------|
| | 1994 | 1993 | 1994 | 1993 |
| OPERATING DATA - INCLUDING INTERESTS IN AFFILIATES | | | | |
| Net production of crude oil and natural gas liquids (000 BPD) | | | | |
| United States | 407 | 427 | 408 | 426 |
| Other Western Hemisphere | 21 | 21 | 20 | 21 |
| Europe | 126 | 82 | 116 | 76 |
| Other Eastern Hemisphere | 232 | 198 | 234 | 199 |
| Total | 786 | 728 | 778 | 722 |
| Net production of natural gas - available for sale (000 MCFPD) | | | | |
| United States | 1,720 | 1,716 | 1,728 | 1,730 |
| International | 294 | 218 | 301 | 222 |
| Total | 2,014 | 1,934 | 2,029 | 1,952 |
| Natural gas sales (000 MCFPD) | | | | |
| United States | 3,156 | 2,740 | 3,083 | 2,755 |
| International | 308 | 224 | 317 | 234 |
| Total | 3,464 | 2,964 | 3,400 | 2,989 |
| Natural gas liquids sales (including purchased LPGs) (000 BPD) | | | | |
| United States | 240 | 191 | 211 | 189 |
| International | 93 | 63 | 70 | 51 |
| Total | 333 | 254 | 281 | 240 |
| Refinery input (000 BPD) | | | | |
| United States | 704 | 633 | 661 | 661 |
| Other Western Hemisphere | 53 | 45 | 47 | 52 |
| Europe | 188 | 341 | 279 | 328 |
| Other Eastern Hemisphere | 447 | 429 | 456 | 429 |
| Total | 1,392 | 1,448 | 1,443 | 1,470 |
| Refined product sales (000 BPD) | | | | |
| United States | 908 | 828 | 876 | 821 |
| Other Western Hemisphere | 318 | 282 | 308 | 285 |
| Europe | 411 | 502 | 445 | 482 |
| Other Eastern Hemisphere | 707 | 671 | 702 | 711 |
| Total | 2,344 | 2,283 | 2,331 | 2,299 |