UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form 10-K

[X] Annual Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 FOR THE FISCAL YEAR ENDED DECEMBER 31, 2003	[ ] 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)

State or other jurisdiction of incorporation or organization	DELAWARE
I.R.S. Employer Identification No.	95-4035997
Address of principal executive offices	10889 WILSHIRE BLVD., LOS ANGELES, CA
Zip Code	90024
Registrant's telephone number, including area code	(310) 208-8800

Securities registered pursuant to Section 12(b) of the Act:

TITLE OF EACH CLASS	NAME OF EACH EXCHANGE ON WHICH REGISTERED
10 1/8% Senior Debentures due 2009	New York Stock Exchange
9 1/4% Senior Debentures due 2019	New York Stock Exchange
Oxy Capital Trust I 8.16% Trust Originated Preferred Securities	New York Stock Exchange
Common Stock	New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act: None

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.
[X] YES [ ] NO

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. [X]

Indicate by check mark whether the registrant is an accelerated filer (as defined in Exchange Act Rule 12b-2). [X] YES [ ] NO

The aggregate market value of the voting stock held by nonaffiliates of the registrant was approximately $13.0 billion, computed by reference to the closing price on the New York Stock Exchange composite tape of $33.55 per share of Common Stock on June 30, 2003. Shares of Common Stock held by each executive officer and director have been excluded from this computation in that such persons may be deemed to be affiliates. This determination of affiliate status is not a conclusive determination for other purposes.

At January 31, 2004, there were approximately 388,147,906 shares of Common Stock outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the registrant's definitive Proxy Statement, filed in connection with its April 30, 2004, Annual Meeting of Stockholders, are incorporated by reference into Part III.

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PART I

ITEMS 1 AND 2 BUSINESS AND PROPERTIES

In this report, "Occidental" refers to Occidental Petroleum Corporation, a Delaware corporation, and/or one or more entities in which it owns a majority voting interest (subsidiaries). Occidental's executive offices are located at 10889 Wilshire Boulevard, Los Angeles, California 90024; telephone (310) 208-8800.

GENERAL

Occidental's principal businesses consist of two industry segments. The oil and gas segment explores for, develops, produces and markets crude oil and natural gas. The chemicals segment manufactures and markets basic chemicals, vinyls and performance chemicals. For financial information about these segments, see Note 15 to the Consolidated Financial Statements of Occidental (Consolidated Financial Statements).

For information regarding Occidental's current developments, see the information in the "Management's Discussion and Analysis of Financial Condition and Results of Operations" (MD&A) section of this report.

OIL AND GAS OPERATIONS

GENERAL

Occidental's domestic oil and gas operations are Elk Hills and other smaller locations in California, the Hugoton field in Kansas and Oklahoma, the Permian field in West Texas and New Mexico, and the Gulf of Mexico. International operations are located in Colombia, Ecuador, Oman, Pakistan, Qatar, Russia, United Arab Emirates and Yemen. Occidental also has exploration interests in several other countries. For additional information regarding Occidental's oil and gas segment, see the information under the captions "Business Review - Oil and Gas" and "2004 Outlook - Oil and Gas" in the MD&A section of this report.

RESERVES, PRODUCTION AND PROPERTIES

The table below shows Occidental's total oil and natural gas reserves and production in 2003, 2002 and 2001. In 2003, including the effect of acquisitions, Occidental replaced 184 percent of its 2003 worldwide combined oil and natural gas production of 200 million barrels of oil equivalent (BOE). See the MD&A section of this report, Note 16 to the Consolidated Financial Statements and the information under the caption "Supplemental Oil and Gas Information" in Item 8 of this report for certain details regarding Occidental's oil and gas reserves, the estimation process and production by country. On May 1, 2003, Occidental reported to the U.S. Department of Energy on Form EIA-28 proved oil and gas reserves at December 31, 2002. The amounts reported were the same as the amounts reported in Occidental's 2002 Annual Report.

COMPARATIVE OIL AND GAS RESERVES AND PRODUCTION

Oil in millions of barrels; natural gas in billions of cubic feet; total in millions of barrels of oil equivalent

	2003			2002			2001		
	OIL (a)	GAS	TOTAL (b)	Oil (a)	Gas	Total (b)	Oil (a)	Gas	Total (b)
U.S. Reserves	1,500	1,826	1,805	1,452	1,821	1,755	1,371	1,962	1,698
International Reserves	538	768	666	518	228	556	526	106	543
	2,038	2,594	2,471(c)	1,970	2,049	2,311(c)	1,897	2,068	2,241(c)
U.S. Production	93	194	125	85	206	119	78	223	115
International Production	70	27	75	65	23	69	55	18	59
	163	221	200	150	229	188	133	241	174

(a) Includes natural gas liquids and condensate.

(b) Natural gas volumes have been converted to equivalent barrels based on energy content of 6,000 cubic feet (one thousand cubic feet is referred to as an "Mcf") of gas to one barrel of oil.

(c) Stated on a net basis and after applicable royalties. Includes reserves related to production-sharing contracts, other economic arrangements and Occidental's share of reserves from equity investees. Proved reserves from production-sharing contracts in the Middle East and from other economic arrangements in the U.S. were 437 million barrels of oil equivalent (MMBOE) and 90 MMBOE in 2003, 324 MMBOE and 94 MMBOE in 2002 and 321 MMBOE and 99 MMBOE in 2001, respectively.

COMPETITION AND SALES AND MARKETING

As a producer of crude oil and natural gas, Occidental competes with numerous other domestic and foreign producers. Crude oil and natural gas are commodities that are sensitive to prevailing global conditions of supply and demand and are sold at "spot" or contract prices or on futures markets to refiners and other market participants. Occidental competes by developing and producing its worldwide oil and gas reserves cost-effectively and acquiring contracts to explore in areas with known oil and gas deposits. Occidental also competes by increasing production through enhanced oil recovery projects in mature and underdeveloped fields and making strategic acquisitions. Occidental focuses on operations in its core areas of the United States, the Middle East and Latin America.

CHEMICAL OPERATIONS

GENERAL

Occidental manufactures and markets basic chemicals, vinyls and performance chemicals directly and through various affiliates (collectively, OxyChem). OxyChem's operations are affected by cyclical economic factors and by specific chemical-industry conditions. For additional information regarding Occidental's chemical segment, see the information under the captions "Business Review - Chemical" and "2004 Outlook - Chemical" in the MD&A section of this report.

PRODUCTS AND PROPERTIES

OxyChem, which is headquartered in Dallas, Texas, operates chemical manufacturing plants at 26 sites in the United States. Many of the larger facilities are located in the Gulf Coast region of Texas and Louisiana. In addition, OxyChem operates two chemical-manufacturing plants in Canada and one in Chile. All of OxyChem's manufacturing plants are owned. A number of additional facilities process, blend and store products. OxyChem owns and leases an extensive fleet of railcars. OxyChem also has a 50-percent equity investment in a Brazilian corporation that owns a chlor-alkali plant.

BASIC CHEMICALS

OxyChem's basic chemicals consist of chlorine, caustic soda, potassium chemicals and their derivatives.

Chlorine is used for chemical manufacturing in the chlorovinyl chain and for water treatment. OxyChem produces chlorine in Alabama, Delaware, Louisiana, New York, Texas, Brazil and Chile. Estimated annual capacity, including two temporarily idled plants, at December 31, 2003, was 3.4 million tons in the United States (including the 0.9-million-ton total annual capacity of the OxyVinyls partnership, owned 76 percent by Occidental and 24 percent by PolyOne Corporation) and 0.3 million gross tons in Brazil and Chile.

Caustic soda is co-produced with chlorine and is used for pulp and paper production, alumina production and other chemical manufacturing. OxyChem produces caustic soda in Delaware, Louisiana, New York, Texas, Brazil and Chile. Estimated annual capacity, including two temporarily idled plants, at December 31, 2003, was 3.5 million tons in the United States (including the 1-million-ton total annual capacity of the OxyVinyls partnership) and 0.4 million gross tons in Brazil and Chile.

Potassium chemicals are used in glass, fertilizer, cleaning products and rubber. OxyChem produces potassium chemicals in Alabama and Delaware. Estimated annual capacity at December 31, 2003, was 429,000 tons.

Ethylene dichloride (EDC), a chlorine derivative, is a raw material for vinyl chloride monomer (VCM). OxyChem produces EDC in Louisiana, Texas and Brazil. Estimated annual capacity, including one temporarily idled plant, at December 31, 2003, was 3.0 billion pounds in the United States and 0.3 billion gross pounds in Brazil.

VINYLS

OxyChem's principal producer of vinyls is its 76-percent interest in the OxyVinyls partnership. OxyChem's vinyls products include polyvinyl chloride (PVC) and its precursors, VCM and EDC.

OxyChem produces VCM, which is used as a raw material for PVC, in Texas. At December 31, 2003, estimated annual capacity was 6.2 billion pounds (including the 2.4-billion-pound total annual capacity of OxyMar, which is 67-percent owned by Occidental and 3.8-billion-pound total annual gross capacity of the OxyVinyls partnership).

PVC resins are used in piping, electrical insulation, external construction materials, flooring, medical and automotive products and packaging. OxyChem produces PVC resins in Kentucky, New Jersey, Pennsylvania, Texas and Canada. At December 31, 2003, estimated annual capacity was 4.7 billion pounds (including the 4.5-billion-pound gross annual capacity of the OxyVinyls partnership).

PERFORMANCE CHEMICALS

OxyChem's performance chemicals include chlorinated isocyanurates (estimated capacity of 131 million pounds produced in Illinois and Louisiana), resorcinol (estimated capacity of 52 million pounds produced in Pennsylvania), antimony oxide (estimated capacity of 33 million pounds produced in Texas), mercaptans (estimated capacity of 18 million pounds produced in Texas) and sodium silicates (estimated capacity of 722,000 tons produced in Georgia, Ohio, Illinois, New Jersey, Texas and Alabama). Information regarding production capacity reflects estimated annual capacity at December 31, 2003.

RAW MATERIALS

Nearly all raw materials used in OxyChem's operations are readily available from a variety of sources. Power is provided by regional public utilities and/or by co-generation facilities. Most of OxyChem's key raw-materials purchases are made through contractual relationships, rather than on the spot market. OxyChem is generally not dependent on any single nonaffiliated supplier for a material amount of its raw-material or energy requirements. Operations have not been curtailed as a result of any supply interruptions.

PATENTS, TRADEMARKS AND PROCESSES

OxyChem's operations use a large number of patents, trademarks and processes, some of which are proprietary and some of which are licensed. OxyChem does not regard its business as being materially dependent on any single patent, trademark or process.

SALES AND MARKETING

OxyChem's products are sold to industrial users or distributors located in the United States, largely by its own sales force and in certain export markets. OxyChem sells its products at current market or market-related prices through short- and long-term sales agreements.

No significant portion of OxyChem's business is dependent on a single third-party customer. OxyChem generally does not manufacture its products against a backlog of firm orders.

COMPETITION

Occidental's chemical business competes with numerous producers. Since most of OxyChem's products are commodity in nature, they compete primarily on the basis of price. Because OxyChem's products generally do not occupy proprietary positions, OxyChem endeavors to be an efficient, low-cost producer.

CAPITAL EXPENDITURES

For information on capital expenditures, see the information under the heading "Capital Expenditures" in the MD&A section of this report.

EMPLOYEES

Occidental employed 7,133 people at December 31, 2003, 5,697 of whom were located in the United States. Occidental employed 2,995 people in oil and gas operations and 3,087 people in chemical operations. An additional 1,051 people were employed in administrative and headquarters functions. Approximately 640 U.S.-based employees are represented by labor unions.

Occidental has a long-standing policy to provide fair and equal employment opportunities to all people without regard to race, color, religion, ethnicity, gender, national origin, disability, age, sexual orientation, veteran status or any other legally impermissible factor. Occidental maintains diversity and outreach programs.

ENVIRONMENTAL REGULATION

For environmental-regulation information, including associated costs, see the information under the heading "Environmental Liabilities and Expenditures" in the MD&A section of this report.

AVAILABLE INFORMATION

Occidental makes the following information available free of charge through its website at www.oxy.com:

>> Forms 10-K, 10-Q, 8-K and amendments to these forms as soon as reasonably practicable after they are filed electronically with the SEC;

>> Other SEC filings, including Forms 3, 4 and 5; and

>> Corporate-governance information, including its corporate-governance guidelines, board-committee charters and Code of Business Conduct. Board-committee charters and the Code of Business Conduct are available to stockholders upon request. (See Part III Item 10 of this report for further information.)

ITEM 3   LEGAL PROCEEDINGS

For information regarding lawsuits, claims, commitments, contingencies and related matters, see the information in Note 9 to the Consolidated Financial Statements.

On October 1, 2003, the Environmental Protection Agency (EPA) served one of Occidental's subsidiaries with an administrative compliance order and an administrative complaint alleging certain violations of environmental laws at the subsidiary's Pottstown, Pennsylvania facility. Although the order and complaint do not propose any amount of penalties, Occidental believes the EPA seeks penalties exceeding $100,000. Occidental's subsidiary disputes many of the EPA's allegations. Occidental does not expect the resolution of this matter to have a material effect on its financial condition or results of operations.

ITEM 4 SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

No matters were submitted to a vote of Occidental's security holders during the fourth quarter of 2003.

EXECUTIVE OFFICERS OF THE REGISTRANT

Name	Age at February 29, 2004	Positions with Occidental and Subsidiaries and Five-Year Employment History
Dr. Ray R. Irani	69	Chairman of the Board of Directors and Chief Executive Officer since 1990; President from 1984 to 1996; Chief Operating Officer from 1984-1990; Director since 1984; member of Executive Committee.
Dr. Dale R. Laurance	58	President since 1996; Chairman and Chief Executive Officer of Occidental Oil and Gas Corporation (OOGC) since 1999; Director since 1990; member of Executive Committee.
Stephen I. Chazen	57	Chief Financial Officer and Executive Vice President -- Corporate Development since 1999; 1994-1999, Executive Vice President -- Corporate Development.
Donald P. de Brier	63	Executive Vice President, General Counsel and Secretary since 1993.
Richard W. Hallock	59	Executive Vice President -- Human Resources since 1994.
John L. Hurst, III	64	Executive Vice President since 2003; President of Occidental Chemical Corporation (OCC) since 2003; 2001-2003, Executive Vice President -- Chlorovinyls of OCC; 2000-2001, Executive Vice President -- Basic Chemicals of OCC; 1999-2000, Chief Executive Officer of OxyVinyls, LP; 1988-1999, Executive Vice President -- Manufacturing of OCC.
John W. Morgan	50	Executive Vice President since 2001; Executive Vice President -- Worldwide Production of OOGC since 2001; 1998-2001, Executive Vice President -- Operations; 1991-1998, Vice President -- Operations.
Samuel P. Dominick, Jr.	63	Vice President and Controller since 1991.
James R. Havert	62	Vice President and Treasurer since 1998; 1992-1998, Senior Assistant Treasurer.

The current term of employment of each executive officer will expire at the April 30, 2004, organizational meeting of the Occidental Board of Directors or when a successor is selected.

PART II

ITEM 5 MARKET FOR REGISTRANT'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

TRADING PRICE RANGE AND DIVIDENDS

This section incorporates by reference the quarterly financial data appearing under the caption "Quarterly Financial Data (Unaudited)" in Item 8 and the information appearing under the caption "Liquidity and Capital Resources" in the MD&A section of this report. Occidental's common stock was held by approximately 52,635 stockholders of record at December 31, 2003, with an estimated 188,043 additional stockholders whose shares were held for them in street name or nominee accounts. The common stock is listed and traded principally on the New York Stock Exchange and also is listed on certain foreign exchanges. The quarterly financial data on pages 68 and 69 of this report set forth the range of trading prices for the common stock as reported on the composite tape of the New York Stock Exchange and quarterly dividend information.

In 2003, the quarterly declared dividend rate for the common stock was $0.26 per share ($1.04 per year). On February 12, 2004, a quarterly dividend of $0.275 per share ($1.10 per year) was declared on the common stock, payable on April 15, 2004 to stockholders of record on March 10, 2004. The declaration of future cash dividends is a business decision made by the Board of Directors from time to time, and will depend on Occidental's financial condition and other factors deemed relevant by the Board.

SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

All of Occidental's equity compensation plans for its employees and non-employee directors, pursuant to which options, rights or warrants may be granted, have been approved by the stockholders. See Note 12 to the Consolidated Financial Statements for further information on the material terms of these plans.

The following is a summary of the shares reserved for issuance as of December 31, 2003, pursuant to outstanding options, rights or warrants granted under Occidental's equity compensation plans:

(a) Number of securities to be issued upon exercise of out-standing options, warrants and rights	(b) Weighted-average exercise price of outstanding options, warrants and rights	(c) Number of securities remaining available for future issuance under equity compensation plans (excluding securities in column (a))
23,011,923	$26.53	13,101,112 *

* Includes, with respect to the 1995 Incentive Stock Plan, 1,369,796 shares at maximum target level (684,898 at target level) reserved for issuance pursuant to outstanding performance stock awards, including 717,876 shares at maximum target level (358,938 at target level) eligible for certification in February 2004, and 1,188,596 deferred performance and restricted stock awards and, with respect to the 2001 Incentive Compensation Plan, 1,192,018 shares at maximum target level (596,009 at target level) reserved for issuance pursuant to outstanding performance stock awards, 1,737,874 shares reserved for issuance pursuant to restricted stock awards and 3,971 shares reserved for issuance as dividend equivalents under the 2001 Incentive Compensation Plan. Of the remaining 7,608,857 shares, 7,574,285 shares are available under the 2001 Incentive Compensation Plan, all of which may be issued or reserved for issuance for options, rights and warrants as well as performance stock awards, restricted stock awards, stock bonuses and dividend equivalents and 34,572 shares are available for issuance under the Restricted Stock Plan for nonemployee directors.

ITEM 6 SELECTED FINANCIAL DATA

FIVE-YEAR SUMMARY OF SELECTED FINANCIAL DATA
Dollar amounts in millions, except per-share amounts

For the years ended December 31,	2003	2002	2001	2000	1999
RESULTS OF OPERATIONS (a)					
Net sales	$ 9,326	$ 7,338	$ 8,102	$ 8,504	$ 5,594
Income from continuing operations	$ 1,595	$ 1,163	$ 1,179	$ 1,557	$ 461
Net income	$ 1,527	$ 989	$ 1,154	$ 1,570	$ 448
Earnings applicable to common stock	$ 1,527	$ 989	$ 1,154	$ 1,571	$ 442
Basic earnings per common share from continuing operations	$ 4.16	$ 3.09	$ 3.16	$ 4.22	$ 1.28
Basic earnings per common share	$ 3.98	$ 2.63	$ 3.10	$ 4.26	$ 1.24
Diluted earnings per common share	$ 3.93	$ 2.61	$ 3.09	$ 4.26	$ 1.24
Core earnings (b)	$ 1,635	$ 999	$ 1,246	$ 1,349	$ 37
FINANCIAL POSITION (a)					
Total assets	$ 18,168	$ 16,548	$ 17,850	$ 19,414	$ 14,125
Long-term debt, net	$ 3,993	$ 3,997	$ 4,065	$ 5,185	$ 4,368
Trust preferred securities (c)	$ 453	$ 455	$ 463	$ 473	$ 486
Common stockholders' equity	$ 7,929	$ 6,318	$ 5,634	$ 4,774	$ 3,523
CASH FLOW					
Cash provided by operating activities	$ 3,074	$ 2,100	$ 2,566	$ 2,348	$ 1,004
Capital expenditures	$ (1,601)	$ (1,236)	$ (1,308)	$ (892)	$ (557)
Cash (used) provided by all other investing activities, net	$ (420)	$ (460)	$ 657	$ (2,152)	$ 2,189
DIVIDENDS PER COMMON SHARE	$ 1.04	$ 1.00	$ 1.00	$ 1.00	$ 1.00
BASIC SHARES OUTSTANDING (thousands)	383,943	376,190	372,119	368,750	355,073

(a) See the MD&A and the "Notes to Consolidated Financial Statements" for information regarding accounting changes, asset acquisitions and dispositions, discontinued operations, environmental remediation, other costs and other items affecting comparability.
(b) For an explanation of core earnings, see "Significant Items Affecting Earnings" in the MD&A.
(c) On January 20, 2004, all of the trust preferred securities were redeemed.

ITEM 7

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (MD&A) (INCORPORATING ITEM 7A)

In this report, the term "Occidental" refers to Occidental Petroleum Corporation (OPC) and/or one or more entities in which it owns a majority voting interest (subsidiaries). Occidental is divided into two segments: oil and gas and chemical.

2003 BUSINESS ENVIRONMENT
OIL AND GAS

Oil and gas prices are the key variables that drive the industry's financial performance. Prices can vary significantly, even on a short-term basis. Oil prices continued to strengthen in 2003 over their levels in the previous year. The average West Texas Intermediate (WTI) market price for 2003 was $31.03/barrel (bbl) compared with $26.08/bbl in 2002.

NYMEX domestic natural gas prices increased significantly from 2002. For 2003, NYMEX gas prices averaged $5.26/Mcf compared with $3.07/Mcf for 2002.

CHEMICAL

The sectors of the chemical industry in which Occidental participates showed signs of improvement in 2003 largely due to the improving economy and the continued strength of the building and construction markets. The industry experienced higher product prices for all major commodity chemicals; however, the margin improvement was largely offset by higher costs for key raw materials, primarily energy and ethylene.

Domestic chlorine demand dropped slightly in 2003, compared to 2002, as the robust housing sector could not overcome general weakness in other manufacturing markets. However, chlorine prices increased sharply in 2003 from their depressed levels in early 2002 in part due to the tightening of supply resulting from industry capacity reductions and the favorable influence of the strong vinyls (VCM/PVC) demand, mainly in the housing sector. Caustic soda prices began to improve in the second quarter of 2003 but softened late in the year due to pressure to move more caustic soda volume versus chlorine. However, overall caustic soda prices improved for the year. PVC prices improved significantly although the price improvement was largely offset by higher raw material costs.

STRATEGY AND OVERALL PERFORMANCE

Occidental's overall corporate strategy aims to generate competitive total returns to stockholders and consists of three basic elements:

- Focus on large, long-lived oil and gas assets with growth potential.
- Maintain financial discipline and a strong balance sheet.
- Harvest cash from chemicals.

Large, long-lived "legacy" oil and gas assets, like those in California, the Permian Basin in Texas and Qatar, tend to have moderate decline rates, enhanced secondary and tertiary recovery opportunities and economies of scale that lead to cost-effective production. These assets are expected to contribute substantial earnings and cash flow after capital.

At Occidental, maintaining financial discipline means prudently investing capital in projects that are expected to generate above-cost-of-capital returns throughout the business cycle. During periods of high commodity prices, Occidental will use the bulk of its cash flow after capital expenditures and dividends to improve future earnings levels by acquiring additional properties with low-risk characteristics or through debt reduction.

The chemicals business generates free cash flow. In 2003, free cash flow for the segment was approximately $290 million, which compares favorably with the 10-year annual average. The segment was able to achieve this result despite a difficult year for the chemical industry as a whole. (For a calculation of chemical free cash flow, see "Selected Cash-Flow Information" below.)

In order to ensure that its strategic objectives are reached, Occidental's management focuses on the following key business goals over the short term:

- Achieve top quartile performance, compared to peer companies, in return on equity with a below average level of debt.
- Segments are to achieve top quartile performance, compared to peer companies, in return on assets and other measurements unique to that segment. These include profits per unit produced, costs to produce each unit, cash flow per unit, costs to find and develop new reserves and other similar measures.

DEBT STRUCTURE

Occidental's total debt and total debt-to-capitalization ratios are shown in the table below:

Date ($ amounts in millions)	Total Debt(a)	Total Debt-to-Capitalization Ratio
12/31/99	$ 5,427	61%
12/31/00	$ 6,354	57%
12/31/01	$ 4,890	46%
12/31/02	$ 4,759	43%
12/31/03	$ 4,570	37%

(a) Includes trust preferred securities (redeemed January 20, 2004), natural gas delivery commitment (which was terminated in 2002), subsidiary preferred stock and capital lease obligations.

Occidental's year-end 2003 total debt-to-capitalization ratio has declined to approximately 37 percent from the 61-percent level that existed at the end of 1999, as shown in the table above. The decrease in the total debt-to-capitalization ratio in 2003 compared to 1999 is the result of total debt reductions of 16 percent combined with an increase in stockholders' equity of 125 percent over the same period.

RETURN ON EQUITY

Annual 2003 (a)	Three-Year Average 2001 - 2003 (b)
21.4%	18.5%

(a) The Return on Equity for 2003 was calculated by dividing Occidental's 2003 earnings applicable to common stock by the average equity balance in 2003.
(b) The Return on Equity for the three-year period was calculated as the sum of the annual earnings applicable to common stock for each of the three years ended 2003 divided by the sum of the ending equity balances for each year end in the same period.

Over the past three years, Occidental has focused on improving its return on equity. In 2003, Occidental's return on equity was 21.4 percent and the three-year average return on equity was 18.5 percent. During the same three-year period, Occidental's equity increased by over 41 percent.

OIL AND GAS STRATEGY

The oil and gas business strategy has three parts that, together, are focused on adding new oil and natural gas reserves at a pace well ahead of production, while simultaneously keeping finding and development costs among the lowest in the industry:

>> Continue to add commercial reserves in and around Occidental's core areas, which are the U.S., Middle East and Latin America, through a combination of focused exploration and development programs.

>> Pursue commercial opportunities with host governments in core areas to enhance the development of mature fields with large volumes of remaining oil in place by applying appropriate technology and innovative reservoir-management practices.

>> Maintain a disciplined approach in buying and selling assets at attractive prices.

Over the past several years, the asset base within each of the core areas has been strengthened. Occidental has invested in assets with higher performance potential and sold properties with low or no current return. The results of these changes are discussed below in "Business Review - Oil and Gas."

CHEMICAL STRATEGY

OxyChem concentrates on the chlorovinyls chain where it begins with chlorine, which is co-produced with caustic soda, and then converts chlorine and ethylene, through a series of intermediate products, into PVC. OxyChem mainly focuses on being a low-cost producer to maximize its cash flow generation.

BUSINESS REVIEW

OIL AND GAS

Occidental's overall performance during the past several years reflects the successful implementation of its oil and gas business strategy, beginning with the acquisition of the Elk Hills oil and gas field in California. The Elk Hills acquisition was followed in April 2000 by the purchase of Altura Energy in the Permian Basin in West Texas for $3.6 billion and thereafter by several smaller acquisitions. During 2003, Occidental enhanced its industry leading position in the Permian Basin by making several complementary acquisitions.

At the end of 2003, the Elk Hills and Permian Basin assets made up 65 percent of Occidental's worldwide proven oil reserves and 45 percent of its proven gas reserves. On a BOE basis, they accounted for 62 percent of Occidental's worldwide reserves. In 2003, the combined production from these assets averaged approximately 265,000 BOE per day, which represents 48 percent of Occidental's total worldwide production. These businesses also contributed approximately 56 percent of oil and gas segment earnings.

ELK HILLS

Occidental operates the Elk Hills oil and gas field in the southern portion of California's San Joaquin Valley with an approximate 78-percent interest. The field was acquired in 1998 for $3.5 billion and is the largest producer of gas in California. Production in 2003 was approximately 94,000 BOE per day. Since the acquisition date, Elk Hills has generated total net pre-tax cash flow of approximately $3.5 billion, after subtracting $871 million of capital expenditures, and has replaced 109 percent of its total Elk Hills oil and gas production of 207 million BOE. At the end of 2003, the property still had an estimated 444 million BOE of proved reserves, compared to the 425 million BOE that were recorded at the time of the acquisition.

Occidental's California natural gas production is declining as it produces the Elk Hills gas cap, but the decline has been mitigated by increased development activities.

Total gas production averaged 246 MMcf per day in 2003 compared to 281 MMcf in 2002.

PERMIAN BASIN

The entire Permian Basin is the largest oil basin in the lower 48 United States and accounts for approximately 15 percent of total U.S. oil production. Occidental is the largest producer in the Permian Basin with approximately 15 percent of the total Permian production.

Occidental integrated its acquisition of Altura, which was valued at approximately $3.6 billion, with its previously existing Permian Basin properties in Southwest Texas and Southeast New Mexico. Since the acquisition in 2000, the former Altura properties have generated approximately $2.6 billion in total net pre-tax cash flow, after subtracting capital expenditures of approximately $565 million.

One element of Occidental's strategy in the Permian Basin is to acquire producing properties at attractive prices that offer synergies with its existing operations. In 2003, Occidental made a number of complementary acquisitions in the Permian Basin for a total purchase price of $317 million. These acquisitions increased total proven reserves by 103 million BOE for an average cost of $3.08 per BOE.

On January 31, 2004, Occidental acquired a 1,300-mile oil gathering and pipeline system in the Permian Basin. This system will allow Occidental to efficiently gather and transport its production to Midland where it has storage facilities. The remainder of the pipeline's capacity will be filled by third party producers.

Net Permian oil and gas production averaged 171,000 BOE per day in 2003 compared to 164,000 BOE per day in 2002.

Approximately 50 percent of Occidental's Permian Basin production is reliant upon the application of carbon dioxide (CO_2) flood technology, an enhanced oil recovery technique. This involves injecting CO_2 into oil reservoirs where it acts as a solvent, causing the oil to flow more freely so it can be pumped to the surface. The size of these CO_2 flood operations makes Occidental a world leader in the development and application of this technology.

THUMS

Occidental purchased THUMS, the field contractor for an oil production unit offshore Long Beach, California, in 2000. Occidental's share of production from THUMS is subject to contractual arrangements similar to a production-sharing contract, whereby Occidental's share of production varies inversely with oil prices. For 2003, net production from the THUMS oil property averaged 23,000 barrels per day.

GULF OF MEXICO

Occidental has a one-third interest in the deep-water Horn Mountain oil field, which is Occidental's only asset in the Gulf of Mexico. BP p.l.c. (BP) is the operator.

The field began production in November 2002 and production was increased until it reached platform capacity in the third quarter of 2003. In the fourth quarter of 2003, Occidental's net production at Horn Mountain averaged 28,000 BOE per day.

HUGOTON

Occidental owns a large concentration of gas reserves, production interests and royalty interests in the Hugoton area of Kansas and Oklahoma. The Hugoton field is the largest natural gas field discovered to date in North America. Occidental's Hugoton operations produced 138,000 Mcf of natural gas and 4,000 barrels of oil per day in 2003.

MIDDLE EAST

DOLPHIN PROJECT

In 2002, Occidental purchased a 24.5-percent interest in the Dolphin Project for $310 million. This investment includes a 24.5-percent interest in Dolphin Energy Limited (Dolphin Energy), the operator of the Dolphin Project. The Dolphin Project consists of two parts: (1) a development and production sharing agreement with Qatar to develop and produce natural gas and condensate in Qatar's North Field for 25 years, with a provision to request a 5-year extension; and (2) the rights for Dolphin Energy to build, own and operate a 260-mile-long, 48-inch export pipeline to transport 2 billion cubic feet per day of dry natural gas from Qatar to markets in the United Arab Emirates (UAE) for the life of the Dolphin Project and longer. The pipeline will have capacity to transport up to 3.2 billion cubic feet per day, which will allow for additional business opportunities.

Several important milestones have been reached since Occidental joined the Dolphin Project. In 2002, two development wells were drilled and tested, providing sufficient information to complete the field development plan. In October 2003, Dolphin Energy signed two 25-year contracts to supply approximately one BCF of natural gas per day to two entities in the UAE. A third supply contract with the Emirate of Dubai is currently being negotiated. In addition, other markets for natural gas and hydrocarbon liquids are being pursued. In December 2003, the Government of Qatar approved the final field development plan for the Dolphin Project. Based on the foregoing developments, Occidental recorded 107 million BOE of proved undeveloped oil and gas reserves in 2003.

Most recently, in January 2004, Dolphin Energy awarded engineering, procurement and construction contracts for the gas processing and compression plant at Ras Laffan in Qatar as well as for two offshore gas production platforms. The plant will receive wet gas from Dolphin's facilities in Qatar's North Field and will remove hydrocarbon liquids, including condensate and natural gas liquids, for further processing and sale. The resulting dry gas will be compressed and transported to the UAE through Dolphin Energy's pipeline. The projected start-up date for production is in 2006.

The Dolphin Project is expected to cost approximately $4.0 billion in total. Occidental expects to invest approximately $1 billion for its 24.5-percent share in the Dolphin Project over the next three years. A portion of the project costs may be project financed. During 2004, Occidental expects to invest approximately $250 to $300 million, which is expected to be provided by Occidental's operating cash flow. This investment is in addition to Occidental's expected 2004 capital expenditures of $1.4 billion that are discussed under "Liquidity and Capital Resources."

As the project has not begun operation, no revenue or production costs were recorded in 2003.

QATAR

By introducing advanced drilling systems and applying new waterflooding and reservoir characterization techniques in the Idd El Shargi North Dome (ISND) field, Occidental has increased production and recoverable reserves from the field.

Occidental is moving forward with a second phase under its existing agreement in the development of ISND. The new phase is targeting the development and recovery of additional reserves from ISND.

Occidental is also engaged in full-field development of the Idd El Shargi South Dome (ISSD) field which, as a satellite to the North Dome, reduces the overall capital requirement of the two projects.

Combined production from the two fields averaged 45,000 barrels per day, net to Occidental, in 2003.

Also, see the Dolphin Project discussed above.

YEMEN

In Yemen, Occidental owns direct working interests in the Masila field in Block 14 (38 percent) and a 40.4-percent interest in the East Shabwa field, comprising a 28.6-percent direct-working interest and a 11.8-percent equity interest in an unconsolidated entity. Occidental's net production averaged 37,000 barrels of oil per day in 2003, with 31,000 coming from the Masila field and the remainder from East Shabwa.

OMAN

Occidental's Oman business is centered in Block 9 where it holds a 65-percent working interest in the production-sharing contract for this block.

Net production to Occidental averaged 12,000 barrels of oil per day in 2003.

Occidental has entered into a gas sales and purchase agreement with the Government of Oman to sell approximately 120 million gross cubic feet of natural gas per day from Block 9 operations to the Government. First gas sales are anticipated in mid-2004. This agreement has opened up a market for previously stranded gas that is associated with oil production from the Safah field.

Occidental also continues its exploration program in the adjacent Block 27. In 2003, the Government of Oman approved a farm-out of a 35-percent working interest in Block 27 to Mitsui E&P Middle East B.V. (Mitsui). As a result, Occidental and Mitsui now share the same working interest percentages in both Block 9 and Block 27.

LIBYA

Occidental suspended all activities in Libya in 1986 as a result of economic sanctions imposed by the U.S. government, but continues to hold an interest in the assets that it formerly operated. Since the imposition of sanctions, Occidental has derived no economic benefit from its Libyan interests and has no Libyan assets on its balance sheet. Over the past two years, Occidental representatives have met with Libyan officials, under specific authority and guidelines set by the U.S. Treasury Department's Office of Foreign Assets Control (OFAC), for the purpose of fact-finding and discussing generally the status of its contractual interests and property rights. Recent developments that have led to an improvement in U.S.-Libya relations have given rise to speculation that the sanctions could be eased, or perhaps lifted, in the near future. Until that happens, Occidental will continue complying with the existing sanctions and its OFAC licenses. Occidental remains very interested in returning to Libya, where it had considerable success in finding and developing large volumes of commercial oil reserves. Management is carefully monitoring the dynamics of the evolving U.S.-Libya relationship.

OTHER EASTERN HEMISPHERE

PAKISTAN

Occidental holds oil and gas working interests, that vary from 25 to 50 percent, in four Badin Blocks in Pakistan. BP is the operator. In 2002, Occidental purchased additional interests in two of these blocks from the Government of Pakistan for approximately $72 million. 2003 gross production was 102,000 BOE per day, while Occidental's net share was approximately 22,000 BOE per day.

RUSSIA

In Russia, Occidental owns 50 percent of a joint venture company, Vanyoganneft, that operates in the western Siberian oil basin. Production for 2003 was approximately 30,000 BOE per day, net to Occidental.

LATIN AMERICA

COLOMBIA

Occidental has a 35-percent net share of production and is the operator of the Cano Limon oil field in Colombia. Cumulative gross production from Cano Limon reached one billion barrels of oil in 2003. Colombia's national oil company, Ecopetrol, operates the Cano Limon-Covenas oil pipeline and marine-export terminal. The pipeline transports oil produced from the Cano Limon field for export to international markets. In addition, Occidental has working interests in three exploration blocks: Rio Aipe (50 percent), Chipiron (88 percent) and Cosecha (75 percent).

Production in 2003 approximated 2002 levels as improved security along the export pipeline reduced the number of attacks by local terrorist groups below the peak levels of 2001. Occidental's net share of 2003 production averaged 32,000 barrels of oil per day. Occidental's interests in Colombia account for approximately 1 percent of its worldwide assets, 2 percent of its total worldwide reserves and about 6 percent of its worldwide oil and gas production in 2003. Occidental anticipates that it will recover the proved reserves attributable to its contract.

ECUADOR

Net production in Block 15, which Occidental operates with a 60-percent working interest, averaged approximately 25,000 barrels of oil per day in 2003.

In the second half of 2003, the increased production from the Eden-Yuturi oil field in the southeastern corner of Block 15 coincided with the completion of the Oleoducto de Crudos Pesados (OCP) Ltd. oil export pipeline, in which Occidental has a 14-percent interest. Full field development of the Eden-Yuturi oil field is underway with continued development drilling planned in 2004. In addition, work continues in the producing areas in the western portion of the block at the Indillana complex and the Yanaquincha and Limoncocha fields. These projects are expected to increase production by 20,000 barrels per day, for a total net production of 45,000 barrels per day in 2004.

In addition, Occidental has completed extensive 3-D seismic surveys and plans to continue expanding its exploration activities in Block 15 in 2004.

Foreign oil companies, including Occidental, have been paying a Value Added Tax (VAT), generally calculated on the basis of 10 to 12 percent of expenditures for goods and services used in the production of oil for export. Until 2001, oil companies, like other companies producing products for export, filed for and received reimbursement of VAT. In 2001, the Ecuador tax authority announced that the oil companies' VAT payments did not qualify for reimbursement. In response, the affected oil companies filed actions in the Ecuador Tax Court to seek a judicial determination that the expenditures are subject to reimbursement. In November 2002, Occidental initiated an international arbitration proceeding against the Ecuadorian Government under the United States-Ecuador bilateral investment treaty based on Occidental's belief that the Ecuadorian Government is arbitrarily and discriminatorily refusing to refund the VAT to Occidental. Arbitration proceedings continue at present. Occidental believes that it has a valid claim for reimbursement under applicable Ecuador tax law and the treaty. In the event of an unfavorable outcome, the potential financial statement effect would not be significant.

PRODUCTION-SHARING CONTRACTS

Occidental conducts its operations in Qatar, Oman and Yemen under production-sharing contracts and, under such contracts, receives a share of production to recover its costs and an additional share for profit. Occidental's share of production from these contracts decreases when oil prices rise and increases when oil prices decline. Overall, Occidental's net economic benefit from these contracts is greater at higher oil prices.

CHEMICAL

CHLOR-ALKALI

Demand for chlor-alkali products improved throughout the first half of 2003 with combined chlorine and caustic soda prices peaking about mid-year. However, as supply and demand shifted to a more balanced position, prices softened in the latter part of the year. OxyChem's chlor-alkali operating rate for 2003 was 90 percent, approximately matching the industry. Domestic caustic soda pricing improved in the second quarter, but then fell to its lowest level of the year in the fourth quarter. Export pricing for caustic soda remained weak throughout the year as the worldwide supply exceeded demand, exerting downward pressure on pricing.

OxyChem maintained its Deer Park chlor-alkali production facility in Houston, Texas and its EDC facility in Ingleside, Texas in standby mode. In June 2003, OxyChem idled a circuit which produced chlorine and caustic soda at its Delaware City plant. These idle facilities will be reactivated upon strengthening in overall economic conditions that leads to improved demand and higher margins for caustic soda.

VINYLS

Continuing strength in natural gas and ethylene prices pushed costs higher in PVC, and led to price increases of two cents per pound per month for four consecutive months in early 2003, for a total increase of 22-percent. These increases were in addition to the 43-percent increase in PVC resin prices in 2002, which was also driven by rising feedstock and energy costs.

Total year 2003 demand was lower by 2 percent compared with 2002.

For 2003, ethylene prices rose by over 5.5 cents per pound, and average natural gas costs were nearly $2 per million British Thermal Units (MMBTU) higher than 2002.

OxyChem operated its PVC facilities at an average operating rate of 88 percent for 2003, slightly above the North American industry average operating rate of 86 percent.

In the fourth quarter of 2003, export markets for both PVC and VCM strengthened notably, helped by VCM outages in the U.S. and overseas.

DISPOSITION OF EQUISTAR INTEREST AND ACQUISITION OF LYONDELL INTEREST

In August 2002, Occidental sold its 29.5-percent share of Equistar to Lyondell and purchased a 21-percent equity interest in Lyondell. Occidental entered into these transactions to diversify its petrochemicals interest. These transactions reduced Occidental's direct exposure to the inherent volatility in the petrochemicals markets, yet will allow it to participate, through its Lyondell investment, in the economic recovery of the petrochemicals industry. In connection with these transactions, Occidental wrote down its investment in the Equistar partnership to fair value by recording a $412 million pre-tax charge as of December 2001. When this transaction closed in the third quarter of 2002, Occidental recorded an after-tax gain of $164 million. As a result of increases in its investment during 2003, at December 31, 2003, Occidental owned 22 percent (39.5 million shares) of Lyondell stock with a carrying value of $479 million.

DISPOSITION OF CHROME AND CALENDERING OPERATIONS

In the fourth quarter of 2002, Occidental sold its chrome business at Castle Hayne, North Carolina for $25 million and its plastic calendering operations in Rio de Janeiro, Brazil for a $6 million note receivable. In the third quarter of 2002, Occidental recorded an after-tax impairment charge of $69 million and classified both of these businesses as discontinued operations.

CORPORATE AND OTHER

Corporate and other includes the investments in Lyondell and Premcor, Inc., a refining business, and a leased co-generation facility in Taft, Louisiana. In 2004, corporate and other will also include the results of a 1,300-mile oil pipeline and gathering system located in the Permian Basin, which was acquired in January 2004 and will be used in corporate-directed oil and gas marketing and trading operations.

In July 2001, Occidental sold its interests in a subsidiary that owned a Texas intrastate natural gas pipeline system and also sold its interest in a liquefied natural gas (LNG) project in Indonesia. After-tax proceeds of approximately $750 million from these transactions were used to reduce debt.

2004 OUTLOOK

OIL AND GAS

The petroleum industry is highly competitive and subject to significant volatility due to numerous market forces. Crude oil and natural gas prices are affected by market fundamentals such as weather, inventory levels, competing fuel prices, overall demand and the availability of supply.

In the last half of 2003, worldwide oil prices strengthened due to increasing concerns about the security and availability of ample supplies to meet growing demand. Continued economic growth, resulting in increased demand and concerns about supply availability, could result in continued high prices. A lower growth rate could result in lower crude oil prices.

Sustained high oil prices will significantly affect profitability and returns for Occidental and other upstream producers. However, the industry has historically experienced wide fluctuations within price cycles. Although oil prices cannot be predicted with any certainty, the WTI price has averaged approximately $22.50/barrel over the past ten years.

While supply-demand fundamentals are a decisive factor affecting domestic natural gas prices over the long term, day-to-day prices may be more volatile in the futures markets, such as on the NYMEX and other exchanges, which make it difficult to forecast prices with any degree of confidence. Over the last ten years, the NYMEX gas price has averaged $3.00 per Mcf.

CHEMICAL

The chemical business has been profitable historically; however, the average level of earnings has declined over the past several years. The major factors that have an impact on the performance of this business are general economic conditions, including demand for chemical products, energy and feedstock costs, and the effect of changes in available capacity.

Over the last five years, the U.S. chemical industry and its primary market, the U.S. based manufacturing industry, have faced significant challenges. Foreign competition continues to make price increases by the U.S. manufacturing industry difficult to achieve. In the chemical industry, increasing natural gas prices, which affect U.S. electricity prices, have sharply reduced, and in many cases eliminated, the domestic chemical industry's natural advantage of proximity to its markets. This has affected basic commodity chemicals such as caustic soda, chlorine and PVC, but is particularly significant for niche specialty products such as resorcinol, mercaptans and antimony-based products. As a result, the U.S. based chemical industry is facing increasing pressure from competitors in both domestic and export markets. Export sales accounted for approximately 17 percent of Occidental's 2003 chemical sales.

The end of the most recent recession and resultant world economic recovery is expected to improve the overall outlook.

Construction of LNG terminals on the U.S. Gulf Coast could stabilize natural gas prices at a lower-than-current level and thereby help improve the competitive position of efficient Gulf Coast chemical facilities. However, this may not occur in the immediate future. Although Occidental's chemical business is profitable, if U.S. manufacturing becomes non-competitive on a worldwide basis, this could shorten the estimated productive lives of some of Occidental's plants, resulting in higher annual depreciation. Significantly shorter productive lives could also result in asset impairments, including plant closures. It is unlikely that any changes in estimated productive lives would be uniform. While potential impairment charges could have a material impact on the earnings in a discrete period, such changes are unlikely to have a material effect on Occidental's overall financial situation.

For additional discussion of the possible financial effect, please see the "Critical Accounting Policies and Estimates" section below in the MD&A.

CHLOR-ALKALI

Further improvement in chlor-alkali operating rates is expected in 2004 and beyond as domestic demand for chlorine and caustic soda is forecasted to increase 2 percent in 2004. PVC and other downstream derivatives are leading the growth in demand for chlorine. Demand growth for caustic soda is expected to track closely with overall manufacturing activity.

With increasing demand and improved capacity utilization, pricing for chlorine is expected to continue to rise compared to 2003. Caustic soda prices should also improve as overall manufacturing demand strengthens.

VINYLS

Gross domestic product (GDP) growth in the latter part of 2003 and consensus forecasts of 2004 GDP growth exceeding 4 percent for North America are encouraging and suggest a strengthening in the economy that will favorably impact chlorovinyls. Overall, Occidental expects 2-percent growth in vinyls demand in North America in 2004. PVC and VCM operating rates are expected to move upward during the year, also averaging 2 percent higher than 2003 rates.

Chlorovinyls supply constraints, together with high energy costs, have created conditions for vinyls price increases early in 2004. Resin producer price increases of 2 cents per pound have taken effect for January, and a second 2 cents per pound increase has been announced for February. In addition, VCM intermediates are expected to be in shorter supply than PVC because of industry capacity reductions and maintenance requirements. Average operating rates for North American VCM producers are expected to exceed 90 percent.

The increased demand for chlorine and tighter VCM supplies, due to capacity reductions, is expected to result in supply restrictions for vinyl producers.

SEGMENT OPERATIONS

The following discussion of Occidental's two operating segments and corporate items should be read in conjunction with Note 15 to the Consolidated Financial Statements.

Segment earnings exclude interest income, interest expense, unallocated corporate expenses, discontinued operations and the cumulative effect of changes in accounting principles, but include gains and losses from dispositions of segment assets and results from the segments' equity investments.

Foreign income and other taxes and certain state taxes are included in segment earnings based on their operating results. U.S. federal income taxes are not allocated to segments except for amounts in lieu thereof that represent the tax effect of operating charges resulting from purchase accounting adjustments, and the tax effects resulting from major, infrequently occurring transactions, such as asset dispositions that relate to segment results.

The following table sets forth the sales and earnings of each operating segment and corporate items:

SEGMENT OPERATIONS

In millions, except per share amounts For the years ended December 31,	2003	2002	2001
SALES			
Oil and Gas	$ 6,003	$ 4,634	$ 5,134
Chemical	3,178	2,704	2,968
Other (a)	145	--	--
	$ 9,326	$ 7,338	$ 8,102
EARNINGS(LOSS)			
Oil and Gas (b)	$ 2,664	$ 1,707	$ 2,845
Chemical (b)	210	275	(399)
	2,874	1,982	2,446
Unallocated corporate items			
Interest expense, net (c)			
Debt, net	(289)	(253)	(272)
Trust preferred distributions and other	(44)	(47)	(56)
Income taxes (d)	(662)	(364)	(359)
Other (d, e)	(284)	(155)	(580)
Income from continuing operations	1,595	1,163	1,179
Discontinued operations, net	--	(79)	(1)
Cumulative effect of changes in accounting principles, net	(68)	(95)	(24)
Net Income	$ 1,527	$ 989	$ 1,154
Basic Earnings per Common Share	$ 3.98	$ 2.63	$ 3.10

(a) The 2003 amount represents revenue from a co-generation plant in Taft, Louisiana.
(b) Includes U.S. federal tax charge of $6 million related to oil and gas in 2003. Segment earnings in 2002 were affected by $402 million of net credits allocated, comprising $1 million of charges and $403 million of credits in oil and gas and chemical, respectively. The chemical amount includes a $392 million credit for the sale of the Equistar investment, which resulted in a net gain of $164 million. Segment earnings in 2001 were affected by $14 million of net charges allocated, comprising $56 million of charges and $42 million of credits in oil and gas and chemical, respectively. The oil and gas amount includes a charge for the sale of the Indonesian Tangguh LNG project. The chemical amount includes credits for the sale of certain chemical operations.
(c) The 2003 amount includes a $61 million interest charge to repay a $450 million senior note that had 10 years of remaining life, but subject to remarketing on April 1, 2003. The 2002 and 2001 amounts are net of $21 million and $102 million, respectively, of interest income on notes receivable from Altura partners.
(d) The 2001 tax amount excludes the income tax benefit of $188 million attributed to the sale of the entity that owns a Texas intrastate pipeline system. The tax benefit is included in Other.
(e) The 2003 amount includes $58 million of corporate equity-method investment losses and $63 million of environmental remediation expense. The 2002 amount includes $22 million of preferred distributions to the Altura partners, $23 million of environmental remediation expenses and $25 million of corporate equity-method investment losses. The 2001 amount includes the after-tax loss of $272 million related to the sale of the entity that owns a Texas intrastate pipeline system, a $109 million charge for environmental remediation expenses and $104 million of preferred distributions to the Altura partners.

OIL AND GAS

In millions, except as indicated	2003	2002	2001
SEGMENT SALES	$ 6,003	$ 4,634	$ 5,134
SEGMENT EARNINGS	$ 2,664	$ 1,707	$ 2,845
CORE EARNINGS (a)	$ 2,664	$ 1,707	$ 2,446
NET PRODUCTION PER DAY			
UNITED STATES			
Crude oil and liquids (MBBL)			
California	81	86	76
Permian	150	142	137
Horn Mountain	21	1	--
Hugoton	4	3	--

Total	256	232	213
Natural Gas (MMCF)			
California	252	286	303
Hugoton	138	148	159
Permian	129	130	148
Horn Mountain	13	--	--
Total	532	564	610
LATIN AMERICA			
Crude oil & condensate (MBBL)			
Colombia	37	40	21
Ecuador	25	13	13
Total	62	53	34
MIDDLE EAST			
Crude oil & condensate (MBBL)			
Oman	12	13	12
Qatar	45	42	43
Yemen	35	37	33
Total	92	92	88
OTHER EASTERN HEMISPHERE			
Crude oil & condensate (MBBL)			
Pakistan	9	10	7
Natural Gas (MMCF)			
Pakistan	74	63	50
BARRELS OF OIL EQUIVALENT (MBOE)			
SUBTOTAL CONSOLIDATED SUBSIDIARIES	520	492	452
Colombia-minority interest	(5)	(5)	(3)
Russia-Occidental net interest	30	27	27
Yemen-Occidental net interest	2	1	--
TOTAL WORLDWIDE PRODUCTION	547	515	476
AVERAGE SALES PRICES			
CRUDE OIL PRICES ($ per barrel)			
U.S.	$ 28.74	$ 23.47	$ 21.74
Latin America	$ 27.21	$ 23.14	$ 20.10
Middle East (b)	$ 27.81	$ 24.13	$ 23.00
Other Eastern Hemisphere	$ 26.61	$ 23.02	$ 22.64
Total consolidated subsidiaries	$ 28.18	$ 23.56	$ 21.91
Other interests	$ 15.95	$ 14.80	$ 15.57
Total worldwide	$ 27.25	$ 22.91	$ 21.41
GAS PRICES ($ per thousand cubic feet)			
U.S.	$ 4.81	$ 2.89	$ 6.40
Other Eastern Hemisphere	$ 2.04	$ 2.08	$ 2.29
Total worldwide	$ 4.45	$ 2.81	$ 6.09
EXPENSED EXPLORATION (c)	$ 139	$ 176	$ 184
CAPITAL EXPENDITURES			
Development	$ 1,097	$ 897	$ 918
Exploration	$ 43	$ 55	$ 86
Acquisitions and other (d, e)	$ 97	$ 86	$ 134

(a) For an explanation of core earnings, see "Significant Items Affecting Earnings."
(b) These amounts exclude implied taxes.
(c) Includes dry hole write-offs and lease impairments of $80 million in 2003, $96 million in 2002 and $99 million in 2001.
(d) Includes capitalized portion of injected CO2 of $48 million, $42 million and $48 million in 2003, 2002 and 2001, respectively.
(e) Includes mineral acquisitions but excludes significant acquisitions individually discussed in this report.

Core earnings in 2003 were $2.7 billion compared with $1.7 billion in 2002. The increase in core earnings primarily reflects the impact of higher crude oil and natural gas prices and higher crude oil production volumes, partially offset by lower natural gas production volumes, higher depreciation, depletion and amortization (DD&A) rates and increased costs.

CHEMICAL

In millions, except as indicated	2003	2002	2001
SEGMENT SALES	$ 3,178	$ 2,704	$ 2,968
SEGMENT EARNINGS (LOSS)	$ 210	$ 275	$ (399)
CORE EARNINGS (a)	$ 210	$ 111	$ 13
KEY PRODUCT PRICE INDEXES (1987 through 1990 average price = 1.0)			
Chlorine	1.72	1.01	0.74
Caustic soda	0.84	0.71	1.33
Ethylene dichloride	1.16	1.01	0.61
PVC commodity resins (b)	0.89	0.73	0.68
KEY PRODUCT VOLUMES			
Chlorine (thousands of tons) (c)	2,733	2,807	2,847
Caustic soda (thousands of tons)	2,764	2,717	2,857
Ethylene dichloride (thousands of tons)	546	573	735
PVC commodity resins (millions of pounds)	3,954	4,132	3,950
CAPITAL EXPENDITURES (d)	$ 345	$ 109	$ 112

(a) For an explanation of core earnings, see "Significant Items Affecting Earnings."
(b) Product volumes produced at former PolyOne facilities, now part of OxyVinyls, are excluded from the product price indexes.
(c) Product volumes include those manufactured and consumed internally.
(d) The 2003 amount includes $180 million for the purchase of a previously leased facility in LaPorte, Texas and $44 million related to the exercise of purchase options for certain leased railcars.

Core earnings were $210 million in 2003, compared with $111 million in 2002. The increase in core earnings reflects the impact of higher sales prices for all major products (PVC, EDC, chlorine and caustic), partially offset by higher energy and ethylene costs.

SIGNIFICANT ITEMS AFFECTING EARNINGS

Occidental's results of operations often include the effects of significant transactions and events affecting earnings that vary widely and unpredictably in nature, timing 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. Reported earnings are considered representative of management's performance over the long term. Core earnings is not considered to be an alternative to operating income in accordance with generally accepted accounting principles.

SIGNIFICANT ITEMS AFFECTING EARNINGS

Benefit (Charge) (in millions)	2003	2002	2001
TOTAL REPORTED EARNINGS	$ 1,527	$ 989	$ 1,154
OIL AND GAS			
Segment Earnings	$ 2,664	$ 1,707	$ 2,845
Less:			
Gain on sale of interest in the Indonesian Tangguh LNG Project (a)	--	--	399
Segment Core Earnings	$ 2,664	$ 1,707	$ 2,446
CHEMICAL			
Segment Results	$ 210	$ 275	$ (399)
Less:			
Gain on sale of Equistar investment (a)	--	164	--
Equistar writedown	--	--	(412)
Segment Core Earnings	$ 210	$ 111	$ 13
CORPORATE			
Results	$ (1,347)	$ (993)	$ (1,292)
Less:			
Loss on sale of pipeline-owning entity (a)	--	--	(272)
Settlement of state tax issue	--	--	70
Debt repayment fee	(61)	--	--
Changes in accounting principles, net (a)	(68)	(95)	(24)
Discontinued operations, net (a)	--	(79)	(1)
Tax effect of pre-tax adjustments	21	--	148
TOTAL CORE EARNINGS	$ 1,635	$ 999	$ 1,246

(a) These amounts are shown after-tax.

CONSOLIDATED OPERATIONS
SELECTED REVENUE ITEMS

In millions	2003	2002	2001
Net sales	$ 9,326	$ 7,338	$ 8,102
Interest, dividends and other income	$ 89	$ 143	$ 223
Gains on disposition of assets, net	$ 32	$ 10	$ 10

The increase in sales in 2003, compared to 2002, primarily reflects higher crude oil, natural gas and chemical prices and higher crude oil production volumes, partially offset by lower natural gas production volumes.

The decrease in sales in 2002, compared to 2001, primarily reflects lower natural gas and chemical prices and lower natural gas and chemical volumes, partially offset by higher crude oil prices and production.

Interest, dividends and other income in 2002 and 2001 includes interest income on the notes receivable from the Altura partners of $21 million and $102 million, respectively. Occidental exercised an option in May 2002 to redeem the sellers' remaining partnership interests in exchange for the notes receivable.

Gains on disposition of assets in 2003 include the final gain of $22 million on the sale of the remaining Continental Shelf Gulf of Mexico (GOM) assets to Apache Corporation. Gains on disposition of assets in 2001 include the gain of $454 million on the sale of the interest in the Tangguh LNG project and the loss of $459 million on the sale of its interests in a subsidiary that owned a Texas natural gas intrastate pipeline system.

SELECTED EXPENSE ITEMS

In millions	2003	2002	2001
Cost of sales	$ 3,988	$ 3,385	$ 3,626
Selling, general and administrative and other operating expenses	$ 855	$ 677	$ 668
Depreciation, depletion and amortization	$ 1,177	$ 1,012	$ 965
Exploration expense	$ 139	$ 176	$ 184
Interest and debt expense, net	$ 332	$ 295	$ 401

Cost of sales increased in 2003, compared to 2002, due mainly to oil and gas volume increases and higher energy and feedstock costs in the chemical segment. The 2003 amount also includes $156 million for the costs of operating a co-generation facility.

Cost of sales decreased in 2002, compared to 2001, due mainly to lower chemical raw material costs, partially offset by volume increases in oil and gas.

Selling, general and administrative and other operating expenses increased in 2003 compared with 2002. The increases were in several areas. General and administrative costs increased in both oil and gas and corporate infrastructure and general support areas. In addition, non-operating costs were generally higher in international operations, mainly Latin America. Higher oil and gas production taxes reflected the overall increase in worldwide production. Also, additional expense resulted from adoption of the new asset retirement obligation accounting standard.

Selling, general and administrative and other operating expenses increased in 2002, compared to 2001, due mainly to $42 million of chemical asset writedowns in 2002, partially offset by other charges in 2001.

The increase in DD&A in 2003, compared to 2002, and 2002, compared to 2001, was primarily due to the increase in oil and gas production from the prior year and a higher DD&A rate in 2003.

The decrease in exploration expense in 2003, compared to 2002, was primarily due to lower dry hole write-offs and impairment costs and lower seismic, geological and geophysical costs in 2003.

The increase in interest and debt expense in 2003, compared to 2002, reflected a pre-tax debt repayment charge of $61 million in 2003, partially offset by lower interest rates and lower average debt levels. In addition, since Occidental adopted Statement of Financial Accounting Standards (SFAS) No. 150 in July 2003, the 2003 interest expense amount includes six months of interest that had been classified as distributions on trust preferred securities prior to the adoption (see below).

The decrease in interest and debt expense in 2002, compared to 2001, reflects lower average debt levels and lower interest rates.

OTHER ITEMS

In millions	2003	2002	2001
Provision for income taxes	$ 1,227	$ 422	$ 556
Minority interest	$ 62	$ 77	$ 143
Loss from equity investments	$ 9	$ 261	$ 504

The increase in the provision for income taxes in 2003, compared to 2002, reflected an increase in income before taxes. In addition, the 2002 provision for income taxes includes an income tax benefit of $406 million for the sale of the Equistar investment.

The 2001 provision includes income tax benefits of $172 million resulting from the write-down of the Equistar investment, $188 million from the sale of the entity that owns a Texas intrastate natural gas pipeline system, and a $45 million after-tax settlement of a state-tax issue.

The decrease in minority interest in 2003, compared to 2002, resulted from the July 1, 2003 adoption of SFAS No. 150, which required distributions on trust preferred securities to be classified as interest expense. These distributions were previously recorded in minority interest. The decrease in minority interest in 2002, compared to 2001, was due to an $84 million decrease in preferred distributions to the Altura partners. The remaining Altura partnership interests were redeemed in May 2002.

The 2002 loss from equity investments includes a pre-tax loss of $242 million from the sale of the Equistar investment in August 2002. The loss from equity investments in 2001 includes a $412 million pre-tax write-down of Equistar and a loss of $89 million from the Equistar equity investment.

TAXES

Deferred tax liabilities were $926 million at December 31, 2003, net of deferred tax assets of $839 million. The current portion of the deferred tax assets of $75 million is included in prepaid expenses and other. The net deferred tax assets are expected to be realized through future operating income and reversal of taxable temporary differences.

LIQUIDITY AND CAPITAL RESOURCES

FINANCING ACTIVITY

During 2003, Occidental strengthened its liquidity position, generating approximately $3 billion in cash from operations. Although future volatility in commodity prices may result in varying operating cash flows, Occidental believes that cash on hand, cash generated from operating activities, unused committed bank credit lines and other sources of funds, such as debt issued in the capital markets and the receivables sale program, will be adequate to satisfy its future financial obligations and liquidity needs.

As of December 31, 2003, available borrowing capacity under Occidental's unused committed bank credit lines was $1.5 billion. Occidental had approximately $683 million in cash on hand at December 31, 2003, an increase of $537 million from 2002. A portion of the year-end 2003 cash balance was used to redeem all of the outstanding 8.16 percent Trust Preferred Redeemable Securities (trust preferred securities) on January 20, 2004. The trust preferred securities were redeemed at par plus accrued interest, resulting in a decrease in current liabilities of approximately $453 million.

In 2003, Occidental recorded a pre-tax interest charge of $61 million to repay a $450 million 6.4-percent senior notes issue that had ten years of remaining life, but was subject to remarketing on April 1, 2003. Occidental refinanced $300 million of this amount and paid the remaining $150 million out of existing cash.

In 2002, Occidental filed a shelf registration statement for up to $1 billion of various securities, including senior debt securities. In November 2002, Occidental issued $175 million of 4-percent Medium-Term Senior Notes, Series C, and $75 million of 4.101-percent Medium-Term Senior Notes, Series C, due 2007 for general corporate purposes. In March 2003, Occidental issued $300 million of 4.25-percent Medium-Term Senior Notes and used the proceeds to refinance a portion of the $450 million senior notes discussed above. Occidental has $450 million of securities remaining under the shelf registration.

In 2002, Occidental repaid and or redeemed approximately $198 million of senior notes and medium-term notes and a subsidiary of Occidental issued $75 million of preferred stock. Occidental retains all common shares of the subsidiary and elects the majority of the directors. The subsidiary is the holding company for a number of international subsidiaries of Occidental. In the event that the subsidiary fails to pay preferred dividends for two consecutive quarters or upon the occurrence of certain other events, the holder of the preferred stock could gain control of the subsidiary's board of directors.

CASH FLOW ANALYSIS

In millions	2003	2002	2001
Net cash provided by operating activities	$ 3,074	$ 2,100	$ 2,566

The increase in operating cash flow in 2003 compared to 2002 resulted from higher net income.

The lower operating cash flow in 2002, compared with 2001, results from lower core earnings and higher working capital usage.

Non-cash charges in 2003 include deferred compensation, stock incentive plan amortization and environmental remediation accruals. Non-cash charges in 2002 include environmental remediation accruals and the asset writedown for two chemical facilities. Non-cash charges in 2001 include environmental remediation accruals. 2002 and 2001 also include charges for employee benefit plans and other items.

In millions	2003	2002	2001
Net cash used by investing activities	$ (2,021)	$ (1,696)	$ (651)

The 2003 amount includes several Permian Basin acquisitions totaling $317 million.

The 2002 amount includes approximately $349 million for a 24.5-percent interest in the Dolphin Project and Dolphin Energy, including $39 million for historical costs.

The 2001 amount includes the gross proceeds of $863 million from the sale of the entity that owns a Texas intrastate pipeline system and the sale of Occidental's interest in the Tangguh LNG project in Indonesia.

Also, see the "Capital Expenditures" section below.

In millions	2003	2002	2001
Net cash used by financing activities	$ (516)	$ (456)	$ (1,814)

The 2003 amount includes net debt repayments of $334 million.

The 2002 amount reflects the net $179 million buyout of the natural gas delivery commitment and $72 million of net proceeds from the issuance of a subsidiary's preferred stock.

The 2001 amount reflects the repayment of $2.3 billion of long-term and non-recourse debt, partially offset by proceeds of $861 million from new long-term debt.

Occidental paid common stock dividends of $392 million in 2003, $375 million in 2002 and $372 million in 2001.

CAPITAL EXPENDITURES

In millions	2003	2002	2001
Oil and Gas	$ 1,237	$ 1,038	$ 1,138
Chemical	345	109	112
Corporate and other	19	89	58
TOTAL	$ 1,601	$ 1,236	$ 1,308

The 2003 chemical amount includes $180 million for the purchase of a previously leased facility in LaPorte, Texas and $44 million related to the exercise of purchase options for certain leased railcars.

Occidental's capital spending estimate for 2004 is approximately $1.4 billion. In addition, Occidental expects to spend $250 million to $300 million on the Dolphin Project. A majority of the capital spending will be allocated to oil and gas, with the main focus on Qatar, Elk Hills and the Permian Basin.

Commitments at December 31, 2003, for major capital expenditures during 2004 and thereafter were approximately $201 million. Occidental will fund these commitments and capital expenditures with cash from operations and, as needed, with proceeds from existing credit facilities.

ANALYSIS OF FINANCIAL POSITION

The changes in the following components of Occidental's balance sheet are discussed below:

SELECTED BALANCE SHEET COMPONENTS

In millions	2003	2002
Cash and cash equivalents	$ 683	$ 146
Trade receivables, net	$ 804	$ 608
Income tax receivable	$ 20	$ 150
Investments in unconsolidated subsidiaries	$ 1,155	$ 1,056
Property, plant and equipment, net	$ 14,005	$ 13,036
Current maturities of long-term debt and capital lease liabilities	$ 23	$ 206
Accounts payable	$ 909	$ 785
Accrued liabilities	$ 877	$ 914
Dividends payable	$ 101	$ 193
Trust preferred securities - current	$ 453	$ --
Trust preferred securities - non-current	$ --	$ 455
Other deferred credits and liabilities	$ 2,407	$ 2,228
Stockholders' equity	$ 7,929	$ 6,318

The higher balance in cash and cash equivalents at December 31, 2003, compared to December 31, 2002, reflects the build-up of cash, part of which was used to redeem $453 million of trust preferred securities in January 2004. The higher balance in trade receivables at December 31, 2003, compared with December 31, 2002, reflects higher product prices and sales volumes during the fourth quarter of 2003 versus 2002 in the oil and gas segment. The decrease in income tax receivable was due to a 2002 tax receivable from the Equistar sale that was received in 2003. The higher balance in investments in unconsolidated entities primarily reflects a capital contribution to the Ecuador OCP pipeline investment, additional purchases of Lyondell and Premcor stock and mark-to-market increases in the available-for-sale Premcor investment. The increase in the net balance in property, plant and equipment reflects capital spending, the addition of the acquired Permian Basin assets and the consolidation of the OxyMar property, plant and equipment as a result of the adoption of Financial Accounting Standards Board (FASB) Interpretation No. (FIN) 46, partially offset by depreciation, depletion and amortization.

The decrease in current maturities of long-term debt is due to the fact that a lower level of debt will mature in 2004. The increase in accounts payable is due to higher payable balances in the oil and gas marketing and trading operations. The decrease in accrued liabilities is due to lower mark-to-market adjustments on derivative financial instruments. The decrease in dividends payable is due to the fact that at the end of 2002, there were two quarters of dividend accruals due to an early declaration in 2002 of a dividend paid in 2003. At June 30, 2003, pursuant to the adoption of SFAS No. 150, the trust preferred securities were reclassified to long-term liabilities. At year-end 2003, they were further reclassified to current liabilities as Occidental announced its intention to redeem all of the trust preferred securities. On January 20, 2004, all of the trust preferred securities were redeemed. Other deferred credits and liabilities include deferred compensation, other post-retirement benefits, environmental remediation reserves, asset retirement obligations and other deferred items. The increase in other deferred credits and liabilities in 2003, compared to 2002, was primarily due to the asset retirement obligation that was recorded in connection with the adoption of SFAS No. 143. The increase in stockholders' equity primarily reflects net income and issuance of new stock related to options exercised, partially offset by dividends on common stock.

OFF-BALANCE-SHEET ARRANGEMENTS

In the course of its business activities, Occidental pursues a number of projects and transactions to meet its core business objectives. The accounting and financial statement treatment of these transactions is a result of the varying methods of funding employed. Occidental also makes commitments on behalf of unconsolidated entities. These transactions, or groups of transactions, are recorded in compliance with generally accepted accounting principles and, unless otherwise noted, are not reflected on Occidental's balance sheets. The following is a description of the business purpose and nature of these transactions.

DOLPHIN PROJECT

See discussion of the Dolphin Project in the "Business Review - Oil and Gas, Middle East" section of the MD&A above.

ECUADOR

In Ecuador, Occidental has a 14-percent interest in the OCP oil export pipeline. In the second half of 2003, the increased production from the Eden-Yuturi oil field in the southeastern corner of Block 15 coincided with the completion of the pipeline. Occidental made capital contributions of $64 million in 2003 and as of December 31, 2003, has contributed a total of $73 million to the project. Occidental reports this investment in its consolidated statements using the equity method of accounting.

The project was funded in part by senior project debt. The senior project debt is to be repaid with the proceeds of ship-or-pay tariffs of certain upstream producers in Ecuador, including Occidental. Under their ship-or-pay commitments, Occidental and the other upstream producers have each assumed their respective share of project-specific risks, including operating risk and force-majeure risk. Occidental would be required to make an advance tariff payment in the event of prolonged force majeure, upstream expropriation events, bankruptcy of the pipeline company or its parent company, abandonment of the project, termination of an investment guarantee agreement with Ecuador, or certain defaults by Occidental. This advance tariff would be used by the pipeline company to service or prepay project debt. Occidental's obligation relating to the pipeline company's senior project debt totaled $108 million, and Occidental's obligations relating to performance bonds totaled $14 million at December 31, 2003. As Occidental ships product using the pipeline, its overall obligations will decrease with the reduction of the pipeline company's senior project debt.

ELK HILLS POWER

Occidental has a 50-percent interest in Elk Hills Power LLC (EHP), a limited liability company that operates a gas-fired, power-generation plant in California. EHP is a variable-interest entity (VIE) under the provisions of FIN 46. Occidental has concluded it is not the primary beneficiary of EHP and, therefore, accounts for this investment using the equity method. In January 2002, EHP entered into a $400 million construction loan facility, which was amended in May 2003 to increase the facility to $425 million. Upon construction completion on July 17, 2003, the facility converted to a $415 million term loan, 50 percent of which is guaranteed by Occidental.

RECEIVABLES SALE PROGRAM

Occidental has an agreement in place to sell, under a revolving sale program, an undivided interest in a designated pool of trade receivables. This program is used by Occidental as a low-cost source of working capital funding. The balance of receivables sold at December 31, 2003 and 2002 was $360 million. This amount is not included in the debt and related trade receivables accounts, respectively, on Occidental's consolidated balance sheets. Receivables must meet certain criteria to qualify for the program.

Under this program, Occidental serves as the collection agent with respect to the receivables sold. An interest in new receivables is sold as collections are made from customers. Fees and expenses under this program are included in selling, general and administrative and other operating expenses. The fair value of any retained interests in the receivables sold is not material. The buyers of the receivables are protected against significant risk of loss on their purchase of receivables. Occidental provides for allowances for any doubtful receivables based on its periodic evaluation of such receivables. The provisions for such receivables were not material in the years ended December 31, 2003, 2002 and 2001.

The program can terminate upon the occurrence of certain events, which generally are under Occidental's control or relate to bankruptcy. In such an event, alternative funding would have to be arranged, which could result in an increase in debt recorded on the consolidated balance sheet, with a corresponding increase in the accounts receivable balance. The consolidated income statement effect of such an event would not be significant.

LEASES

Occidental has entered into various operating-lease agreements, mainly for railcars, power plants, manufacturing facilities and office space. The leased assets are used in Occidental's operations where leasing offers advantages of greater operating flexibility and generally costs less than alternative methods of funding that were available at the time financing decisions were made. Lease payments are expensed mainly as cost of sales. See contractual obligation table below.

CONTRACTUAL OBLIGATIONS

The table below summarizes and cross-references certain contractual obligations that are reflected in the Consolidated Balance Sheets and/or disclosed in the accompanying Notes.

Contractual Obligations (in millions)	Total	Payments Due by Year 2004	2005 to 2006	2007 to 2008	2009 and thereafter
CONSOLIDATED BALANCE SHEET					
Long-term debt (Note 6) (a)	$ 4,389	$ 476	$ 653	$ 955	$ 2,305
Capital leases (Note 7)	33	1	2	2	28
Other long-term liabilities (b)	658	75	146	102	335
OTHER OBLIGATIONS					
Operating leases (Note 7) (c)	1,332	106	179	137	910
Purchase obligations (d)	2,728	1,657	292	151	628
TOTAL	$ 9,140	$ 2,315	$ 1,272	$ 1,347	$ 4,206

(a) Includes trust preferred securities reported as current liabilities at December 31, 2003, and excludes fair-value hedge mark-to-market adjustments and unamortized debt discounts.

(b) Primarily includes obligations under postretirement benefit and deferred compensation plans.

(c) Amounts are presented gross of sublease rental income.

(d) Primarily includes long-term purchase contracts and purchase orders and contracts for goods and services used in manufacturing and producing operations in the normal course of business. Some of these arrangements involve take-or-pay commitments but they do not represent debt obligations. Due to their long-term nature, purchase contracts with terms greater than 5 years are discounted using a 6-percent discount rate.

LAWSUITS, CLAIMS, COMMITMENTS, CONTINGENCIES AND RELATED MATTERS

OPC and certain of its subsidiaries have been named in a substantial number of lawsuits, claims and other legal proceedings. These actions seek, among other things, compensation for alleged personal injury, breach of contract, property damage, punitive damages, civil penalties or other losses; or injunctive or declaratory relief. OPC and certain of its subsidiaries also have been named in proceedings under the Comprehensive Environmental Response, Compensation and Liability Act (CERCLA) and similar federal, state and local environmental laws. These environmental proceedings seek funding or performance of remediation and, in some cases, compensation for alleged property damage, punitive damages and civil penalties; however, Occidental is usually one of many companies in these proceedings and has to date been successful in sharing response costs with other financially sound companies. With respect to all such lawsuits, claims and proceedings, including environmental proceedings, Occidental accrues reserves when it is probable a liability has been incurred and the amount of loss can be reasonably estimated.

During the course of its operations, Occidental is subject to audit by tax authorities for varying periods in various federal, state, local and foreign tax jurisdictions. Taxable years prior to 1997 are closed for U.S. federal income tax purposes. Taxable years 1997 through 2002 are in various stages of audit by the Internal Revenue Service. Disputes arise during the course of such audits as to facts and matters of law.

Occidental has entered into agreements providing for future payments to secure terminal and pipeline capacity, drilling services, electrical power, steam and certain chemical raw materials. At December 31, 2003, the net present value of the fixed and determinable portion of the obligations under these agreements, which were used to collateralize financings of the respective suppliers, aggregated $45 million, which was payable as follows (in millions): 2004--$12, 2005--$11, 2006--$10, 2007--$9 and 2008--$3. Fixed payments under these agreements were $16 million in 2003, $27 million in 2002 and $20 million in 2001.

Occidental has certain other commitments under contracts, guarantees and joint ventures, and certain other contingent liabilities. Many of these commitments, although not fixed or determinable, involve capital expenditures and are part of the $1.4 billion capital expenditures estimated for 2004, and the $250 to $300 million estimated to be spent on the Dolphin Project in 2004.

As discussed under "Significant Accounting Changes" below, FIN 45 requires the disclosure in Occidental's financial statements of information relating to guarantees issued by Occidental and outstanding at December 31, 2003.

These guarantees encompass performance bonds, letters of credit, indemnities, commitments and other forms of guarantees provided by Occidental to third parties, mainly to provide assurance that Occidental and/or its subsidiaries and affiliates will meet their various obligations (guarantees).

At December 31, 2003, the notional amount of the guarantees was approximately $500 million. Of this amount, approximately $400 million relates to Occidental's guarantee of equity investees' debt and other commitments. The debt guarantees relating to Elk Hills Power and the guarantees on debt and other commitments relating to the Ecuador pipeline have been discussed above in the "Off-Balance-Sheet Arrangements" section. The remaining $100 million relates to various indemnities and guarantees provided to third parties.

Occidental has indemnified various parties against specified liabilities that those parties might incur in the future in connection with purchases and other transactions that they have entered into with Occidental. These indemnities usually are contingent upon the other party incurring liabilities that reach specified thresholds. As of December 31, 2003, Occidental is not aware of circumstances that would lead to future indemnity claims against it for material amounts in connection with these transactions.

It is impossible at this time to determine the ultimate liabilities that OPC and its subsidiaries may incur resulting from any lawsuits, claims and proceedings, audits, commitments, contingencies and related matters. If these matters were to be ultimately resolved unfavorably at amounts substantially exceeding Occidental's reserves, an outcome not currently anticipated, it is possible that such outcome could have a material adverse effect upon Occidental's consolidated financial position or results of operations. However, after taking into account reserves, management does not expect the ultimate resolution of any of these matters to have a material adverse effect upon Occidental's consolidated financial position or results of operations.

ENVIRONMENTAL LIABILITIES AND EXPENDITURES

Occidental's operations in the United States are subject to stringent federal, state and local laws and regulations relating to improving or maintaining environmental quality. Foreign operations also are subject to environmental-protection laws. Costs associated with environmental compliance have increased over time and are generally expected to rise in the future. Environmental expenditures related to current operations are factored into the overall business planning process. These expenditures are mainly considered an integral part of production in manufacturing quality products responsive to market demand.

ENVIRONMENTAL REMEDIATION

The laws that require or address environmental remediation may apply retroactively to past waste disposal practices and releases. In many cases, the laws apply regardless of fault, legality of the original activities or current ownership or control of sites. OPC or certain of its subsidiaries are currently participating in environmental assessments and cleanups under these laws at federal Superfund sites, comparable state sites and other remediation sites, including Occidental facilities and previously owned sites. Also, OPC and certain of its subsidiaries have been involved in a substantial number of governmental and private proceedings involving historical practices at various sites including, in some instances, having been named in proceedings under CERCLA and similar federal, state and local environmental laws. These proceedings seek funding or performance of remediation and, in some cases, compensation for alleged property damage, punitive damages and civil penalties.

Occidental manages its environmental remediation efforts through a wholly owned subsidiary, Glenn Springs Holdings, Inc. (GSH), which reports its results directly to Occidental's corporate management.

The following table presents Occidental's environmental remediation reserves at December 31, 2003, 2002 and 2001 grouped by three categories of environmental remediation sites:

$ amounts in millions	2003		2002		2001	
	# OF SITES	RESERVE BALANCE	# of Sites	Reserve Balance	# of Sites	Reserve Balance
CERCLA & equivalent sites	131	$ 240	124	$ 284	126	$ 320
Active facilities	13	79	14	46	14	59
Closed or sold facilities	39	53	44	63	47	75
TOTAL	183	$ 372	182	$ 393	187	$ 454

The increase in the number of CERCLA and equivalent sites between 2002 and 2003 was primarily in the "minimal/no exposure" category as discussed below.

The following table shows environmental reserve activity for the past three reporting periods:

In millions	2003	2002	2001
Balance - Beginning of Year	$ 393	$ 454	$ 402
Increases to provision including interest accretion	64	25	111
Changes from acquisitions/dispositions	--	--	5
Payments	(83)	(84)	(75)
Other	(2)	(2)	11
Balance - End of Year	$ 372	$ 393	$ 454

Occidental expects to expend funds equivalent to about half of the current environmental reserve over the next three years and the balance over the next ten or more years. Occidental expects that it may continue to incur additional liabilities beyond those recorded for environmental remediation at these and other sites. The range of reasonably possible loss for existing environmental remediation matters could be up to $400 million beyond the amount accrued.

For management's opinion, refer to the "Lawsuits, Claims, Commitments, Contingencies and Related Matters" section above.

CERCLA AND EQUIVALENT SITES

At December 31, 2003, OPC or certain of its subsidiaries have been named in 131 CERCLA or state equivalent proceedings, as shown below.

Description ($ amounts in millions)	# of Sites	Reserve Balance
Minimal/No exposure (a)	109	$ 5
Reserves between $1-10 MM	15	59
Reserves over $10 MM	7	176
TOTAL	131	$ 240

(a) Includes 33 sites for which Maxus Energy Corporation has retained the liability and indemnified Occidental, 7 sites where Occidental has denied liability without challenge, 57 sites where Occidental's reserves are less than $50,000 each, and 12 sites where reserves are between $50,000 and $1 million each.

The seven sites with individual reserves over $10 million in 2003 are a former copper mining and smelting operation in Tennessee, two closed landfills in Western New York, groundwater treatment facilities at three former chemical plants (Western New York, Montague, Michigan and Tacoma, Washington) and a municipal drinking water treatment plant in Western New York.

ACTIVE FACILITIES

Certain subsidiaries of OPC are currently addressing releases of substances from past operations at 13 active facilities. Four facilities -- certain oil and gas properties in the southwestern United States, a chemical plant in Louisiana, a chemical plant in Texas, and a phosphorous recovery operation in Tennessee -- account for 89 percent of the reserves associated with these facilities.

CLOSED OR SOLD FACILITIES

There are 39 sites formerly owned or operated by certain subsidiaries of

OPC that have ongoing environmental remediation requirements. Three sites account for 72 percent of the reserves associated with this group. The three sites are: an active refinery in Louisiana where Occidental indemnifies the current owner and operator for certain remedial actions, a water treatment facility at a former coal mine in Pennsylvania, and a former chemical plant in West Virginia.

ENVIRONMENTAL COSTS

Occidental's costs, some of which may include estimates, relating to compliance with environmental laws and regulations, are shown below for each segment:

In millions	2003	2002	2001
OPERATING EXPENSES			
Oil and Gas	$ 40	$ 32	$ 22
Chemical	49	46	47
	$ 89	$ 78	$ 69
CAPITAL EXPENDITURES			
Oil and Gas	$ 98	$ 70	$ 60
Chemical	15	16	20
	$ 113	$ 86	$ 80
REMEDIATION EXPENSES			
Corporate	$ 63	$ 23	$ 109

Operating expenses are incurred on a continual basis. Capital expenditures relate to longer-lived improvements in currently operating facilities. Remediation expenses relate to existing conditions caused by past operations and do not contribute to current or future revenue generation. Although total costs may vary in any one year, over the long term, segment operating and capital expenditures for environmental compliance generally are expected to increase.

In October 2001, the federal Environmental Protection Agency (EPA) approved a State Implementation Plan (SIP) for eight counties in the Houston-Galveston area of Texas to implement certain requirements of the federal Clean Air Act. The SIP contains provisions requiring the reduction of 80 percent of nitrogen oxide emissions and 60 percent of certain volatile organic compound emissions by November 2007. Occidental operates six facilities that are subject to the SIP's emissions reduction requirements and estimates that its future capital expenditures will total approximately $25 to $30 million for environmental control and monitoring equipment necessary to comply with the SIP. Occidental expects expenditures to end in 2007, although the timing of the expenditures will vary by facility.

Occidental presently estimates that capital expenditures for environmental compliance (including the SIP discussed above) will be approximately $82 million for 2004 and $97 million for 2005.

FOREIGN INVESTMENTS

Portions of Occidental's assets outside North America are exposed to political and economic risks. Occidental conducts its financial affairs so as to mitigate its exposure against those risks. At December 31, 2003, the carrying value of Occidental's assets in countries outside North America aggregated approximately $3.3 billion, or approximately 18 percent of Occidental's total assets at that date. Of such assets, approximately $2.3 billion are located in the Middle East, approximately $759 million are located in Latin America, and substantially all of the remainder are located in Pakistan.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

The process of preparing financial statements in accordance with GAAP requires the management of Occidental to make estimates and judgments regarding certain items and transactions. It is possible that materially different amounts could be recorded if these estimates and judgments change or if the actual results differ from these estimates and judgments. Occidental considers the following to be its most critical accounting policies and estimates that involve the judgment of Occidental's management. There has been no material change to these policies over the past three years. The selection and development of these critical accounting policies and estimates have been discussed with the Audit Committee of the Board of Directors.

OIL AND GAS PROPERTIES

Occidental uses the successful efforts method to account for its oil and gas properties. Under this method, costs of acquiring properties, costs of drilling successful exploration wells and development costs are capitalized. Annual lease rentals, exploration costs, geological, geophysical and seismic costs and exploratory dry-hole costs are expensed as incurred.

Proved oil and gas reserves are the estimated quantities of crude oil, natural gas, and natural gas liquids (NGLs) that geological and engineering data demonstrate with reasonable certainty can be recovered in future years from known reservoirs under existing economic and operating conditions considering future production and development costs. There are several factors that could change Occidental's recorded oil and gas reserves. Occidental receives a share of production from production-sharing contracts to recover its costs and an additional share for profit. Occidental's share of production from these contracts decreases when oil prices improve and increases when oil prices decline. Overall, Occidental's net economic benefit from these contracts is greater at higher oil prices. In other contractual arrangements, sustained lower product prices may lead to a situation where production of proved reserves becomes uneconomical. Estimation of future production and development costs is also subject to change partially due to factors beyond Occidental's control, such as energy costs and inflation or deflation of oil field service costs. These factors, in turn, could lead to a reduction in the quantity of recorded proved reserves. An additional factor that could result in a change of proved reserves is the reservoir decline rates being different from those assumed when the reserves were initially recorded. Overall, Occidental's revisions to proved reserves were positive for 2003, 2002 and 2001 and amounted to less than 1 percent of the total reserves for each year. Additionally, Occidental is required to perform impairment tests pursuant to SFAS No. 144 generally when prices decline and/or reserve estimates change significantly. There have been no impairments of reserves over the past three years.

Depreciation and depletion of oil and gas producing properties is determined by the unit-of-production method and could change with revisions to estimated proved recoverable reserves. The change in the depreciation and depletion rate over the past three years due to revisions of previous reserve estimates has been immaterial.

If Occidental's oil and gas reserves were to change based on the factors mentioned above, the most significant impact would be on the depreciation and depletion rate. For example, a 5-percent increase in the amount of oil and gas reserves would change the rate from $4.82/barrel to $4.58/barrel, which would increase pre-tax income by $48 million annually. A 5-percent decrease in the oil and gas reserves would change the rate from $4.82/barrel to $5.06/barrel and would result in a decrease in pre-tax income of $48 million annually.

A portion of the carrying value of Occidental's oil and gas properties is attributable to unproved properties. At December 31, 2003, the costs attributable to unproved properties were approximately $900 million. These costs are not currently being depreciated or depleted. As exploration and development work progresses and the reserves on these properties are proven, capitalized costs attributable to the properties will be subject to depreciation and depletion. If the exploration and development work were to be unsuccessful, the capitalized costs of the properties related to this unsuccessful work would be expensed in the year in which the determination was made. The timing of any writedowns of these unproven properties, if warranted, depends upon the nature, timing and extent of future exploration and development activities and their results. Occidental believes its exploration and development efforts will allow it to realize the unproved property balance.

CHEMICAL ASSETS

The most critical accounting policy affecting Occidental's chemical assets is the determination of the estimated useful lives of its property, plant and equipment. Occidental's chemical plants are depreciated using either the unit-of-production or straight-line method based upon the estimated useful life of the facilities. The estimated useful lives of Occidental's chemical assets, which range from 3 years to 50 years, are used to compute depreciation expense and are also used for impairment tests. The estimated useful lives used for the chemical facilities are based on the assumption that Occidental will provide an appropriate level of annual expenditures to maintain the facilities in good operating condition. Without these continued expenditures, the useful lives of these plants could significantly decrease. Other factors that could change the estimated useful lives of Occidental's chemical plants include higher or lower product prices, which are particularly affected by both domestic and foreign competition, feedstock costs, energy prices, environmental regulations, competition and technological changes.

Occidental is required to perform impairment tests on its assets whenever events or changes in circumstances lead to a reduction in the estimated useful lives or estimated future cash flows that would indicate that the carrying amount may not be recoverable, or when management's plans change with respect to those assets. Under the provisions of SFAS No. 144, Occidental must compare the undiscounted future cash flows of an asset to its carrying value. The key factors that could significantly affect future cash flows are future product prices, which are particularly affected by both domestic and foreign competition, feedstock costs, energy costs, significantly increased regulation and remaining estimated useful life.

Due to a temporary decrease in demand for some of its products, Occidental temporarily idled an EDC plant in June 2001, a chlor-alkali plant in December 2001 and a portion of a chlor-alkali plant in June 2003. These facilities will remain idle until market conditions improve. Management expects that these plants will become operational in the future. The net book value of these plants was $156 million at December 31, 2003. Based on year-end value, the chlor-alkali plant that closed on December 1, 2001 has a 24-percent minority interest of $28 million. These facilities are periodically tested for impairment and, based on the results, no impairment is deemed necessary at this time. Occidental continues to depreciate these facilities based on their remaining estimated useful lives.

Over the prior three years, the change in the depreciation rate due to changes in estimated useful lives has been immaterial.

Occidental's net property, plant and equipment for chemicals is approximately $2.6 billion and its annual depreciation expense is expected to be approximately $225 million. If the estimated useful lives of Occidental's chemical plants were to decrease based on the factors mentioned above, the most significant impact would be on depreciation expense. For example, a reduction in the remaining useful lives of 20 percent would increase depreciation and reduce pre-tax earnings by approximately $50 million per year.

ENVIRONMENTAL LIABILITIES AND EXPENDITURES

Environmental expenditures that relate to current operations are expensed or capitalized as appropriate. Reserves for estimated costs that relate to existing conditions caused by past operations and that do not contribute to current or future revenue generation are recorded when environmental remedial efforts are probable and the costs can be reasonably estimated. In determining the reserves and the reasonably possible range of loss, Occidental refers to currently available information, including relevant past experience, available technology, regulations in effect, the timing of remediation and cost-sharing arrangements. The environmental reserves are based on management's estimate of the most likely cost to be incurred and are reviewed periodically and adjusted as additional or new information becomes available. For the years ended December 31, 2003 and 2002, Occidental has not accrued any reimbursements or indemnification recoveries for environmental remediation matters as assets. Recoveries and reimbursements are recorded in income when receipt is probable. Environmental reserves are recorded on a discounted basis only when a reserve is initially established and the aggregate amount of the estimated costs for a specific site and the timing of cash payments are reliably determinable. The reserve methodology for a specific site is not modified once it has been established.

Many factors could result in changes to Occidental's environmental reserves and reasonably possible range of loss. The most significant are:

>> The original cost estimate may have been inaccurate.

>> Modified remedial measures might be necessary to achieve the required remediation results. Occidental generally assumes that the remedial objective can be achieved using the most cost-effective technology reasonably expected to achieve that objective. Such technologies may include air sparging or phyto-remediation of shallow groundwater, or limited surface soil removal or in-situ treatment producing acceptable risk assessment results. Should such remedies fail to achieve remedial objectives, more intensive or costly measures may be required.

>> The remedial measure might take more or less time than originally anticipated to achieve the required contaminant reduction. Site-specific time estimates can be affected by factors such as groundwater capture rates, anomalies in subsurface geology, interactions between or among water-bearing zones and non-water-bearing zones, or the ability to identify and control contaminant sources.

>> The regulatory agency might ultimately reject or modify Occidental's proposed remedial plan and insist upon a different course of action.

Additionally, other events might occur that could affect Occidental's future remediation costs, such as:

>> The discovery of more extensive contamination than had been originally anticipated. For some sites with impacted groundwater, accurate definition of contaminant plumes requires years of monitoring data and computer modeling. Migration of contaminants may follow unexpected pathways along geologic anomalies that could initially go undetected. Additionally, the size of the area requiring remediation may change based upon risk assessment results following site characterization or interim remedial measures.

>> Improved remediation technology might decrease the cost of remediation. In particular, for groundwater remediation sites with projected long-term operation and maintenance, the development of more effective treatment technology, or acceptance of alternative and more cost-effective treatment methodologies such as bio-remediation, could significantly affect remediation costs.

>> Laws and regulations might change to impose more or less stringent remediation requirements.

At sites involving multiple parties, Occidental provides environmental reserves based upon its expected share of liability. When other parties are jointly liable, the financial viability of the parties, the degree of their commitment to participate and the consequences to Occidental of their failure to participate are evaluated when estimating Occidental's ultimate share of liability. Based on these factors, Occidental believes that it will not be required to assume a share of liability of other potentially responsible parties, with whom it is alleged to be jointly liable, in an amount that would have a material effect on Occidental's consolidated financial position, liquidity or results of operations.

Most cost sharing arrangements with other parties fall into one of the following three categories:

Category 1: CERCLA or state-equivalent sites wherein Occidental and other alleged potentially responsible parties share the cost of remediation in accordance with negotiated or prescribed allocations;

Category 2: Oil and gas joint ventures wherein each joint venture partner pays its proportionate share of remedial cost; and

Category 3: Contractual arrangements typically relating to purchases and sales of property wherein the parties to the transaction agree to methods of allocating the costs of environmental remediation.

In all three of these categories, Occidental records as a reserve its expected net cost of remedial activities, as adjusted by recognition for any non-performing parties.

In addition to the costs of investigating and implementing remedial measures, which often take in excess of ten years at CERCLA sites, Occidental's reserves include management's estimates of the cost of operation and maintenance of remedial systems. To the extent that the remedial systems are modified over time in response to significant changes in site-specific data, laws, regulations, technologies or engineering estimates, Occidental reviews and changes the reserves accordingly on a site-specific basis.

If the environmental reserve balance were to either increase or decrease based on the factors mentioned above, the amount of the increase or decrease would be immediately recognized in earnings. For example, if the reserve balance were to decrease by 10 percent, Occidental would record a pre-tax gain of $37 million. If the reserve balance were to increase by 10 percent, Occidental would record an additional remediation expense of $37 million.

OTHER LOSS CONTINGENCIES

Occidental is involved with numerous lawsuits, claims, proceedings and audits in the normal course of its operations. Occidental records a loss contingency for these matters when it is probable that an asset has been impaired or a liability has been incurred and the amount of the loss can be reasonably estimated. In addition, Occidental discloses, in aggregate, its exposure to loss in excess of the amount recorded on the balance sheet for these matters if it is reasonably possible that an additional material loss may be incurred. Occidental reviews its loss contingencies on an on-going basis so that they are adequately reserved on the balance sheet.

These reserves are based on judgments made by management with respect to the likely outcome of these matters and are adjusted as appropriate. Management's judgments could change based on new information, changes in laws or regulations, changes in management's plans or intentions, the outcome of legal proceedings, settlements or other factors.

SIGNIFICANT ACCOUNTING CHANGES

Listed below are significant changes in Occidental's accounting principles.

SFAS NO. 132 REVISED

In December 2003, the FASB issued a revision to SFAS No. 132, "Employers Disclosures about Pensions and Other Postretirement Benefits" to improve financial statement disclosures for defined benefit plans. The standard requires that companies provide more details about their plan assets, benefit obligations, cash flows and other relevant information, such as plan assets by category. A description of investment policies and strategies for these asset categories and target allocation percentages or target ranges are also required

in financial statements. This statement is effective for financial statements with fiscal years ending after December 15, 2003. Occidental adopted this statement in the fourth quarter of 2003 and provided the required disclosure in this report.

SFAS NO. 150

In May 2003, the FASB issued SFAS No. 150, "Accounting for Certain Financial Instruments with Characteristics of Both Liabilities and Equity." SFAS No. 150 establishes accounting standards for how a company classifies and measures financial instruments that have characteristics of liabilities and equity. Occidental adopted the provisions of this statement on July 1, 2003. As a result of the adoption, Occidental's mandatorily redeemable trust preferred securities are now classified as a liability and the payments to the holders of the securities, which were previously recorded as minority interest on the statement of operations, are recorded as interest expense. On January 20, 2004, all of the trust preferred securities were redeemed.

SFAS NO. 149

In April 2003, the FASB issued SFAS No. 149, "Amendment of Statement 133 on Derivative Instruments and Hedging Activities." SFAS No. 149 amends and clarifies financial accounting and reporting for derivative instruments. This statement is effective for contracts entered into or modified after June 30, 2003. Occidental adopted this statement in the third quarter of 2003 and it did not have a material effect on its financial statements.

FIN 46 AND FIN 46-R (REVISED)

In January 2003, the FASB issued FIN 46, "Consolidation of Variable Interest Entities." FIN 46 requires a company to consolidate a VIE if it is designated as the primary beneficiary of that entity even if the company does not have a majority of voting interests. A VIE is generally defined as an entity whose equity is unable to finance its activities or whose owners lack the risks and rewards of ownership. The statement also imposes disclosure requirements for all the VIEs of a company, even if the company is not the primary beneficiary. The provisions of this statement apply at inception for any entity created after January 31, 2003. Occidental adopted the provisions of this Interpretation for its existing entities on April 1, 2003, which resulted in the consolidation of its OxyMar investment. As a result of the OxyMar consolidation, assets increased by $166 million and liabilities increased by $178 million. There was no material effect on net income as a result of the consolidation. In September 2003, Marubeni indicated it would exercise its option to put its interest in OxyMar to Occidental by paying approximately $25 million to Occidental. In connection with the transfer, which is expected to be complete in April 2004, Occidental will assume Marubeni's guarantee of OxyMar's debt. As all the OxyMar debt is already consolidated in Occidental's financial statements with the adoption of FIN 46, the exercise of the put will not have a material effect on Occidental's financial position or results of operations.

See "Off-Balance-Sheet Arrangements - Elk Hills Power" for information on VIEs where Occidental is not the primary beneficiary.

In December 2003, the FASB revised FIN 46 to exempt certain entities from its requirements and to clarify certain issues arising during the initial implementation of FIN 46. Occidental will adopt the revised interpretation in the first quarter of 2004 and it is not expected to have an impact on the financial statements when adopted.

FIN 45

In January 2003, the FASB issued FIN 45, "Guarantor's Accounting and Disclosure Requirements for Guarantees, Including Indirect Guarantees of Indebtedness of Others." FIN 45 requires a company to recognize a liability for the obligations it has undertaken in issuing a guarantee. This liability would be recorded at the inception of a guarantee and would be measured at fair value. FIN 45 also requires certain disclosures related to guarantees, which are included in Note 9. Occidental adopted the measurement provisions of this statement in the first quarter of 2003 and it did not have an effect on the financial statements when adopted.

EITF ISSUE NO. 02-3

In the third quarter of 2002, Occidental adopted certain provisions of Emerging Issues Task Force (EITF) Issue No. 02-3, "Issues involved in Accounting for Derivative Contracts Held for Trading Purposes and Contracts Involved in Energy Trading and Risk Management Activities." These provisions prescribed significant changes in how revenue from energy trading is recorded. Historically, Occidental had two major types of oil and gas revenues: (1) revenues from its equity production; and (2) revenues from the sale of oil and gas produced by other companies, but purchased and resold by Occidental, referred to as revenue from trading activities. Both types of sales involve physical deliveries and had been historically recorded on a gross basis in accordance with generally accepted accounting principles. With the adoption of EITF Issue No. 02-3, Occidental now reflects the revenue from trading activities on a net basis. There were no changes in gross margins, net income, cash flow or earnings per share for any period as a result of adopting this requirement. However, net sales and cost of sales were reduced by equal and offsetting amounts to reflect the adoption of this requirement. For the years ended December 31, 2002 and 2001, net sales and cost of sales were reduced from amounts previously reported by approximately $2.2 billion (representing amounts for the first two quarters of 2002) and $5.8 billion, respectively, to conform to the current presentation.

Since 1999, Occidental has accounted for certain energy-trading contracts in accordance with EITF Issue No. 98-10, "Accounting for Contracts Involved in Energy Trading and Risk Management Activities." EITF Issue No. 98-10 required that all energy-trading contracts must be marked to fair value with gains and losses included in earnings, whether the contracts were derivatives or not.

In October 2002, the EITF rescinded EITF Issue No. 98-10 thus precluding mark-to-market accounting for all energy-trading contracts that are not derivatives and fair value accounting for inventories purchased from third parties. Also, the rescission requires derivative gains and losses to be presented net on the income statement, whether or not they are physically settled, if the derivative instruments are held for trading purposes. Occidental adopted this accounting change in the first quarter of 2003 and recorded a cumulative effect of a change in accounting principles charge of approximately $18 million, after tax.

SFAS NO. 146

In July 2002, the FASB issued SFAS No. 146, "Accounting for Costs Associated with Exit or Disposal Activities." SFAS No. 146 requires that a liability be recognized for exit and disposal costs only when the liability has been incurred and when it can be measured at fair value. The statement is effective for exit and disposal activities that are initiated after December 31, 2002. Occidental adopted SFAS No. 146 in the first quarter of 2003 and it did not have a material effect on its financial statements.

SFAS NO. 145

In April 2002, the FASB issued SFAS No. 145, "Rescission of FASB Statements No. 4, 44, and 64, Amendment of FASB Statement No. 13, and Technical Corrections." In addition to amending or rescinding other existing authoritative pronouncements to make various technical corrections, clarify meanings, or describe their applicability under changed conditions, SFAS No. 145 precludes companies from recording gains and losses from the extinguishment of debt as an extraordinary item. Occidental implemented SFAS No. 145 in the fourth quarter of 2002 and all comparative financial statements have been reclassified to conform to the 2002 presentation. Since Occidental had no 2002 extraordinary items, there was no effect on the 2002 presentation. The effects of the statement on prior years include the reclassification of an extraordinary loss to net income from continuing operations of $8 million ($0.02 per share) in 2001. There was no effect on net income or basic earnings per common share upon adoption.

SFAS NO. 143

In June 2001, the FASB issued SFAS No. 143, "Accounting for Asset Retirement Obligations." SFAS No. 143 addresses financial accounting and reporting for obligations associated with the retirement of tangible long-lived assets and the associated asset retirement costs. Under SFAS No. 143, companies are required to recognize the fair value of a liability for an asset retirement obligation in the period in which the liability is incurred if there is a legal obligation to dismantle the asset and reclaim or remediate the property at the end of the useful life. Occidental adopted SFAS No. 143 in the first quarter of 2003. The initial adoption resulted in an after-tax charge of $50 million, which was recorded as a cumulative effect of a change in accounting principles. The adoption increased net property, plant and equipment by $73 million, increased asset retirement obligations by $151 million and decreased deferred tax liabilities by $28 million. The pro-forma asset retirement obligation, if the adoption of this statement had occurred on January 1, 2002, would have been $131 million at January 1, 2002 and $151 million at December 31, 2002.

SFAS NO. 142

In June 2001, the FASB issued SFAS No. 142, "Goodwill and Other Intangible Assets." SFAS No. 142 changes the accounting and reporting requirements for acquired goodwill and intangible assets. The provisions of this statement are applied to companies starting with fiscal years beginning after December 15, 2001. At December 31, 2001, the balance sheet included approximately $108 million of goodwill and intangible assets with annual amortization expense of approximately $6 million recorded in each of the years' income statements for the three-year period ended December 31, 2001. As a result, elimination of goodwill amortization would not have had a material impact on net income or earnings per share of any of the years presented and, as a result, the transitional disclosures of adjusted net income excluding goodwill amortization described by SFAS No. 142 have not been presented. Upon implementation of SFAS No. 142 in the first quarter of 2002, three separate specialty chemical businesses were identified as separate reporting units and tested for goodwill impairment. All three of these businesses are components of the chemical segment. The fair value of each of the three reporting units was determined through third party appraisals. The appraisals determined fair value to be the price that the assets could be sold for in a current transaction between willing parties. As a result of the impairment testing, Occidental recorded a cumulative effect of changes in accounting principles after-tax reduction in net income of approximately $95 million due to the impairment of all the goodwill attributed to these reporting units.

SFAS NO. 133

On January 1, 2001, Occidental adopted SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities," as amended. This statement established accounting and reporting standards for derivative instruments and hedging activities and required an entity to recognize derivatives on the balance sheet and measure those instruments at fair value. Changes in the derivative instrument's fair value must be recognized in earnings unless specific hedge accounting criteria are met. Adoption of this new accounting standard resulted in cumulative after-tax reductions in net income of approximately $24 million and Other Comprehensive Income (OCI) of approximately $27 million in the first quarter of 2001. The adoption also increased total assets by $588 million and total liabilities by $639 million as of January 1, 2001.

INTANGIBLE ASSETS

The EITF currently is deliberating on EITF No. 03-O, "Whether Mineral Rights Are Tangible or Intangible Assets" and EITF No. 03-S "Application of FASB Statement No. 142, Goodwill and Other Intangible Assets, to Oil and Gas Companies." These proposed statements will determine whether contract-based oil and gas mineral rights are classified as tangible or intangible assets based on the EITF's interpretation of SFAS No. 141 and SFAS No. 142. Historically, Occidental has classified all of its contract-based mineral rights within property, plant and equipment and has generally not identified these amounts separately. If the EITF determines that these mineral rights should be presented as intangible assets, Occidental would have to reclassify its contract-based oil and gas mineral rights acquired after June 30, 2001 to intangible assets and make additional disclosures in accordance with SFAS No. 142. If Occidental adopted this change, approximately $492 million and $226 million of the property, plant and equipment balance would be reclassified to intangible assets at December 31, 2003 and 2002, respectively. These amounts, which are net of accumulated depreciation, depletion and amortization, include approximately $475 million and $210 million of mineral rights related to proved properties at December 31, 2003 and 2002, respectively. Occidental has been amortizing these amounts under the unit-of-production method and would continue to amortize the mineral rights under this method. Based on its understanding of the scope of the EITF deliberations, Occidental believes the adoption of this potential decision would have no material effect on its results of operations.

DERIVATIVE ACTIVITIES AND MARKET RISK

GENERAL

Occidental's market risk exposures relate primarily to commodity prices and, to a lesser extent, interest rates and foreign currency exchange rates. Occidental periodically enters into derivative instrument transactions to reduce these price and rate fluctuations. A derivative is a financial instrument which derives its value from another instrument or variable.

In general, the fair value recorded for derivative instruments is based on quoted market prices, dealer quotes and the Black-Scholes or similar valuation models.

ACCOUNTING FOR DERIVATIVES AND DEFINITIONS

Occidental applies either fair value or cash flow hedge accounting when transactions meet specified criteria to obtain hedge accounting treatment. If the derivative does not qualify as a hedge or is not designated as a hedge, the gain or loss is immediately recognized in earnings. If the derivative qualifies for hedge accounting, the gain or loss on the derivative is either recognized in income with an offsetting adjustment to the basis of the item being hedged for fair value hedges, or deferred in OCI to the extent the hedge is effective for cash flow hedges.

A hedge is regarded as highly effective and qualifies for hedge accounting if, at inception and throughout its life, it is expected that changes in the fair value or cash flows of the hedged item are almost fully offset by the changes in the fair value or changes in cash flows of the hedging instrument and actual effectiveness is within a range of 80 percent to 125 percent. In the case of hedging a forecasted transaction, the transaction must be highly probable and must present an exposure to variations in cash flows that could ultimately affect reported net profit or loss. Occidental discontinues hedge accounting when it is determined that a derivative has ceased to be highly effective as a hedge; when the derivative expires, or is sold, terminated, or exercised; when the hedged item matures or is sold or repaid; or when a forecasted transaction is no longer deemed highly probable.

COMMODITY PRICE RISK

GENERAL

Occidental's results are sensitive to fluctuations in crude oil and natural gas prices. Based on current levels of production, if oil prices vary overall by $1 per barrel, it would have approximately a $125 million annual effect on income before U.S. income tax. If natural gas prices vary by $0.25 per MCF, it would have approximately a $48 million annual effect on income before U.S. income tax. If production levels change in the future, the sensitivity of Occidental's results to oil and gas prices also would change.

Occidental's results are also sensitive to fluctuations in chemical prices. If chlorine and caustic soda prices vary by $10/ton, it would have approximately a $12 million and $25 million, respectively, annual effect on income before U.S. income taxes. If PVC prices vary by $.01/lb, it would have approximately a $27 million annual effect on income before U.S. income taxes. If EDC prices vary by $10/ton, it would have approximately a $3 million annual effect on income before U.S. income taxes. Historically, price changes either precede or follow raw material and feedstock price changes; therefore, the margin improvement of price changes can be mitigated. According to Chemical Market Associates, Inc., December 2003 average contract prices were: chlorine--$203/ton, caustic soda--$133/ton, PVC--$0.44/lb and EDC--$228/ton.

MARKETING AND TRADING OPERATIONS

Occidental periodically uses different types of derivative instruments to achieve the best prices for oil and gas. Derivatives are also used by Occidental to reduce its exposure to price volatility and mitigate fluctuations in commodity-related cash flows. Occidental enters into low-risk marketing and trading activities through its separate marketing organization, which operates under established policy controls and procedures. With respect to derivatives used in its oil and gas marketing operations, Occidental utilizes a combination of futures, forwards, options and swaps to offset various physical transactions. Overall, Occidental has a low level of involvement in the hedging of long-term oil and gas prices and its use of derivatives in hedging activity remains at a correspondingly low level.

In September 2002, Occidental unwound its natural gas delivery commitment and corresponding natural gas price swap which were entered into in November 1998. Occidental recognized a pre-tax loss of $3 million related to these transactions.

RISK MANAGEMENT

Occidental conducts its risk management activities for energy commodities (which include buying, selling, marketing, trading, and hedging activities) under the controls and governance of its Risk Management Policy. The Chief Financial Officer and Risk Management Committee, comprising members of Occidental's management, oversee these controls, which are implemented and enforced by the Trading Control Officer. The Trading Control Officer provides an independent and separate check on results of marketing and trading activities. Controls for energy commodities include limits on credit, limits on trading, segregation of duties, delegation of authority and a number of other policy and procedural controls.

FAIR VALUE OF CONTRACTS

The following tables reconcile the changes in the fair value of Occidental's marketing and trading contracts during 2003 and 2002 and segregate the open contracts at December 31, 2003 by maturity periods.

In millions	2003	2002 (a)
Fair value of contracts outstanding at beginning of year	$ (2)	$ 43
Losses(gains) on changes on contracts realized or otherwise settled during the year	50	(17)
Changes in fair value attributable to changes in valuation techniques and assumptions	--	--
(Gains)losses on other changes in fair values	(16)	(28)
Fair value of contracts outstanding at end of year	$ 32	$ (2)

(a) Amounts have been reclassified to conform to current presentation.

Source of Fair Value	Maturity Periods 2004	2005 to 2006	2007 to 2008	2009 and thereafter	Total Fair Value
Prices actively quoted	$ 13	$ 6	$ --	$ --	$ 19
Prices provided by other external sources	7	2	4	3	16
Prices based on models and other valuation methods	(3)	--	--	--	(3)
TOTAL	$ 17	$ 8	$ 4	$ 3	$ 32

The tables above include the fair value of physical positions and the fair value of the related financial instruments for trading and marketing operations. At December 31, 2003 and 2002, the physical positions were a net gain of $10 million and $6 million, respectively. The value of the derivative financial instruments that offset these physical positions are a net gain of $22 million and a net loss of $8 million at December 31, 2003 and 2002, respectively. Gains and losses are netted in the statement of operations. On the balance sheets, except where a right of set-off exists, gains are recognized as assets and losses are recognized as liabilities.

COMMODITY HEDGES

On a limited basis, Occidental uses cash-flow hedges for the sale of crude oil and natural gas production. Crude oil cash-flow hedges were executed for approximately 20 percent of total U.S. oil production in 2002. Natural gas cash-flow hedges were executed for approximately 7 percent of total U.S. 2002 gas production. Occidental's commodity cash-flow-hedging instruments in 2002 were highly effective. At December 31, 2002, all of these cash-flow hedges had been settled. No fair value hedges were used for oil and gas production during 2003 or 2002 and no cash flow hedges were used for the sale of production in 2003.

QUANTITATIVE INFORMATION

Occidental uses value at risk to estimate the potential effects of changes in fair values of commodity-based derivatives and commodity contracts used in trading activities. This method determines the maximum potential negative short-term change in fair value with a 95-percent level of confidence. For non-trading activities, there were no material amounts outstanding at December 31, 2003.

The value at risk for both oil and natural gas is summarized below:

MARKETING AND TRADING VALUE AT RISK

For the years ended December 31, (in millions)	2003	2002
Value at Risk - Oil		
High during the year	$ --	$ 1
Low during the year	--	--
Average for the year	--	1
Value at Risk - Natural Gas		
High during the year	$ 3	$ 1
Low during the year	--	--
Average for the year	1	1

INTEREST RATE RISK

GENERAL

Occidental is exposed to risk resulting from changes in interest rates and it enters into various derivative financial instruments to manage interest-rate exposure. Interest-rate swaps, forward locks and futures contracts are entered into periodically as part of Occidental's overall strategy.

HEDGING ACTIVITIES

Occidental has entered into several interest-rate swaps that qualified for fair-value hedge accounting. These derivatives effectively convert approximately $1.8 billion of fixed-rate debt to variable-rate debt with maturities ranging from 2005 to 2009.

Occidental was a party to a series of forward interest-rate locks, which qualified as cash-flow hedges. The hedges were related to the construction of a cogeneration plant leased by Occidental that was completed in December 2002. The remaining loss on the hedges through December 2003 was approximately $21 million after-tax, which is recorded in accumulated OCI and is being recognized in earnings over the lease term of 26 years on a straight-line basis.

Certain of Occidental's equity investees have entered into additional derivative instruments that qualified as cash-flow hedges. Occidental reflects its proportionate share of these cash-flow hedges in OCI.

TABULAR PRESENTATION OF INTEREST RATE RISK
In millions of U.S. dollars, except rates

Year of Maturity	U.S. Dollar Fixed Rate	U.S. Dollar Variable Rate(a)	Grand Total (a)
2005	$ --	$ 157	$ 157
2006	46	450	496
2007	--	550	550
2008	10	395	405
2009	--	276	276
Thereafter	1,914	115	2,029
TOTAL	$ 1,970	$ 1,943	$ 3,913
Average interest rate	7.17%	3.21%	5.20%
Fair Value	$ 2,330	$ 2,160	$ 4,490

(a) Includes fixed-rate debt with fair-value hedges but excludes $87 million of mark-to-market adjustments related to such hedges and $7 million of unamortized debt discounts.

CREDIT RISK

Occidental's energy contracts are spread among numerous counterparties. Creditworthiness is reviewed before doing business with a new counterparty and on an ongoing basis. Occidental monitors aggregated counterparty exposure relative to credit limits, and manages credit-enhancement issues. Credit exposure for each customer is monitored for outstanding balances, current month activity, and forward mark-to-market exposure.

FOREIGN CURRENCY RISK

Several of Occidental's foreign operations are located in countries whose currencies generally depreciate against the U.S. dollar. Typically, effective currency forward markets do not exist for these countries. Therefore, Occidental attempts to manage its exposure primarily by balancing monetary assets and liabilities and maintaining cash positions only at levels necessary for operating purposes. Generally, international crude oil sales are denominated in U.S. dollars. Additionally, all of Occidental's oil and gas foreign entities have the U.S. dollar as the functional currency. However, in one foreign chemical subsidiary where the local currency is the functional currency, Occidental has exposure on U.S. dollar-denominated debt that is not material. At December 31, 2003 and 2002, Occidental had not entered into any foreign currency derivative instruments. The effect of exchange-rate transactions in foreign currencies is included in periodic income.

DERIVATIVE AND FAIR VALUE DISCLOSURES

The following table shows derivative financial instruments included in the consolidated balance sheets:

Balance at December 31, (in millions)	2003	2002
Derivative financial instrument assets (a)		
Current	$ 138	$ 164
Non-current	118	157
	$ 256	$ 321
Derivative financial instrument liabilities (a)		
Current	$ 85	$ 115
Non-current	23	23
	$ 108	$ 138

(a) Amounts include energy-trading contracts.

As a result of fair-value hedges, the amount of interest expense recorded in the income statement was lower by approximately $58 million and $45 million for the years ended December 31, 2003 and 2002, respectively.

The following table summarizes after-tax derivative activity recorded in OCI:

For the years ended December 31, (in millions)	2003	2002

Beginning Balance	$ (26)	$ (20)
Losses from changes in current cash flow hedges	(17)	(14)
Amount reclassified to income	19	8
Ending Balance	$ (24)	$ (26)

During the next twelve months, Occidental expects that approximately $3 million of net derivative after-tax losses included in OCI, based on their valuation at December 31, 2003, will be reclassified into earnings when the hedged transactions close. Hedge ineffectiveness did not have a significant impact on earnings for the years ended December 31, 2003 and 2002.

SELECTED CASH-FLOW INFORMATION

Occidental calculates chemical segment free cash flow as segment income, adding back depreciation, depletion and amortization, and subtracting from that amount total capital expenditures, excluding acquisitions. Occidental believes that free cash flow is useful to investors as an indicator of Occidental's ability to generate positive cash results to service and/or repay debt and generate cash for acquisitions and other investments. Free cash flow does not represent residual cash flow available for discretionary expenditures. Changes in working capital are not reflected in free cash flow, and Occidental has certain non-discretionary obligations, such as debt service, that are not deducted from this measure. In addition, this measure should not be considered in isolation or as a substitute for measures prepared in accordance with GAAP or as a measure of profitability or liquidity. Free cash flow as presented herein may not be comparable to similarly titled measures reported by other companies. There is no comparable segment cash-flow measure available under GAAP.

In addition, Occidental discloses cumulative net pre-tax cash flows generated by particular properties, which it believes is an important indicator of cumulative life-to-date performance. There is no comparable property level cash flow measure available under GAAP.

Chemical segment free cash flow is calculated as follows:

In millions	2003
Segment earnings	$ 210
Depreciation, depletion and amortization	205
Capital spending (a)	(121)
Free Cash Flow (b)	$ 294

(a) Excludes $180 million for the purchase of a previously leased facility in LaPorte, Texas and $44 million related to the exercise of purchase options for certain leased railcars.

(b) Excludes working capital changes.

SAFE HARBOR STATEMENT REGARDING OUTLOOK AND OTHER FORWARD-LOOKING DATA

Portions of this report, including Items 1 and 2 and the information appearing under the caption "Management's Discussion and Analysis of Financial Condition and Results of Operations," including the information under the sub-caption "2004 Outlook," contain forward-looking statements and involve risks and uncertainties that could significantly affect expected results of operations, liquidity, cash flows and business prospects. Factors that could cause results to differ materially include, but are not limited to: global commodity pricing fluctuations; competitive pricing pressures; higher than expected costs including feedstocks; crude oil and natural gas prices; chemical prices; potential liability for remedial actions under existing or future environmental regulations and litigation; potential liability resulting from pending or future litigation; general domestic and international political conditions; potential disruption or interruption of Occidental's production or manufacturing facilities due to accidents, political events or insurgent activity; potential failure to achieve expected production from existing and future oil and gas development projects; the supply/demand considerations for Occidental's products; any general economic recession or slowdown domestically or internationally; regulatory uncertainties; and not successfully completing, or any material delay of, any development of new fields, expansion, capital expenditure, efficiency improvement project, acquisition or disposition. Forward-looking statements are generally accompanied by words such as "estimate", "project", "predict", "will", "anticipate", "plan", "intend", "believe", "expect" or similar expressions that convey the uncertainty of future events or outcomes. Occidental expressly disclaims any obligation to publicly update or revise any forward-looking statements, whether as a result of new information or otherwise. In light of these risks, uncertainties and assumptions, the forward-looking events discussed might not occur.

REPORT OF MANAGEMENT

The management of Occidental Petroleum Corporation is responsible for the integrity of the financial data reported by Occidental and its subsidiaries. Fulfilling this responsibility requires the preparation and presentation of consolidated financial statements in accordance with generally accepted accounting principles. Management uses internal accounting controls, corporate-wide policies and procedures and judgment so that such statements reflect fairly Occidental's consolidated financial position, results of operations and cash flows.

ITEM 8 FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

REPORT OF INDEPENDENT AUDITORS

To the Board of Directors and Stockholders, Occidental Petroleum Corporation:

We have audited the consolidated balance sheets of Occidental Petroleum Corporation and its subsidiaries (the Company) as of December 31, 2003 and 2002, and the related consolidated statements of operations, stockholders' equity, comprehensive income, and cash flows for each of the years in the three-year period ended December 31, 2003. In connection with our audits of the consolidated financial statements, we also have audited the accompanying financial statement schedule. These consolidated financial statements and financial statement schedule are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements and financial statement schedule based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Occidental Petroleum Corporation and its subsidiaries as of December 31, 2003 and 2002, and the results of their operations and their cash flows for each of the years in the three-year period ended December 31, 2003, in conformity with accounting principles generally accepted in the United States of America. Also in our opinion, the related financial statement schedule, when considered in relation to the basic consolidated financial statements taken as a whole, presents fairly, in all material respects, the information set forth therein.

As explained in Note 4 to the financial statements, effective January 1, 2003, the Company changed its method of accounting for inventories purchased from third parties and its method of accounting for asset retirement obligations. Effective April 1, 2003, the Company changed its method of accounting for the consolidation of variable interest entities. Effective July 1, 2003, the Company changed its method of accounting for certain financial instruments with characteristics of both liabilities and equity. Effective January 1, 2002, the Company changed its method of accounting for the impairment of goodwill and other intangibles. Effective January 1, 2001, the Company changed its method of accounting for derivative instruments and hedging activities.

/s/ KPMG LLP
Los Angeles, California
February 13, 2004

CONSOLIDATED STATEMENTS OF OPERATIONS
In millions, except per-share amounts

Occidental Petroleum Corporation
and Subsidiaries

For the years ended December 31,	2003	2002	2001
REVENUES			
Net sales	$ 9,326	$ 7,338	$ 8,102
Interest, dividends and other income	89	143	223
Gains on disposition of assets, net	32	10	10
	9,447	7,491	8,335
COSTS AND OTHER DEDUCTIONS			
Cost of sales	3,988	3,385	3,626
Selling, general and administrative and other operating expenses	855	677	668
Depreciation, depletion and amortization	1,177	1,012	965
Environmental remediation	63	23	109
Exploration expense	139	176	184
Interest and debt expense, net	332	295	401
	6,554	5,568	5,953
INCOME BEFORE TAXES AND OTHER ITEMS	2,893	1,923	2,382
Provision for domestic and foreign income and other taxes	1,227	422	556
Minority interest	62	77	143
Loss from equity investments	9	261	504
INCOME FROM CONTINUING OPERATIONS	1,595	1,163	1,179
Discontinued operations, net	--	(79)	(1)
Cumulative effect of changes in accounting principles, net	(68)	(95)	(24)
NET INCOME	$ 1,527	$ 989	$ 1,154
BASIC EARNINGS PER COMMON SHARE			
Income from continuing operations	$ 4.16	$ 3.09	$ 3.16
Discontinued operations, net	--	(0.21)	--
Cumulative effect of changes in accounting principles, net	(0.18)	(0.25)	(0.06)
BASIC EARNINGS PER COMMON SHARE	$ 3.98	$ 2.63	$ 3.10
DILUTED EARNINGS PER COMMON SHARE			
Income from continuing operations	$ 4.11	$ 3.07	$ 3.15
Discontinued operations, net	--	(0.21)	--
Cumulative effect of changes in accounting principles, net	(0.18)	(0.25)	(0.06)
DILUTED EARNINGS PER COMMON SHARE	$ 3.93	$ 2.61	$ 3.09
DIVIDENDS PER COMMON SHARE	$ 1.04	$ 1.00	$ 1.00

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

CONSOLIDATED BALANCE SHEETS
In millions, except share amounts

Occidental Petroleum Corporation
and Subsidiaries

Assets at December 31,	2003	2002
CURRENT ASSETS		
Cash and cash equivalents	$ 683	$ 146
Trade receivables, net of reserves of $24 in 2003 and $28 in 2002	804	608
Receivables from joint ventures, partnerships and other	330	321
Inventories	510	491
Income tax receivable	20	150
Prepaid expenses and other	127	157
TOTAL CURRENT ASSETS	2,474	1,873
LONG-TERM RECEIVABLES, NET	264	275
INVESTMENTS IN UNCONSOLIDATED ENTITIES	1,155	1,056
PROPERTY, PLANT AND EQUIPMENT		
Oil and gas segment, successful efforts method	16,698	15,440
Chemical segment	4,499	3,689
Corporate and other	275	302
	21,472	19,431
Accumulated depreciation, depletion and amortization	(7,467)	(6,395)
	14,005	13,036
OTHER ASSETS	270	308
	$ 18,168	$ 16,548

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

CONSOLIDATED BALANCE SHEETS
In millions, except share amounts

Occidental Petroleum Corporation
and Subsidiaries

Liabilities and Equity at December 31,	2003	2002
CURRENT LIABILITIES		
Current maturities of long-term debt and capital lease liabilities	$ 23	$ 206
Accounts payable	909	785
Accrued liabilities	877	914
Dividends payable	101	193
Domestic and foreign income taxes	163	137
Trust preferred securities	453	--
TOTAL CURRENT LIABILITIES	2,526	2,235
LONG-TERM DEBT, NET OF CURRENT MATURITIES AND UNAMORTIZED DISCOUNT	3,993	3,997
TRUST PREFERRED SECURITIES	--	455
DEFERRED CREDITS AND OTHER LIABILITIES		
Deferred and other domestic and foreign income taxes	1,001	982
Other	2,407	2,228
	3,408	3,210
CONTINGENT LIABILITIES AND COMMITMENTS		
MINORITY INTEREST	312	333
STOCKHOLDERS' EQUITY		
Nonredeemable preferred stock; $1.00 par value, authorized 50 million shares; outstanding shares: 2003 -- none and 2002 -- none	--	--
Common stock, $.20 par value; authorized 500 million shares; outstanding shares: 2003 -- 387,047,948 and 2002 -- 377,860,191	77	75
Additional paid-in capital	4,272	3,967
Retained earnings	3,530	2,303
Accumulated other comprehensive income(loss)	50	(27)
	7,929	6,318
	$ 18,168	$ 16,548

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

	Common Stock	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income(Loss)
BALANCE, DECEMBER 31, 2000	$ 74	$ 3,743	$ 1,007	$ (50)
Net income	--	--	1,154	--
Other comprehensive loss, net of tax	--	--	--	(36)
Dividends on common stock	--	--	(373)	--
Issuance of common stock	--	19	--	--
Exercises of options and other, net	1	95	--	--
BALANCE, DECEMBER 31, 2001	$ 75	$ 3,857	$ 1,788	$ (86)
Net income	--	--	989	--
Other comprehensive income, net of tax	--	--	--	59
Dividends on common stock	--	--	(474)	--
Issuance of common stock	--	22	--	--
Exercises of options and other, net	--	88	--	--
BALANCE, DECEMBER 31, 2002	$ 75	$ 3,967	$ 2,303	$ (27)
Net income	--	--	1,527	--
Other comprehensive income, net of tax	--	--	--	77
Dividends on common stock	--	--	(300)	--
Issuance of common stock	--	11	--	--
Exercises of options and other, net	2	294	--	--
BALANCE, DECEMBER 31, 2003	$ 77	$ 4,272	$ 3,530	$ 50

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
In millions

For the years ended December 31,	2003	2002	2001
Net income	$ 1,527	$ 989	$ 1,154
Other comprehensive income(loss) items:			
Foreign currency translation adjustments (a)	38	5	(12)
Derivative mark-to-market adjustments (b)	2	(6)	(20)
Minimum pension liability adjustments (c)	13	(5)	(6)
Unrealized gains on securities (d)	24	65	2
Other comprehensive income(loss), net of tax	77	59	(36)
Comprehensive income	$ 1,604	$ 1,048	$ 1,118

(a) Net of tax of $15 million, $0 million and $0 million in 2003, 2002 and 2001, respectively.
(b) Net of tax of $1 million, $(5) million and $(11) million in 2003, 2002 and 2001, respectively.
(c) Net of tax of $7 million, $(3) million and $(3) million in 2003, 2002 and 2001, respectively.
(d) Net of tax of $13 million, $35 million and $0 million in 2003, 2002 and 2001, respectively.

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

CONSOLIDATED STATEMENTS OF CASH FLOWS
In millions

Occidental Petroleum Corporation
and Subsidiaries

For the years ended December 31,	2003	2002	2001
CASH FLOW FROM OPERATING ACTIVITIES			
Income from continuing operations	$ 1,595	$ 1,163	$ 1,179
Adjustments to reconcile income to net cash provided by operating activities:			
Depreciation, depletion and amortization of assets	1,177	1,012	965
Amortization of debt discount and deferred financing costs	6	7	5
Deferred income tax provision(benefit)	61	(141)	(183)
Other noncash charges to income	313	62	106
Gains on disposition of assets, net	(32)	(10)	(10)
Loss from equity investments	9	261	504
Dry hole and impairment expense	80	96	99
Changes in operating assets and liabilities:			
(Increase) decrease in accounts and notes receivable	(225)	(342)	1,085
(Increase) decrease in inventories	(3)	(73)	37
(Increase) decrease in prepaid expenses and other assets	(49)	(39)	72
Increase (decrease) in accounts payable and accrued liabilities	84	172	(1,150)
Increase in current domestic and foreign income taxes	231	115	4
Other operating, net	(173)	(174)	(152)
Operating cash flow from continuing operations	3,074	2,109	2,561
Operating cash flow from discontinued operations	--	(9)	5
NET CASH PROVIDED BY OPERATING ACTIVITIES	3,074	2,100	2,566
CASH FLOW FROM INVESTING ACTIVITIES			
Capital expenditures	(1,601)	(1,236)	(1,308)
Sale of businesses and disposal of property, plant and equipment, net	70	41	852
Purchase of businesses, net	(351)	(492)	(46)
Equity investments and other, net	(139)	(5)	(141)
Investing cash flow from continuing operations	(2,021)	(1,692)	(643)
Investing cash flow from discontinued operations	--	(4)	(8)
NET CASH USED BY INVESTING ACTIVITIES	(2,021)	(1,696)	(651)
CASH FLOW FROM FINANCING ACTIVITIES			
Proceeds from long-term debt	297	248	861
Payments of long-term debt, non-recourse debt and capital lease liabilities	(631)	(199)	(2,258)
Proceeds from issuance of common stock	10	22	18
Repurchase of trust preferred securities	(2)	(9)	(11)
Purchases for natural gas delivery commitment	--	(95)	(121)
Buyout of natural gas commitment, net	--	(179)	--
Payments of notes payable, net	--	--	(2)
Proceeds from subsidiary preferred stock issuance	--	72	--
Cash dividends paid	(392)	(375)	(372)
Stock options exercised	200	60	72
Other financing, net	2	(1)	(1)
Financing cash flow from continuing operations	(516)	(456)	(1,814)
Financing cash flow from discontinued operations	--	--	--
NET CASH USED BY FINANCING ACTIVITIES	(516)	(456)	(1,814)
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	537	(52)	101
CASH AND CASH EQUIVALENTS--BEGINNING OF YEAR	146	198	97
CASH AND CASH EQUIVALENTS--END OF YEAR	$ 683	$ 146	$ 198

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

PRINCIPLES OF CONSOLIDATION

The consolidated financial statements include the accounts of Occidental Petroleum Corporation, entities where it owns a majority voting interest, variable-interest entities (VIE) where it is the primary beneficiary and its undivided interests in oil and gas exploration and production ventures. In these Notes, the term "Occidental" or "the company" refers to Occidental Petroleum Corporation and/or one or more entities where it owns a majority voting interest. The company's proportionate share of oil and gas exploration and production ventures, where it has a direct working interest, is accounted for by reporting its proportionate share of assets, liabilities, revenues and costs within the relevant lines on the balance sheets, income statements and cash flow statements.

In addition, certain financial statements, notes and supplementary data for prior years have been changed to conform to the 2003 presentation.

INVESTMENTS IN UNCONSOLIDATED ENTITIES

Investments in unconsolidated entities include both equity method investments and available-for-sale investments. Amounts representing Occidental's percentage interest in the underlying net assets of affiliates (excluding undivided interests in oil and gas exploration and production ventures) in which it does not have a majority voting interest but as to which it exercises significant influence, are accounted for under the equity method. The company reviews equity method investments for impairment whenever events or changes in circumstances indicate that an other-than-temporary decline in value has occurred. The amount of impairment, if any, is based on quoted market prices, where available, or other valuation techniques, including discounted cash flows.

Investments in which Occidental does not exercise significant influence are accounted for as available-for-sale investments in accordance with Statements of Financial Accounting Standards (SFAS) No. 115, "Accounting for Certain Investments in Debt and Equity Securities." Under SFAS No. 115, available-for-sale investments are carried at fair value, based on quoted market prices, with unrealized gains and losses reported in Other Comprehensive Income (OCI), net of taxes, until such investment is sold or collected. In disposal, the accumulated unrealized gain or loss included in OCI is transferred to income.

REVENUE RECOGNITION

For oil and gas, title passes to the customer when product is shipped. Revenue is recognized when title has passed to the customer. Prices are either fixed or based on a market index. For marketing and trading activities, revenue is recognized on settled transactions upon completion of contract terms, and for physical deliveries, upon title transfer. For unsettled transactions, contracts that meet specified accounting criteria are marked to market (see "Accounting Changes" in Note 4).

Revenue from chemical product sales is recognized when the product is shipped and title has passed to the customer. Prices are fixed at the time of shipment. Customer incentive programs provide for payments or credits to be made to customers based on the volume of product purchased over a defined period. Total customer incentive payments over a given period are estimated and recorded as a reduction to revenue ratably over the contract period. Such estimates are evaluated and revised as warranted.

NATURE OF OPERATIONS

Occidental is a multinational organization whose principal business segments are oil and gas and chemical. The oil and gas segment explores for, develops, produces and markets crude oil and natural gas. The chemical segment manufactures and markets basic chemicals, vinyls and performance chemicals.

RISKS AND UNCERTAINTIES

The process of preparing consolidated financial statements in conformity with generally accepted accounting principles requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues and expenses. Such estimates primarily relate to unsettled transactions and events as of the date of the consolidated financial statements. Accordingly, upon settlement, actual results may differ from estimated amounts, generally not by material amounts. Management believes that these estimates and assumptions provide a reasonable basis for the fair presentation of Occidental's financial position and results of operations.

Included in the accompanying consolidated balance sheet are deferred tax assets of $839 million as of December 31, 2003, the noncurrent portion of which is netted against deferred income tax liabilities. Realization of these assets is dependent upon Occidental generating sufficient future taxable income. Occidental expects to realize the recorded deferred tax assets through future operating income and reversal of taxable temporary differences.

The accompanying consolidated balance sheet includes assets of approximately $3.3 billion as of December 31, 2003, relating to Occidental's operations in countries outside North America. Some of these countries may be considered politically and economically unstable. These assets and the related operations are subject to the risk of actions by governmental authorities and insurgent groups. Occidental attempts to conduct its financial affairs so as to mitigate its exposure against such risks and would expect to receive compensation in the event of nationalization.

Since Occidental's major products are commodities, significant changes in the prices of oil and gas and chemical products may have a significant impact on Occidental's results of operations for any particular year.

Also, see "Property, Plant and Equipment" below.

FOREIGN CURRENCY TRANSACTIONS

The functional currency applicable to all of Occidental's foreign oil and gas operations is the U.S. dollar since cash flows are denominated principally in U.S. dollars. Occidental's chemical operations in Brazil use the Real as the functional currency. The effect of exchange-rate changes on transactions denominated in nonfunctional currencies generated a gain(loss) of $0 in 2003, $(26) million in 2002 and $1 million in 2001. The 2002 amount related to the writedown and sale of Occidental's calendering operations in Rio de Janeiro, Brazil.

CASH AND CASH EQUIVALENTS

Cash equivalents are short-term, highly liquid investments that are readily convertible to cash. Cash equivalents totaled approximately $661 million and $116 million at December 31, 2003 and 2002, respectively.

TRADE RECEIVABLES

Occidental has an agreement in place to sell, under a revolving sale program, an undivided interest in a designated pool of non-interest bearing trade receivables. This program is used by Occidental as a low-cost source of working capital funding. The balance of receivables sold at December 31, 2003 and 2002 was $360 million. This amount is not included in the debt and related trade receivables accounts, respectively, on Occidental's consolidated balance sheets. Receivables must meet certain criteria to qualify for the program.

Under this program, Occidental serves as the collection agent with respect to the receivables sold. An interest in new receivables is sold as collections are made from customers. Fees and expenses under this program are included in selling, general and administrative and other operating expenses. During the years ended December 31, 2003, 2002 and 2001, the cost of this program amounted to approximately 1.5 percent, 2.1 percent and 4.5 percent, respectively, of the weighted average amount of the receivables sold in each year. The fair value of any retained interests in the receivables sold is not material. The buyers of the receivables are protected against significant risk of loss on their purchase of receivables. Occidental provides for allowances for any doubtful receivables based on its periodic evaluation of such receivables. The provisions for such receivables were not material in the years ended December 31, 2003, 2002 and 2001.

The program can terminate upon the occurrence of certain events, which generally are under Occidental's control or relate to bankruptcy. In such an event, alternative funding would have to be arranged, which could result in an increase in debt recorded on the consolidated balance sheet, with a corresponding increase in the accounts receivable balance. The consolidated income statement effect of such an event would not be significant.

INVENTORIES

For the oil and gas segment, materials and supplies are valued at the lower of average cost or market. Inventories are reviewed periodically (at least annually) for obsolescence. Oil and natural gas liquids (NGLs) inventories, which typically represent the last few days of production at the end of each period, and natural gas trading inventory are valued at the lower of cost or market. Natural gas trading inventory was valued at market prior to January 1, 2003 (see "Accounting Changes" in Note 4).

For the chemical segment, in countries where allowable, Occidental generally values its inventories using the last-in, first-out (LIFO) method as it better matches current costs and current revenue. Accordingly, Occidental accounts for most of its domestic inventories in its chemical business, other than materials and supplies, on the LIFO method. For other countries, Occidental uses the first-in, first-out (FIFO) method (if the costs of goods are specifically identifiable) or the average-cost method (if the costs of goods are not specifically identifiable). Materials and supplies are accounted for using a weighted average cost method.

PROPERTY, PLANT AND EQUIPMENT

OIL AND GAS

Property additions and major renewals and improvements are capitalized at cost. Interest costs incurred in connection with major capital expenditures are capitalized and amortized over the lives of the related assets (see Note 16).

Occidental uses the successful efforts method to account for its oil and gas properties. Under this method, costs of acquiring properties, costs of drilling successful exploration wells and development costs are capitalized. Annual lease rentals, exploration costs, geological, geophysical and seismic costs and exploratory dry-hole costs are expensed as incurred.

Proved oil and gas reserves are the estimated quantities of crude oil, natural gas, and NGLs that geological and engineering data demonstrate with reasonable certainty can be recovered in future years from known reservoirs under existing economic and operating conditions considering future production and development costs. Depreciation and depletion of oil and gas producing properties is determined by the unit-of-production method.

The carrying value of Occidental's property, plant and equipment (PP&E) is based on the cost incurred to acquire the PP&E, net of accumulated depreciation and net of any impairment charges. Occidental is required to perform impairment tests on its assets whenever events or changes in circumstances lead to a reduction in the estimated useful lives or estimated future cash flows that would indicate that the carrying amount may not be recoverable, or when management's plans change with respect to those assets. Under the provisions of SFAS No. 144, Occidental must compare the undiscounted future cash flows of an asset to its carrying value.

A portion of the carrying value of Occidental's oil and gas properties are attributable to unproved properties. At December 31, 2003, the costs attributable to unproved properties were approximately $900 million. These costs are not currently being depreciated or depleted. As exploration and development work progresses and the reserves on these properties are proven, capitalized costs attributable to the properties will be subject to depreciation and depletion. If the exploration and development work were to be unsuccessful, the capitalized costs of the properties related to this unsuccessful work would be expensed in the year in which the determination was made. The timing of any writedowns of these unproven properties, if warranted, depends upon the nature, timing and extent of future exploration and development activities and their results. Occidental believes its exploration and development efforts will allow it to realize the unproved property balance.

CHEMICAL

Occidental's chemical plants are depreciated using either the unit-of-production or straight-line method based upon the estimated useful life of the facilities.

The estimated useful lives of Occidental's chemical assets, which range from 3 years to 50 years, are used to compute depreciation expense and are also used for impairment tests. The estimated useful lives used for the chemical facilities are based on the assumption that Occidental will provide an appropriate level of annual expenditures to maintain the facilities in good operating condition. Without these continued expenditures, the useful lives of these plants could significantly decrease. Other factors which could change the estimated useful lives of Occidental's chemical plants include higher or lower product prices, which are particularly affected by both domestic and foreign competition, feedstock costs, energy prices, environmental regulations, competition and technological changes.

Occidental is required to perform impairment tests on its chemical assets whenever events or changes in circumstances lead to a reduction in the estimated useful lives or estimated future cash flows that would indicate that the carrying amount may not be recoverable, or when management's plans change with respect to those assets. Under the provisions of SFAS No. 144, Occidental must compare the undiscounted future cash flows of an asset to its carrying value. The key factors which could significantly affect future cash flows are future product prices, which are particularly affected by both domestic and foreign competition, feedstock costs, energy costs, significantly increased regulation and remaining estimated useful life.

Due to a temporary decrease in demand for some of its products, Occidental temporarily idled an ethylene dichloride (EDC) plant in June 2001, a chlor-alkali plant in December 2001 and a portion of a chlor-alkali plant in June 2003. These facilities will remain idle until market conditions improve. Management expects that these plants will become operational in the future. The net book value of these plants was $156 million at December 31, 2003. Based on year-end value, the chlor-alkali plant that closed in December 2001 has a 24-percent minority interest of $28 million. These facilities are periodically tested for impairment and, based on the results, no impairment is deemed necessary at this time. Occidental continues to depreciate these facilities based on their remaining estimated useful lives.

ACCRUED LIABILITIES--CURRENT

Accrued liabilities include accrued payroll, commissions and related expenses of $200 million and $159 million at December 31, 2003 and 2002, respectively.

ENVIRONMENTAL LIABILITIES AND EXPENDITURES

Environmental expenditures that relate to current operations are expensed or capitalized as appropriate. Reserves for estimated costs that relate to existing conditions caused by past operations and that do not contribute to current or future revenue generation are recorded when environmental remedial efforts are probable and the costs can be reasonably estimated. In determining the reserves and the reasonably possible range of loss, Occidental refers to currently available information, including relevant past experience, available technology, regulations in effect, the timing of remediation and cost-sharing arrangements. The environmental reserves are based on management's estimate of the most likely cost to be incurred and are reviewed periodically and adjusted as additional or new information becomes available. For the years ended December 31, 2003 and 2002, Occidental has not accrued any reimbursements or indemnification recoveries for environmental remediation matters as assets. Recoveries and reimbursements are recorded in income when receipt is probable. Environmental reserves are recorded on a discounted basis only when a reserve is initially established and the aggregate amount of the estimated costs for a specific site and the timing of cash payments are reliably determinable. The reserve methodology for a specific site is not modified once it has been established.

Many factors could result in changes to Occidental's environmental reserves and reasonably possible range of loss. The most significant are:

>> The original cost estimate may have been inaccurate.

>> Modified remedial measures might be necessary to achieve the required remediation results. Occidental generally assumes that the remedial objective can be achieved using the most cost-effective technology reasonably expected to achieve that objective. Such technologies may include air sparging or phyto-remediation of shallow groundwater, or limited surface soil removal or in-situ treatment producing acceptable risk assessment results. Should such remedies fail to achieve remedial objectives, more intensive or costly measures may be required.

>> The remedial measure might take more or less time than originally anticipated to achieve the required contaminant reduction. Site-specific time estimates can be affected by factors such as groundwater capture rates, anomalies in subsurface geology, interactions between or among water-bearing zones and non-water-bearing zones, or the ability to identify and control contaminant sources.

>> The regulatory agency might ultimately reject or modify Occidental's proposed remedial plan and insist upon a different course of action.

Additionally, other events might occur that could affect Occidental's future remediation costs, such as:

>> The discovery of more extensive contamination than had been originally anticipated. For some sites with impacted groundwater, accurate definition of contaminant plumes requires years of monitoring data and computer modeling. Migration of contaminants may follow unexpected pathways along geologic anomalies that could initially go undetected. Additionally, the size of the area requiring remediation may change based upon risk assessment results following site characterization or interim remedial measures.

>> Improved remediation technology might decrease the cost of remediation. In particular, for groundwater remediation sites with projected long-term operation and maintenance, the development of more effective treatment technology, or acceptance of alternative and more cost-effective treatment methodologies such as bio-remediation, could significantly affect remediation costs.

>> Laws and regulations might change to impose more or less stringent remediation requirements.

At sites involving multiple parties, Occidental provides environmental reserves based upon its expected share of liability. When other parties are jointly liable, the financial viability of the parties, the degree of their commitment to participate and the consequences to Occidental of their failure to participate are evaluated when estimating Occidental's ultimate share of liability. Based on these factors, Occidental believes that it will not be required to assume a share of liability of other potentially responsible parties, with whom it is alleged to be jointly liable, in an amount that would have a material effect on Occidental's consolidated financial position, liquidity or results of operations.

Most cost sharing arrangements with other parties fall into one of the following three categories:

Category 1: Comprehensive Environmental Response, Compensation and Liability Act (CERCLA) or state-equivalent sites wherein Occidental and other alleged potentially responsible parties share the cost of remediation in accordance with negotiated or prescribed allocations;

Category 2: Oil and gas joint ventures wherein each joint venture partner pays its proportionate share of remedial cost; and

Category 3: Contractual arrangements typically relating to purchases and sales of property wherein the parties to the transaction agree to methods of allocating the costs of environmental remediation.

In all three of these categories, Occidental records as a reserve its expected net cost of remedial activities, as adjusted by recognition for any non-performing parties.

In addition to the costs of investigating and implementing remedial measures, which often take in excess of ten years at CERCLA sites, Occidental's reserves include management's estimates of the cost of operation and maintenance of remedial systems. To the extent that the remedial systems are modified over time in response to significant changes in site-specific data, laws, regulations, technologies or engineering estimates, Occidental reviews and changes the reserves accordingly on a site-specific basis.

ASSET RETIREMENT OBLIGATIONS

Occidental adopted SFAS No. 143, "Accounting for Asset Retirement Obligations", on January 1, 2003 (see "Accounting Changes" in Note 4). The following table summarizes the activity of the asset retirement obligations:

For the year ended December 31, (in millions)	2003
Beginning balance	$ --
Cumulative effect of change in accounting principles	151
Liabilities incurred	6
Liabilities settled	(7)
Accretion expense	11
Acquisitions and other	1
Revisions to estimated cash flows	5
ENDING BALANCE	$ 167

Before 2003, the estimated future abandonment costs of offshore oil and gas properties and removal costs for platforms, net of salvage value, were accrued over their operating lives. Such costs were calculated at unit-of-production rates based upon estimated proved recoverable reserves and were taken into account in determining depreciation, depletion and amortization. Occidental assumed that the salvage value of the oil and gas property would equal the dismantlement, restoration and reclamation costs for onshore production, so no accrual was deemed necessary. For the chemical segment, appropriate reserves were provided when a decision was made to dispose of a property, since Occidental makes capital renewal expenditures on a continual basis while an asset is in operation.

DERIVATIVE INSTRUMENTS

On January 1, 2001, Occidental adopted SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities," as amended. This statement required an entity to recognize derivatives on the balance sheet and measure those instruments at fair value. Adoption of this new accounting standard resulted in cumulative after-tax reductions in net income of approximately $24 million and OCI of approximately $27 million in the first quarter of 2001. The adoption also increased total assets by $588 million and total liabilities by $639 million as of January 1, 2001.

Occidental applies either fair value or cash flow hedge accounting when transactions meet specified criteria to obtain hedge accounting treatment. If the derivative does not qualify as a hedge or is not designated as a hedge, the gain or loss is immediately recognized in earnings. If the derivative qualifies for hedge accounting, the gain or loss on the derivative is either recognized in income with an offsetting adjustment to the basis of the item being hedged for fair value hedges, or deferred in OCI to the extent the hedge is effective for cash flow hedges.

A hedge is regarded as highly effective and qualifies for hedge accounting if, at inception and throughout its life, it is expected that changes in the fair value or cash flows of the hedged item are almost fully offset by the changes in the fair value of changes in cash flows of the hedging instrument and actual effectiveness is within a range of 80 percent to 125 percent. In the case of hedging a forecasted transaction, the transaction must be highly probable and must present an exposure to variations in cash flows that could ultimately affect reported net profit or loss. Occidental discontinues hedge accounting when it is determined that a derivative has ceased to be highly effective as a hedge; when the derivative expires, or is sold, terminated, or exercised; when the hedged item matures or is sold or repaid; or when a forecasted transaction is no longer deemed highly probable.

Derivative assets are classified in receivables from joint ventures, partnerships and other, and long-term receivables; derivative liabilities are reported in accrued liabilities and deferred credits and other liabilities - other.

FINANCIAL INSTRUMENTS FAIR VALUE

Occidental values financial instruments as required by SFAS No. 107, "Disclosures about Fair Value of Financial Instruments." The carrying amounts of cash and cash equivalents approximate fair value because of the short maturity of those instruments. The carrying value of other on-balance-sheet financial instruments, other than debt, approximates fair value, and the cost, if any, to terminate off-balance-sheet financial instruments is not significant.

STOCK INCENTIVE PLANS

Occidental has stock incentive plans (Plans) that are more fully described in Note 12. Occidental accounts for those Plans under APB No. 25, "Accounting for Stock Issued to Employees", and related interpretations. Occidental's policy is to recognize compensation expense for the Plans over the vesting period of the award. Had compensation expense for those Plans been determined in accordance with SFAS No. 123, "Accounting for Stock Based Compensation", Occidental's pro-forma net income and earnings per share would have been as follows:

Year ended December 31, (in millions)	2003	2002	2001
Net income, as reported	$ 1,527	$ 989	$ 1,154
Add: Stock-based employee compensation expense included in reported net income determined under APB No. 25, net of related tax effects	38	18	16
Deduct: Total stock-based employee compensation expense determined under the SFAS No. 123 fair-value-based method for all awards, net of related tax effects	(56)	(37)	(33)
Pro-forma net income	$ 1,509	$ 970	$ 1,137
Earnings Per Share:			
Basic - as reported	$ 3.98	$ 2.63	$ 3.10
Basic - pro forma	$ 3.93	$ 2.58	$ 3.06
Diluted Earnings per Share			
Diluted - as reported	$ 3.93	$ 2.61	$ 3.09
Diluted - pro forma	$ 3.88	$ 2.55	$ 3.04

The fair value of each option grant, for pro-forma calculation purposes, is estimated using the Black-Scholes option-pricing model. The weighted average grant-date fair value of options granted was $3.20, $5.36 and $5.90 in 2003, 2002 and 2001, respectively. The fair value of each option grant is estimated with the following weighted average assumptions:

Year ended December 31,	2003	2002	2001
Assumptions used:			
Risk-free interest rate	1.63%	3.89%	4.84%
Dividend yield	3.37%	3.93%	3.74%
Volatility factor	21%	32%	29%
Expected life (years)	2.4	3.5	5.0

These grants have limitations on transferability. In the case of executive management, such options may not be exercised for approximately two months of each calendar quarter. The use of short-term volatility measures as a proxy for long-term volatility provides significant uncertainty as to the fair value of the options. These factors could result in the market value of the options being less than the Black-Scholes values.

SUPPLEMENTAL CASH FLOW INFORMATION

Cash payments, net of refunds, during the years 2003, 2002 and 2001 included federal, foreign and state income taxes of approximately $538 million, $111 million and $408 million, respectively. Interest paid (net of interest capitalized) totaled approximately $310 million, $250 million and $389 million for the years 2003, 2002 and 2001, respectively. (See Note 3 for detail of noncash investing and financing activities regarding certain acquisitions.)

NOTE 2   DERIVATIVE ACTIVITIES INCLUDING FAIR VALUE OF FINANCIAL INSTRUMENTS

Occidental's market risk exposures relate primarily to commodity prices and, to a lesser extent, interest rates and foreign currency exchange rates. Occidental periodically enters into derivative instrument transactions to reduce these price and rate fluctuations. A derivative is a financial instrument that derives its value from another instrument or variable.

In general, the fair value recorded for derivative instruments is based on quoted market prices, dealer quotes and the Black-Scholes or similar valuation models.

COMMODITY PRICE RISK

GENERAL

Occidental's results are sensitive to fluctuations in crude oil and natural gas prices.

MARKETING AND TRADING OPERATIONS

Occidental periodically uses different types of derivative instruments to achieve the best prices for oil and gas. Derivatives are also used by Occidental to reduce its exposure to price volatility and mitigate fluctuations in commodity-related cash flows. Occidental enters into low-risk marketing and trading activities through its separate marketing organization, which operates under established policy controls and procedures. With respect to derivatives used in its oil and gas marketing operations, Occidental utilizes a combination of futures, forwards, options and swaps to offset various physical transactions. Overall, Occidental has a low level of involvement in the hedging of long-term oil and gas prices and its use of derivatives in hedging activity remains at a correspondingly low level.

In September 2002, Occidental unwound its natural gas delivery commitment and corresponding natural gas price swap, which were entered into in November 1998. Occidental recognized a pre-tax loss of $3 million related to these transactions.

COMMODITY HEDGES

On a limited basis, Occidental uses cash-flow hedges for the sale of crude oil and natural gas production. Occidental's commodity cash-flow-hedging instruments were used in 2002 for the sale of production and were highly effective. At December 31, 2002, all of these cash-flow hedges had been settled. No fair value hedges were used for oil and gas production during 2003 or 2002 and no cash flow hedges were used for the sale of production in 2003.

INTEREST RATE RISK

GENERAL

Occidental is exposed to risk resulting from changes in interest rates and it enters into various derivative financial instruments to manage interest-rate exposure. Interest-rate swaps, forward locks and futures contracts are entered into periodically as part of Occidental's overall strategy.

HEDGING ACTIVITIES

Occidental has entered into several interest-rate swaps that qualified for fair-value hedge accounting. These derivatives effectively convert approximately $1.8 billion of fixed-rate debt to variable-rate debt with maturities ranging from 2005 to 2009.

Occidental was a party to a series of forward interest-rate locks, which qualified as cash-flow hedges. The hedges were related to the construction of a cogeneration plant leased by Occidental that was completed in December 2002. The remaining loss on the hedges through December 2003 was approximately $21 million after-tax, which is recorded in accumulated OCI and is being recognized in earnings over the lease term of 26 years on a straight-line basis.

Certain of Occidental's equity investees have entered into additional derivative instruments that qualify as cash-flow hedges. Occidental reflects its proportionate share of these cash-flow hedges in OCI.

CREDIT RISK

Occidental's energy contracts are spread among numerous counterparties. Creditworthiness is reviewed before doing business with a new counterparty and on an ongoing basis. Occidental monitors aggregated counterparty exposure relative to credit limits, and manages credit-enhancement issues. Credit exposure for each customer is monitored for outstanding balances, current month activity, and forward mark-to-market exposure.

FOREIGN CURRENCY RISK

Several of Occidental's foreign operations are located in countries whose currencies generally depreciate against the U.S. dollar. Typically, effective currency forward markets do not exist for these countries. Therefore, Occidental attempts to manage its exposure primarily by balancing monetary assets and liabilities and maintaining cash positions only at levels necessary for operating purposes. Generally, international crude oil sales are denominated in U.S. dollars. Additionally, all of Occidental's oil and gas foreign entities have the U.S. dollar as the functional currency. However, in one foreign chemical subsidiary where the local currency is the functional currency, Occidental has exposure on U.S. dollar-denominated debt that is not material. At December 31, 2003 and 2002, Occidental had not entered into any foreign currency derivative instruments. The effect of exchange-rate transactions in foreign currencies is included in periodic income.

DERIVATIVE AND FAIR VALUE DISCLOSURES

The following table shows derivative financial instruments included in the consolidated balance sheets:

Balance at December 31, (in millions)	2003	2002
Derivative financial instrument assets (a)		
Current	$ 138	$ 164
Non-current	118	157
	$ 256	$ 321
Derivative financial instrument liabilities (a)		
Current	$ 85	$ 115
Non-current	23	23
	$ 108	$ 138

(a) Amounts include energy-trading contracts

As a result of fair-value hedges, the amount of interest expense recorded in the income statement was lower by approximately $58 million and $45 million for the years ended December 31, 2003 and 2002, respectively.

The following table summarizes after-tax derivative activity recorded in OCI:

Balance at December 31, (in millions)	2003	2002
Beginning Balance	$ (26)	$ (20)
Losses from changes in current cash flow hedges	(17)	(14)
Amount reclassified to income	19	8
Ending Balance	$ (24)	$ (26)

During the next twelve months, Occidental expects that approximately $3 million of net derivative after-tax losses included in OCI, based on their valuation at December 31, 2003, will be reclassified into earnings when the hedged transactions close. Hedge ineffectiveness did not have a significant impact on earnings for the years ended December 31, 2003 and 2002.

NOTE 3 BUSINESS COMBINATIONS AND ASSET ACQUISITIONS AND DISPOSITIONS

2003

In 2003, Occidental made several oil and gas acquisitions in the Permian Basin for approximately $317 million in cash and sold approximately $34 million of these assets shortly thereafter. No gain or loss was recorded on these sales.

2002

In 2002, Occidental purchased a 24.5-percent interest in the Dolphin Project for $310 million. This investment includes a 24.5-percent interest in Dolphin Energy Limited (Dolphin Energy), the operator of the Dolphin Project. The Dolphin Project consists of two parts: (1) a development and production sharing agreement with Qatar to develop and produce natural gas and condensate in Qatar's North Field for 25 years, with a provision to request a 5-year extension, which will be proportionately consolidated by Occidental; and (2) the rights for Dolphin Energy to build, own and operate a 260-mile-long, 48-inch export pipeline to transport 2 billion cubic feet per day of dry natural gas from Qatar to markets in the United Arab Emirates (UAE) for the life of the Dolphin Project and longer, which will be accounted for as an equity investment. The pipeline will have capacity to transport up to 3.2 billion cubic feet per day, which will allow for additional business opportunities. Approximately $250 million of the purchase price was allocated to the equity investment, while the remaining amount was recorded in PP&E.

Several important milestones have been reached since Occidental joined the Dolphin Project. In 2002, two development wells were tested, providing sufficient information to complete the field development plan. In October 2003, Dolphin Energy signed two 25-year contracts to supply approximately one BCF of natural gas per day to two entities in the UAE. In December 2003, the Government of Qatar approved the final field development plan for the Dolphin Project. Based on the foregoing developments, Occidental recorded 107 million barrels of oil equivalent (BOE) (unaudited) of proved undeveloped oil and gas reserves in 2003. As the project has not begun operation, no revenue or production costs were recorded in 2003.

Most recently, in January 2004, Dolphin Energy awarded engineering, procurement and construction contracts for the gas processing and compression plant at Ras Laffan in Qatar as well as for two offshore gas production platforms. The projected start-up date for production is in 2006.

In August 2002, Occidental and Lyondell Chemical Company completed an agreement for Occidental to sell its 29.5-percent share of Equistar to Lyondell and to purchase a 21-percent equity interest in Lyondell. Occidental entered into these transactions to diversify its petrochemicals interests. These transactions reduced Occidental's direct exposure to petrochemicals volatility, yet will allow it to preserve, through its Lyondell investment, an economic upside of a recovery in the petrochemicals industry. In connection with these transactions, Occidental wrote down its investment in the Equistar partnership to fair value by recording a $412 million pre-tax charge as of December 2001. After the write-down, the net book value of Occidental's investment in Equistar at December 31, 2001, after considering tax effects, approximated the fair value of the Lyondell shares Occidental expected to receive, less transaction costs. Occidental recorded an after-tax gain of $164 million in the third quarter of 2002, as a result of closing these transactions on August 22, 2002. Occidental's initial carrying value of the Lyondell investment was $489 million, which represented the fair value of Lyondell's shares at closing.

In 2002, Occidental increased its ownership in Badin Block 1 and 2R by purchasing additional interests in these two blocks from the Government of Pakistan for approximately $72 million.

In the fourth quarter of 2002, Occidental sold its chrome business at Castle Hayne, North Carolina for $25 million and its plastic calendering operations in Brazil for a $6 million note receivable. In the third quarter of 2002, Occidental recorded an after-tax impairment charge of $69 million and classified both of these businesses as discontinued operations. The fair value of these businesses was determined by the expected sales proceeds from third party buyers. When these transactions closed, no significant gain or loss was recorded. For the years ended December 31, 2002 and 2001, the discontinued operations had revenues of $91 million and $124 million, respectively, and pre-tax income (loss) of $(98) million and $2 million, respectively.

2001

On August 31, 2001, Occidental sold its interest in a subsidiary that owned a Texas intrastate pipeline system. The entity was sold to Kinder Morgan Energy Partners, L.P. for $360 million. Occidental recorded an after-tax loss of approximately $272 million in connection with this transaction.

On July 10, 2001, Occidental completed the sale of its interest in the Tangguh liquefied natural gas (LNG) project in Indonesia to Mitsubishi Corporation of Japan for proceeds of $503 million. Occidental recorded an after-tax gain of approximately $399 million for this transaction.

NOTE 4 ACCOUNTING CHANGES

SFAS NO. 132 REVISED

In December 2003, the Financial Accounting Standards Board (FASB) issued a revision to SFAS No. 132, "Employers Disclosures about Pensions and Other Postretirement Benefits" to improve financial statement disclosures for defined benefit plans. The standard requires that companies provide more details about their plan assets, benefit obligations, cash flows and other relevant information, such as plan assets by category. A description of investment policies and strategies for these asset categories and target allocation percentages or target ranges are also required in financial statements. This statement is effective for financial statements with fiscal years ending after December 15, 2003. Occidental adopted this statement in the fourth quarter of 2003 and provided the required disclosures in Note 13.

SFAS NO. 150

In May 2003, the FASB issued SFAS No. 150, "Accounting for Certain Financial Instruments with Characteristics of Both Liabilities and Equity." SFAS No. 150 establishes accounting standards for how a company classifies and measures financial instruments that have characteristics of liabilities and equity. Occidental adopted the provisions of this statement on July 1, 2003. As a result of the adoption, Occidental's mandatorily redeemable trust preferred securities are now classified as a liability and the payments to the holders of the securities, which were previously recorded as minority interest on the statement of operations, are recorded as interest expense. On January 20, 2004, all of the trust preferred securities were redeemed.

SFAS NO. 149

In April 2003, the FASB issued SFAS No. 149, "Amendment of Statement 133 on Derivative Instruments and Hedging Activities." SFAS No. 149 amends and clarifies financial accounting and reporting for derivative instruments. This statement is effective for contracts entered into or modified after June 30, 2003. Occidental adopted this statement in the third quarter of 2003 and it did not have a material effect on its financial statements.

FIN 46 AND FIN 46-R (REVISED)

In January 2003, the FASB issued FASB Interpretation No. (FIN) 46, "Consolidation of Variable Interest Entities." FIN 46 requires a company to consolidate a VIE if it is designated as the primary beneficiary of that entity even if the company does not have a majority of voting interests. A VIE is generally defined as an entity whose equity is unable to finance its activities or whose owners lack the risks and rewards of ownership. The statement also imposes disclosure requirements for all the VIEs of a company, even if the company is not the primary beneficiary. The provisions of this statement apply at inception for any entity created after January 31, 2003. Occidental adopted the provisions of this Interpretation for its existing entities on April 1, 2003, which resulted in the consolidation of its OxyMar investment. As a result of the OxyMar consolidation, assets increased by $166 million and liabilities increased by $178 million. There was no material effect on net income as a result of the consolidation. In September 2003, Marubeni indicated it would exercise its option to put its interest in OxyMar to Occidental by paying approximately $25 million to Occidental. In connection with the transfer, which is expected to be complete in April 2004, Occidental will assume Marubeni's guarantee of OxyMar's debt. As all the OxyMar debt is already consolidated in Occidental's financial statements with the adoption of FIN 46, the exercise of the put will not have a material effect on Occidental's financial position or results of operations.

See Note 14 for more information on VIEs where Occidental is not the primary beneficiary.

In December 2003, the FASB revised FIN 46 to exempt certain entities from its requirements and to clarify certain issues arising during the initial implementation of FIN 46. Occidental will adopt the revised interpretation in the first quarter of 2004 and it is not expected to have a material impact on the financial statements when adopted.

FIN 45

In January 2003, the FASB issued FIN 45, "Guarantor's Accounting and Disclosure Requirements for Guarantees, Including Indirect Guarantees of Indebtedness of Others." FIN 45 requires a company to recognize a liability for the obligations it has undertaken in issuing a guarantee. This liability would be recorded at the inception of a guarantee and would be measured at fair value. FIN 45 also requires certain disclosures related to guarantees, which are included in Note 9. Occidental adopted the measurement provisions of this statement in the first quarter of 2003 and it did not have an effect on the financial statements when adopted.

EITF ISSUE NO. 02-3

In the third quarter of 2002, Occidental adopted certain provisions of Emerging Issues Task Force (EITF) Issue No. 02-3, "Issues involved in Accounting for Derivative Contracts Held for Trading Purposes and Contracts Involved in Energy Trading and Risk Management Activities." These provisions prescribed significant changes in how revenue from energy trading is recorded. Historically, Occidental had two major types of oil and gas revenues: (1) revenues from its equity production; and (2) revenues from the sale of oil and gas produced by other companies, but purchased and resold by Occidental, referred to as revenue from trading activities. Both types of sales involve physical deliveries and had been historically recorded on a gross basis in accordance with generally accepted accounting principles. With the adoption of EITF Issue No. 02-3, Occidental now reflects the revenue from trading activities on a net basis. There were no changes in gross margins, net income, cash flow or earnings per share for any period as a result of adopting this requirement. However, net sales and cost of sales were reduced by equal and offsetting amounts to reflect the adoption of this requirement. For the years ended December 31, 2002 and 2001, net sales and cost of sales were reduced from amounts previously reported by approximately $2.2 billion (representing amounts for the first two quarters of 2002) and $5.8 billion, respectively, to conform to the current presentation.

Since 1999, Occidental has accounted for certain energy-trading contracts in accordance with EITF Issue No. 98-10, "Accounting for Contracts Involved in Energy Trading and Risk Management Activities." EITF Issue No. 98-10 required that all energy-trading contracts must be marked to fair value with gains and losses included in earnings, whether the contracts were derivatives or not. In October 2002, the EITF rescinded EITF Issue No. 98-10 thus precluding mark-to-market accounting for all energy-trading contracts that are not derivatives and fair value accounting for inventories purchased from third parties. Also, the rescission requires derivative gains and losses to be presented net on the income statement, whether or not they are physically settled, if the derivative instruments are held for trading purposes. Occidental adopted this accounting change in the first quarter of 2003 and recorded a cumulative effect of a change in accounting principles charge of approximately $18 million, after tax.

SFAS NO. 146

In July 2002, the FASB issued SFAS No. 146, "Accounting for Costs Associated with Exit or Disposal Activities." SFAS No. 146 requires that a liability be recognized for exit and disposal costs only when the liability has been incurred and when it can be measured at fair value. The statement is effective for exit and disposal activities that are initiated after December 31, 2002. Occidental adopted SFAS No. 146 in the first quarter of 2003 and it did not have a material effect on its financial statements.

SFAS NO. 145

In April 2002, the FASB issued SFAS No. 145, "Rescission of FASB Statements No. 4, 44, and 64, Amendment of FASB Statement No. 13, and Technical Corrections." In addition to amending or rescinding other existing authoritative pronouncements to make various technical corrections, clarify meanings, or describe their applicability under changed conditions, SFAS No. 145 precludes companies from recording gains and losses from the extinguishment of debt as an extraordinary item. Occidental implemented SFAS No. 145 in the fourth quarter of 2002 and all comparative financial statements have been reclassified to conform to the 2002 presentation. Since Occidental had no 2002 extraordinary items, there was no effect on the 2002 presentation. The effects of the statement on prior years include the reclassification of an extraordinary loss to net income from continuing operations of $8 million ($0.02 per share) in 2001. There was no effect on net income or basic earnings per common share upon adoption.

SFAS NO. 143

In June 2001, the FASB issued SFAS No. 143, "Accounting for Asset Retirement Obligations." SFAS No. 143 addresses financial accounting and reporting for obligations associated with the retirement of tangible long-lived assets and the associated asset retirement costs. Under SFAS No. 143, companies are required to recognize the fair value of a liability for an asset retirement obligation in the period in which the liability is incurred if there is a legal obligation to dismantle the asset and reclaim or remediate the property at the end of the useful life. Occidental adopted SFAS No. 143 in the first quarter of 2003. The initial adoption resulted in an after-tax charge of $50 million, which was recorded as a cumulative effect of a change in accounting principles. The adoption increased net property, plant and equipment by $73 million, increased asset retirement obligations by $151 million and decreased deferred tax liabilities by $28 million. The pro-forma asset retirement obligation, if the adoption of this statement had occurred on January 1, 2002, would have been $131 million at January 1, 2002 and $151 million at December 31, 2002.

SFAS NO. 142

In June 2001, the FASB issued SFAS No. 142, "Goodwill and Other Intangible Assets." SFAS No. 142 changes the accounting and reporting requirements for acquired goodwill and intangible assets. The provisions of this statement are applied to companies starting with fiscal years beginning after December 15, 2001. At December 31, 2001, the balance sheet included approximately $108 million of goodwill and intangible assets with annual amortization expense of approximately $6 million recorded in each of the years' income statements for the three-year period ended December 31, 2001. As a result, elimination of goodwill amortization would not have had a material impact on net income or earnings per share of any of the years presented and, as a result, the transitional disclosures of adjusted net income excluding goodwill amortization described by SFAS No. 142 have not been presented. Upon implementation of SFAS No. 142 in the first quarter of 2002, three separate specialty chemical businesses were identified as separate reporting units and tested for goodwill impairment. All three of these businesses are components of the chemical segment. The fair value of each of the three reporting units was determined through third party appraisals. The appraisals determined fair value to be the price that the assets could be sold for in a current transaction between willing parties. As a result of the impairment testing, Occidental recorded a cumulative effect of changes in accounting principles after-tax reduction in net income of approximately $95 million due to the impairment of all the goodwill attributed to these reporting units.

INTANGIBLE ASSETS

The EITF currently is deliberating on EITF No. 03-O, "Whether Mineral Rights Are Tangible or Intangible Assets" and EITF No. 03-S "Application of FASB Statement No. 142, Goodwill and Other Intangible Assets, to Oil and Gas Companies." These proposed statements will determine whether contract-based oil and gas mineral rights are classified as tangible or intangible assets based on the EITF's interpretation of SFAS No. 141 and SFAS No. 142. Historically, Occidental has classified all of its contract-based mineral rights within property, plant and equipment and has generally not identified these amounts separately. If the EITF determines that these mineral rights should be presented as intangible assets, Occidental would have to reclassify its contract-based oil and gas mineral rights acquired after June 30, 2001 to intangible assets and make additional disclosures in accordance with SFAS No. 142. If Occidental adopted this change, approximately $492 million and $226 million of the property, plant and equipment balance would be reclassified to intangible assets at December 31, 2003 and 2002, respectively. These amounts, which are net of accumulated depreciation, depletion and amortization, include approximately $475 million and $210 million of mineral rights related to proved properties at December 31, 2003 and 2002, respectively. Occidental has been amortizing these amounts under the unit-of-production method and would continue to amortize the mineral rights under this method. Based on its understanding of the scope of the EITF deliberations, Occidental believes the adoption of this potential decision would have no material effect on its results of operations.

NOTE 5 INVENTORIES

Inventories of approximately $171 million and $190 million were valued under the LIFO method at December 31, 2003 and 2002, respectively. Inventories consisted of the following:

Balance at December 31, (in millions)	2003	2002
Raw materials	$ 46	$ 54
Materials and supplies	143	125
Finished goods	342	319
	531	498
LIFO reserve	(21)	(7)
TOTAL	$ 510	$ 491

NOTE 6 LONG-TERM DEBT AND TRUST PREFERRED SECURITIES

Long-term debt and trust preferred securities consisted of the following:

Balance at December 31, (in millions)	2003	2002
OCCIDENTAL PETROLEUM CORPORATION		
6.75% senior notes due 2012	$ 500	$ 500
7.65% senior notes due 2006 (a)	476	485
6.4% senior notes due 2013, redeemed March 31, 2003	--	450
7.375% senior notes due 2008 (a)	426	436
8.45% senior notes due 2029	350	350
5.875% senior notes due 2007 (a)	318	323
9.25% senior debentures due 2019, putable August 1, 2004 at par (b)	300	300
4.25% medium-term notes due 2010	300	--
10.125% senior debentures due 2009 (a)	280	276
7.2% senior debentures due 2028	200	200
4% medium-term notes due 2007 (a)	178	175
6.5% senior notes due 2005 (a)	161	164
8.75% medium-term notes due 2023	100	100
4.101% medium-term notes due 2007 (a)	76	75
Medium-term notes due 2004 through 2008 (8.10% to 8.25% at December 31, 2003)	33	85
11.125% senior notes due 2010	12	12
	3,710	3,931
SUBSIDIARY DEBT		
1.08% to 7.5% unsecured notes due 2006 through 2030	313	280
	4,023	4,211
Less:		
Unamortized discount, net	(7)	(8)
Current maturities	(23)	(206)
TOTAL LONG-TERM DEBT	3,993	3,997
TRUST PREFERRED SECURITIES	453	455
TOTAL	$ 4,446	$ 4,452

(a) Amounts include mark-to-market adjustments due to fair-value hedges.
(b) Amount is classified as non-current since Occidental does not expect debt holders to put the debt on August 1, 2004. If the debt were put to Occidental, it would refinance this amount on a long-term basis using available lines of long-term bank credit.

In January 1999, Occidental issued 21,000,000 shares of 8.16-percent Trust Originated Preferred Securities (trust preferred securities) to the public. Holders of the trust preferred securities are entitled to cumulative cash distributions at an annual rate of 8.16 percent of the liquidation amount of $25 per security. The trust preferred securities must be redeemed by January 20, 2039, but can be redeemed in whole, or in part, beginning January 20, 2004. Starting July 1, 2003, upon adoption of SFAS No. 150, the trust preferred securities are classified as a liability, and distributions on the trust preferred securities, which were previously recorded as minority interest on the statement of operations, are recorded as interest expense. On January 20, 2004, Occidental redeemed all of the trust preferred securities for par of $453 million plus accrued interest.

At March 31, 2003, Occidental redeemed its 6.4-percent senior notes due 2013 and recorded a pre-tax interest charge of $61 million. At December 31, 2003, Occidental had available lines of committed bank credit of approximately $1.5 billion. Bank fees on these committed lines of credit ranged from 0.100 percent to 0.225 percent.

At December 31, 2003, minimum principal payments on long-term debt subsequent to December 31, 2004 aggregated $3,913 million, of which $157 million is due in 2005, $496 million in 2006, $550 million in 2007, $405 million in 2008, $276 million in 2009 and $2,029 million thereafter. These amounts do not include the unamortized discount of $7 million and fair-value hedge mark-to-market gains of $87 million. Unamortized discount is generally being amortized to interest expense on the effective interest method over the lives of the related issuances.

At December 31, 2003, under the most restrictive covenants of certain financing agreements, the capacity for the payment of cash dividends and other distributions on, and for acquisitions of, Occidental's capital stock was approximately $5.2 billion, assuming that such dividends, distributions and acquisitions were made without incurring additional borrowings.

Occidental estimates the fair value of its long-term debt based on the quoted market prices for the same or similar issues or on the yields offered to Occidental for debt of similar rating and similar remaining maturities. The estimated fair value of Occidental's total debt, including trust preferred securities, at December 31, 2003 and 2002, was approximately $5.0 billion and $5.2 billion, respectively, compared with a carrying value of approximately $4.5 billion, and approximately $4.7 billion, respectively.

NOTE 7 LEASE COMMITMENTS

The present value of minimum capital lease payments, net of the current portion, totaled $26 million at both December 31, 2003 and 2002. These amounts are included in other liabilities.

Operating and capital lease agreements, which include leases for manufacturing facilities, office space, railcars and tanks, frequently include renewal and/or purchase options and require Occidental to pay for utilities, taxes, insurance and maintenance expense.

At December 31, 2003, future net minimum lease payments for capital and operating leases (excluding oil and gas and other mineral leases) were the following:

In millions	Capital	Operating
2004	$ 1	$ 98
2005	1	86
2006	1	75
2007	1	62
2008	1	59
Thereafter	28	865
TOTAL MINIMUM LEASE PAYMENTS	33	$ 1,245
Less:		
Imputed interest	(6)	
Current portion	(1)	
PRESENT VALUE OF MINIMUM CAPITAL LEASE PAYMENTS, NET OF CURRENT PORTION	$ 26	

Rental expense for operating leases, net of sublease rental income, was $118 million in 2003, $81 million in 2002 and $84 million in 2001. Rental expense was net of sublease income of $8 million in 2003, $7 million in 2002 and $8 million in 2001. At December 31, 2003, sublease rental amounts included in the future operating lease payments totaled $87 million, as follows (in millions): 2004--$8, 2005--$9, 2006--$9, 2007--$8, 2008--$8 and thereafter--$45.

Included in both the 2003 and 2002 property, plant and equipment accounts were $10 million of property leased under capital leases and $8 million and $7 million, respectively, of related accumulated amortization.

NOTE 8 ENVIRONMENTAL LIABILITIES AND EXPENDITURES

Occidental's operations in the United States are subject to stringent federal, state and local laws and regulations relating to improving or maintaining environmental quality. Foreign operations also are subject to environmental-protection laws. Costs associated with environmental compliance have increased over time and are generally expected to rise in the future. Environmental expenditures related to current operations are factored into the overall business planning process. These expenditures are mainly considered an integral part of production in manufacturing quality products responsive to market demand.

The laws that require or address environmental remediation may apply retroactively to past waste disposal practices and releases. In many cases, the laws apply regardless of fault, legality of the original activities or current ownership or control of sites. Occidental Petroleum Corporation (OPC) or certain of its subsidiaries are currently participating in environmental assessments and cleanups under these laws at federal Superfund sites, comparable state sites and other remediation sites, including Occidental facilities and previously owned sites. Also, OPC and certain of its subsidiaries have been involved in a substantial number of governmental and private proceedings involving historical practices at various sites including, in some instances, having been named in proceedings under CERCLA and similar federal, state and local environmental laws. These proceedings seek funding or performance of remediation and, in some cases, compensation for alleged property damage, punitive damages and civil penalties.

Occidental manages its environmental remediation efforts through a wholly owned subsidiary, Glenn Springs Holdings, Inc. (GSH), which reports its results directly to Occidental's corporate management. The following table presents Occidental's environmental remediation reserves at December 31, 2003, 2002 and 2001 grouped by three categories of environmental remediation sites:

$ amounts in millions	2003		2002		2001	
	NUMBER OF SITES	RESERVE BALANCE	Number of Sites	Reserve Balance	Number of Sites	Reserve Balance
CERCLA & equivalent sites	131	$ 240	124	$ 284	126	$ 320
Active facilities	13	79	14	46	14	59
Closed or sold facilities	39	53	44	63	47	75
TOTAL	183	$ 372	182	$ 393	187	$ 454

The increase in the number of CERCLA and equivalent sites between 2002 and 2003 was primarily in the "minimal/no exposure" category as discussed below.

The following table shows environmental reserve activity for the past three reporting periods:

In millions	12 MONTHS ENDED 12/31/03	12 Months Ended 12/31/02	12 Months Ended 12/31/01
Balance -- Beginning of Year	$ 393	$ 454	$ 402
Increases to provision including interest accretion	64	25	111
Changes from acquisitions/dispositions	--	--	5
Payments	(83)	(84)	(75)
Other	(2)	(2)	11
Balance -- End of Year	$ 372	$ 393	$ 454

Occidental expects to expend funds equivalent to about half of the current environmental reserve over the next three years and the balance over the next ten or more years. Occidental expects that it may continue to incur additional liabilities beyond those recorded for environmental remediation at these and other sites. The range of reasonably possible loss for existing environmental remediation matters could be up to $400 million beyond the amount accrued. For management's opinion, refer to Note 9.

At December 31, 2003, OPC or certain of its subsidiaries have been named in 131 CERCLA or state equivalent proceedings, as shown below.

Description ($ amounts in millions)	Number of Sites	Reserve Balance
Minimal/No exposure (a)	109	$ 5
Reserves between $1-10 MM	15	59
Reserves over $10 MM	7	176
TOTAL	131	$ 240

(a) Includes 33 sites for which Maxus Energy Corporation has retained the liability and indemnified Occidental, 7 sites where Occidental has denied liability without challenge, 57 sites where Occidental's reserves are less than $50,000 each, and 12 sites where reserves are between $50,000 and $1 million each.

The seven sites with individual reserves over $10 million in 2003 are a former copper mining and smelting operation in Tennessee, two closed landfills in Western New York, groundwater treatment facilities at three former chemical plants (Western New York, Montague, Michigan and Tacoma, Washington) and a municipal drinking water treatment plant in Western New York.

Certain subsidiaries of OPC are currently addressing releases of substances from past operations at 13 active facilities. Four facilities -- certain oil and gas properties in the southwestern United States, a chemical plant in Louisiana, a chemical plant in Texas and a phosphorous recovery operation in Tennessee -- account for 89 percent of the reserves associated with these facilities.

There are 39 sites formerly owned or operated by certain subsidiaries of OPC that have ongoing environmental remediation requirements. Three sites account for 72 percent of the reserves associated with this group. The three sites are: an active refinery in Louisiana where Occidental indemnifies the current owner and operator for certain remedial actions, a water treatment facility at a former coal mine in Pennsylvania, and a former chemical plant in West Virginia.

Occidental's costs, some of which may include estimates, relating to compliance with environmental laws and regulations are shown below for each segment:

In millions	2003	2002	2001
OPERATING EXPENSES			
Oil and Gas	$ 40	$ 32	$ 22
Chemical	49	46	47
	$ 89	$ 78	$ 69
CAPITAL EXPENDITURES			
Oil and Gas	$ 98	$ 70	$ 60
Chemical	15	16	20
	$ 113	$ 86	$ 80
REMEDIATION EXPENSES			
Corporate	$ 63	$ 23	$ 109

Operating expenses are incurred on a continual basis. Capital expenditures relate to longer-lived improvements in currently operating facilities. Remediation expenses relate to existing conditions caused by past operations and do not contribute to current or future revenue generation. Although total costs may vary in any one year, over the long term, segment operating and capital expenditures for environmental compliance generally are expected to increase.

In October 2001, the federal Environmental Protection Agency (EPA) approved a State Implementation Plan (SIP) for eight counties in the Houston-Galveston area of Texas to implement certain requirements of the federal Clean Air Act. The SIP contains provisions requiring the reduction of 80 percent of nitrogen oxide emissions and 60 percent of certain volatile organic compound emissions by November 2007. Occidental operates six facilities that are subject to the SIP's emissions reduction requirements and estimates that its future capital expenditures will total approximately $25 to $30 million for environmental control and monitoring equipment necessary to comply with the SIP. Occidental expects expenditures to end in 2007, although the timing of the expenditures will vary by facility.

NOTE 9 LAWSUITS, CLAIMS, COMMITMENTS, CONTINGENCIES AND RELATED MATTERS

OPC and certain of its subsidiaries have been named in a substantial number of lawsuits, claims and other legal proceedings. These actions seek, among other things, compensation for alleged personal injury, breach of contract, property damage, punitive damages, civil penalties or other losses; or injunctive or declaratory relief. OPC and certain of its subsidiaries also have been named in proceedings under CERCLA and similar federal, state and local environmental laws. These environmental proceedings seek funding or performance of remediation and, in some cases, compensation for alleged property damage, punitive damages and civil penalties; however, Occidental is usually one of many companies in these proceedings and has to date been successful in sharing response costs with other financially sound companies. With respect to all such lawsuits, claims and proceedings, including environmental proceedings, Occidental accrues reserves when it is probable a liability has been incurred and the amount of loss can be reasonably estimated.

During the course of its operations, Occidental is subject to audit by tax authorities for varying periods in various federal, state, local and foreign tax jurisdictions. Taxable years prior to 1997 are closed for U.S. federal income tax purposes. Taxable years 1997 through 2002 are in various stages of audit by the Internal Revenue Service. Disputes arise during the course of such audits as to facts and matters of law.

At December 31, 2003, commitments for major capital expenditures during 2004 and thereafter were approximately $201 million.

Occidental has entered into agreements providing for future payments to secure terminal and pipeline capacity, drilling services, electrical power, steam and certain chemical raw materials. At December 31, 2003, the net present value of the fixed and determinable portion of the obligations under these agreements, which were used to collateralize financings of the respective suppliers, aggregated $45 million, which was payable as follows (in millions): 2004--$12, 2005--$11, 2006--$10, 2007--$9 and 2008--$3. Fixed payments under these agreements were $16 million in 2003, $27 million in 2002 and $20 million in 2001.

Occidental has certain other commitments under contracts, guarantees and joint ventures, and certain other contingent liabilities. Many of these commitments, although not fixed or determinable, involve capital expenditures and are part of the $1.4 billion capital expenditures estimated for 2004, and the $250 to $300 million estimated to be spent on the Dolphin Project in 2004.

As discussed in Note 4, FIN 45 requires the disclosure in Occidental's financial statements of information relating to guarantees issued by Occidental and outstanding at December 31, 2003.

These guarantees encompass performance bonds, letters of credit, indemnities, commitments and other forms of guarantees provided by Occidental to third parties, mainly to provide assurance that Occidental and/or its subsidiaries and affiliates will meet their various obligations (guarantees).

At December 31, 2003, the notional amount of the guarantees was approximately $500 million. Of this amount, approximately $400 million relates to Occidental's guarantee of equity investees' debt and other commitments. The debt guarantees relating to Elk Hills Power and the guarantees on debt and other commitments relating to the Ecuador pipeline. The remaining $100 million relates to various indemnities and guarantees provided to third parties.

Occidental has indemnified various parties against specified liabilities that those parties might incur in the future in connection with purchases and other transactions that they have entered into with Occidental. These indemnities usually are contingent upon the other party incurring liabilities that reach specified thresholds. As of December 31, 2003, Occidental is not aware of circumstances that would lead to future indemnity claims against it for material amounts in connection with these transactions.

It is impossible at this time to determine the ultimate liabilities that OPC and its subsidiaries may incur resulting from any lawsuits, claims and proceedings, audits, commitments, contingencies and related matters. If these matters were to be ultimately resolved unfavorably at amounts substantially exceeding Occidental's reserves, an outcome not currently anticipated, it is possible that such outcome could have a material adverse effect upon Occidental's consolidated financial position or results of operations. However, after taking into account reserves, management does not expect the ultimate resolution of any of these matters to have a material adverse effect upon Occidental's consolidated financial position or results of operations.

NOTE 10 DOMESTIC AND FOREIGN INCOME AND OTHER TAXES

The domestic and foreign components of income from continuing operations before domestic and foreign income and other taxes were as follows:

For the years ended December 31, (in millions)	Domestic	Foreign	Total
2003	$ 1,506	$ 1,316	$ 2,822
2002	$ 438	$ 1,147	$ 1,585
2001	$ 272	$ 1,463	$ 1,735

The provisions(credits) for domestic and foreign income and other taxes from continuing operations consisted of the following:

For the years ended December 31, (in millions)	U.S. Federal	State and Local	Foreign	Total
2003				
Current	$ 564	$ 29	$ 573	$ 1,166
Deferred	82	(6)	(15)	61
	$ 646	$ 23	$ 558	$ 1,227
2002				
Current	$ 79	$ 9	$ 475	$ 563
Deferred	(112)	(26)	(3)	(141)
	$ (33)	$ (17)	$ 472	$ 422
2001				
Current	$ 326	$ 17	$ 396	$ 739
Deferred	(40)	(141)	(2)	(183)
	$ 286	$ (124)	$ 394	$ 556

The credit for deferred federal and state and local income taxes in 2002 results primarily from the sale of the investment in Equistar.

The credit for deferred state and local income taxes in 2001 reflects a benefit of $70 million related to the settlement of a state tax issue, deferred tax reversing due to the sale of the entity owning pipelines in Texas that were leased to a former subsidiary, a write-down of the investment in Equistar and an adjustment to reflect lower effective state tax rates.

The following is a reconciliation, stated as a percentage of pre-tax income, of the U.S. statutory federal income tax rate to Occidental's effective tax rate on income from continuing operations:

For the years ended December 31,	2003	2002	2001
U.S. federal statutory tax rate	35 %	35 %	35 %
Operations outside the United States (a)	8	12	2
Benefit from sale of subsidiary stock	--	(21)	--
State taxes, net of federal benefit	1	--	(5)
Other	(1)	1	--
Tax rate provided by Occidental	43 %	27 %	32 %

(a) Included in these figures is the impact of not providing U.S. taxes on the unremitted earnings of certain foreign subsidiaries. The effect of this is to reduce the U.S. federal tax rate by approximately 5 percent in 2003 and 7 percent in 2002. The effect on 2001 was insignificant due to distributions from these subsidiaries.

The tax effects of temporary differences resulting in deferred income taxes at December 31, 2003 and 2002 were as follows:

Items resulting in temporary differences (in millions)	2003 DEFERRED TAX ASSETS	2003 DEFERRED TAX LIABILITIES	2002 Deferred Tax Assets	2002 Deferred Tax Liabilities
Property, plant and equipment differences	$ 79	$ 1,317	$ 87	$ 1,166
Equity investments including partnerships	--	365	--	375
Environmental reserves	163	--	155	--
Postretirement benefit accruals	127	--	129	--
Deferred compensation and fringe benefits	144	--	135	--
Asset retirement obligation	58	--	--	--
State income taxes	44	--	41	--
All other	224	83	186	60
Total deferred taxes	$ 839	$ 1,765	$ 733	$ 1,601

Included in total deferred tax assets was a current portion aggregating $75 million and $114 million as of December 31, 2003 and 2002, respectively, that was reported in prepaid expenses and other.

A deferred tax liability of approximately $210 million at December 31, 2003 has not been recognized for temporary differences related to Occidental's investment in certain foreign subsidiaries primarily as a result of unremitted earnings of consolidated subsidiaries, as it is Occidental's intention, generally, to reinvest such earnings permanently.

The discontinued operations include an income tax benefit of $18 million in 2002 and an income tax expense of $3 million in 2001.

The cumulative effect of changes in accounting principles was reduced by an income tax benefit of $38 million in 2003 and $6 million in 2002.

Additional paid-in capital was credited $30 million in 2003 and $7 million in 2002 for a tax benefit resulting from the exercise of certain stock options.

NOTE 11 STOCKHOLDERS' EQUITY

The following is an analysis of common stock:

(shares in thousands)	Common Stock
Balance, December 31, 2000	369,984
Issued	1,064
Options exercised and other, net	3,078
Balance, December 31, 2001	374,126
Issued	1,027
Options exercised and other, net	2,707
Balance, December 31, 2002	377,860
Issued	1,156
Options exercised and other, net	8,032
BALANCE, DECEMBER 31, 2003	387,048

NONREDEEMABLE PREFERRED STOCK

Occidental has authorized 50,000,000 shares of preferred stock with a par value of $1.00 per share. At December 31, 2003, 2002 and 2001, Occidental had no outstanding shares of preferred stock.

EARNINGS PER SHARE AND ANTI-DILUTIVE COMPUTATIONS

Basic earnings per share was computed by dividing net income plus the effect of repurchase of trust preferred securities by the weighted average number of common shares outstanding during each year. The computation of diluted earnings per share further assumes the dilutive effect of stock options.

The following are the share amounts used to compute the basic and diluted earnings per share for the years ended December 31:

In millions	2003	2002	2001
BASIC EARNINGS PER SHARE			
Basic Shares Outstanding	383.9	376.2	372.1
DILUTED EARNINGS PER SHARE			
Basic shares outstanding	383.9	376.2	372.1
Dilutive effect of exercise of options outstanding	3.9	2.7	1.8
Other	.8	.6	.4
Dilutive Shares	388.6	379.5	374.3

The following items were not included in the computation of diluted earnings per share because their effect was anti-dilutive for the years ended December 31:

	2003	2002	2001
STOCK OPTIONS			
Number of anti-dilutive options (in millions)	NONE	0.02	0.02
Price range	--	$29.063-$29.438	$29.063-$29.438
Expiration range	--	12/1/07-4/29/08	12/1/07-4/29/08

ACCUMULATED OTHER COMPREHENSIVE INCOME (AOCI)

AOCI consisted of the following:

Balance at December 31, (in millions)	2003	2002
Foreign currency translation adjustments	$ (18)	$ (56)
Derivative mark-to-market adjustments	(24)	(26)
Minimum pension liability adjustments	3	(10)
Unrealized gains on securities	89	65
TOTAL	$ 50	$ (27)

NOTE 12 STOCK INCENTIVE PLANS

Occidental applies APB No. 25 and related interpretations in accounting for its stock incentive plans (Plans), which are described below. The pro-forma effect on net income and earnings per share, had Occidental applied the fair-value recognition provisions of SFAS No. 123, are shown in Note 1.

The company has established several stock incentive plans offering certain employees and management stock options, restricted stock, stock appreciation rights and performance stock awards. These awards are granted under the 1995 and 2001 Incentive Stock Plans. The 1995 Plan was terminated, for the purposes of further award grants, upon the effective date of the 2001 Plan; however, certain 1995 Plan award grants are outstanding at December 31, 2003. An aggregate of 27,000,000 share-based awards are reserved for issuance under the 2001 Plan and at December 31, 2003, approximately 7,574,285 share-based awards were available for future awards. The company has also established the 1996 Restricted Stock Plan for non-employee directors, where non-employee directors receive awards of restricted stock as additional compensation for their services as members of the Board of Directors. A maximum of 150,000 shares of stock may be awarded under the Directors Plan and at December 31, 2003, 34,572 shares of common stock were available for future grants.

STOCK OPTION PLANS

Under the stock option plans, certain employees and executives are granted stock options with an exercise price equal to the fair value of the company's stock on the date of grant. Generally, the options vest over three years with a maximum term of ten years and one month. Under certain conditions, the option awards are forfeitable.

The following is a summary of stock option transactions during 2003, 2002 and 2001:

	2003		2002		2001	
(shares in thousands)	OPTIONS	WEIGHTED AVERAGE EXERCISE PRICE	Options	Weighted Average Exercise Price	Options	Weighted Average Exercise Price
BEGINNING BALANCE	26,972	$ 24.22	25,390	$ 23.40	18,217	$ 21.53
Granted or issued	5,191	$ 31.13	4,904	$ 26.43	11,039	$ 26.17
Exercised	(8,999)	$ 22.30	(3,097)	$ 21.12	(3,395)	$ 22.40
Forfeited or expired	(152)	$ 24.96	(225)	$ 22.52	(471)	$ 23.50
ENDING BALANCE	23,012	$ 26.53	26,972	$ 24.22	25,390	$ 23.40
OPTIONS EXERCISABLE AT YEAR END	12,535	$ 24.62	16,186	$ 23.33	15,023	$ 22.95

The following is a summary of stock options outstanding at December 31, 2003:

	OPTIONS OUTSTANDING			OPTIONS EXERCISABLE	
RANGE OF EXERCISE PRICES	OUTSTANDING	WEIGHTED AVERAGE REMAINING CONTRACTUAL LIFE	WEIGHTED AVERAGE EXERCISE PRICE	EXERCISABLE	WEIGHTED AVERAGE EXERCISE PRICE
$14.88 -- $21.88	2,883,228	6.1	$ 20.37	2,883,228	$ 20.37
$23.13 -- $26.43	9,945,531	5.7	$ 25.80	6,712,650	$ 25.50
$26.75 -- $31.13	10,183,164	8.5	$ 29.06	2,939,602	$ 26.76
$14.88 -- $31.13	23,011,923	7.0	$ 26.53	12,535,480	$ 24.62

RESTRICTED AND PERFORMANCE STOCK PLANS

RESTRICTED STOCK PLANS

Under the restricted stock plans, certain executives are awarded restricted common stock and the right to receive shares (Share Units). The restricted stock and Share Units vest between three and five years and are forfeitable under certain conditions. The Share Units are generally deferred until retirement. Restricted stock is issued when awarded and is included in both basic and diluted shares outstanding, while the unvested Share Units are included only in the diluted shares outstanding. The unvested restricted stock is included in diluted shares outstanding.

PERFORMANCE STOCK PLANS

Under the performance stock plans, the number of common shares issued at the end of the performance period of four years will depend upon the attainment of certain performance objectives, and ranges from 0 to 200 percent of the target share award. As the amount of expected award is dependent upon actual performance, these performance awards are variable under APB No. 25 and changes to the expected award are reflected in income. As the unvested performance stock awards are contingently issuable shares, they are not included in the computation of diluted earnings per share calculation.

The number and weighted average grant date value of restricted stock, share units and performance stock awards were as follows:

	2003	2002	2001
Restricted stock, share units and performance stock (a)	1,125,612	1,261,421	633,026
Weighted average fair value	$ 31.86	$ 26.74	$ 24.51

(a) Performance stock award grants assume a 100-percent payout on the date of grant.

NOTE 13 RETIREMENT PLANS AND POSTRETIREMENT BENEFITS

Occidental has various defined benefit and defined contribution retirement plans for its salaried, domestic union and nonunion hourly, and certain foreign national employees. Participation in the defined benefit plans is limited and approximately 1,400 domestic and 500 foreign national employees, mainly union, non-union hourly and certain acquired employees with grandfathered benefits, are currently accruing benefits under these plans.

All domestic employees and certain foreign national employees are eligible to participate in one or more of the defined contribution retirement or savings plans that provide for periodic contributions by Occidental based on plan-specific criteria, such as base pay, age level, and/or employee contributions. Certain salaried employees participate in a supplemental retirement plan that provides restoration of benefits lost due to governmental limitations on qualified retirement benefits. The accrued liabilities for the supplemental retirement plan were $55 million, $52 million and $42 million as of December 31, 2003, 2002 and 2001, respectively, and Occidental expensed $59 million in 2003, $57 million in 2002 and $57 million in 2001 under the provisions of these defined contribution and supplemental retirement plans.

Occidental provides medical and dental benefits and life insurance coverage for certain active, retired and disabled employees and their eligible dependents. The benefits generally are funded by Occidental as the benefits are paid during the year. The cost of providing these benefits is based on claims filed and insurance premiums paid for the period. The total benefit costs including the postretirement costs were approximately $94 million in 2003, $91 million in 2002 and $82 million in 2001.

Pension costs for Occidental's defined benefit pension plans, determined by independent actuarial valuations, are generally funded by payments to trust funds, which are administered by independent trustees. A December 31 measurement date is used for all defined pension and postretirement benefit plans.

In 2002, a 401(h) account was established within one of Occidental's defined benefit pension plans. This plan allows Occidental to fund postretirement medical benefits for employees at one of its operations. Contributions to this 401(h) account are made at Occidental's discretion. All of Occidental's other postretirement benefit plans are unfunded.

The following table sets forth the components of the net periodic benefit costs for Occidental's defined benefit pension and postretirement benefit plans for 2003, 2002, and 2001:

	Pension Benefits			Postretirement Benefits				
				Unfunded Plans			Funded Plans	
For the years ended December 31, (in millions)	2003	2002	2001	2003	2002	2001	2003	2002
NET PERIODIC BENEFIT COSTS:								
Service cost -- benefits earned during the period	$ 13	$ 10	$ 9	$ 6	$ 6	$ 5	$ 1	$ --
Interest cost on benefit obligation	23	26	25	33	33	31	1	1
Expected return on plan assets	(20)	(20)	(24)	--	--	--	--	--
Amortization of net transition obligation	--	--	--	--	--	--	--	--
Amortization of prior service cost	1	1	1	1	--	--	--	--
Recognized actuarial loss	3	1	4	8	6	--	--	--
Curtailments and settlements	--	1	--	--	--	--	--	--
Currency adjustments	2	(8)	(1)	--	--	--	--	--
Net periodic benefit cost	$ 22	$ 11	$ 14	$ 48	$ 45	$ 36	$ 2	$ 1

Occidental recorded a credit to accumulated other comprehensive income of $13 million in 2003, a charge of $5 million in 2002 and a credit of $6 million in 2001, to reflect the net-of-tax difference between the additional liability required under pension accounting provisions and the corresponding intangible asset. The change in accumulated other comprehensive income in 2003 reflected an actual return on plan assets that was greater than the expected return on plan assets and an additional pension contribution of $18 million in 2003, partially offset by a decrease in the discount rate.

Occidental's defined benefit pension and postretirement defined benefit plans are accrued based on various assumptions and discount rates, as described below. Occidental uses the fair value of assets to determine pension expense. Occidental funds and expenses negotiated pension increases for domestic union employees over the term of the collective bargaining agreement.

The actuarial assumptions used could change in the near term as a result of changes in expected future trends and other factors that, depending on the the nature of the changes, could cause increases or decreases in the plan liabilities accrued.

The following table sets forth the reconciliation of the beginning and ending balances of the benefit obligation for Occidental's defined benefit pension and postretirement benefit plans:

	Pension Benefits		Postretirement Benefits			
			Unfunded Plans		Funded Plans	
For the years ended December 31, (in millions)	2003	2002	2003	2002	2003	2002
CHANGES IN BENEFIT OBLIGATION:						
Benefit obligation -- beginning of year	$ 357	$ 337	$ 501	$ 453	$ 14	$ 12
Service cost -- benefits earned during the period	13	10	6	6	1	--
Interest cost on projected benefit obligation	23	26	33	33	1	1
Actuarial loss	19	10	52	59	4	2
Foreign currency exchange rate changes	3	(11)	--	--	--	--
Benefits paid	(22)	(21)	(48)	(50)	(1)	(1)
Plan amendments	(1)	2	--	--	--	--
Cost recovery percentage	--	6	--	--	--	--
Divestitures	--	(3)	--	--	--	--
Special termination benefits	--	1	--	--	--	--
Benefit obligation -- end of year	$ 392	$ 357	$ 544	$ 501	$ 19	$ 14

The following table sets forth the reconciliation of the beginning and ending balances of the fair value of plan assets for Occidental's defined benefit pension and postretirement benefit plans:

	Pension Benefits		Postretirement Benefits	
			Funded Plans	
For the years ended December 31, (in millions)	2003	2002	2003	2002
CHANGES IN PLAN ASSETS:				
Fair value of plan assets -- beginning of year	$ 251	$ 255	$ --	$ --
Actual return on plan assets	48	(1)	--	--
Foreign currency exchange rate changes	1	(3)	--	--
Employer contribution	31	23	2	1
Benefits paid	(22)	(21)	(1)	(1)
Divestitures	--	(2)	--	--
Fair value of plan assets -- end of year	$ 309	$ 251	$ 1	$ --

The following table sets forth the asset allocation of Occidental's domestic defined benefit pension and funded postretirement benefit plans at December 31, 2003 and 2002.

	Pension Benefits		Postretirement Benefits	
			Funded Plans	
For the years ended December 31,	2003	2002	2003	2002
ASSET CATEGORY:				
Equity securities	61 %	55 %	-- %	-- %
Debt securities	39	45	100	100
Total	100 %	100 %	100 %	100 %

Occidental employs a total return investment approach whereby a mix of equity and fixed income investments is used to maximize the long-term return of plan assets at a prudent level of risk. The investments are monitored by Occidental's Investment Committee in its role as fiduciary. The Investment Committee, consisting of senior executives of the company, selects and employs various external professional investment management firms to manage specific assignments across the spectrum of asset classes. The resulting aggregate investment portfolio contains a diversified blend of equity and fixed-income investments. Furthermore, equity investments are diversified across U.S. and non-U.S. stocks, as well as differing styles and market capitalizations. Other asset classes such as private equity and real estate may be used to enhance long-term returns while improving portfolio diversification. Investment performance is measured and monitored on an ongoing basis through quarterly investment and manager guideline compliance reviews, annual liability measurements, and periodic studies.

The projected benefit obligation, accumulated benefit obligation and fair value of plan assets for defined benefit pension plans with accumulated benefit obligation in excess of plan assets were $184 million, $166 million and $96 million, respectively, as of December 31, 2003 and $231 million, $211 million and $124 million, respectively, as of December 31, 2002. The projected benefit obligation, accumulated benefit obligation and fair value of plan assets for defined benefit pension plans with plan assets in excess of accumulated benefit obligation were $208 million, $205 million, and $213 million respectively, as of December 31, 2003 and $126 million, $126 million, and $127 million, respectively, as of December 31, 2002.

The following table sets forth the weighted average assumptions used to determine Occidental's domestic benefit obligation and net periodic benefit cost for domestic plans:

	Pension Benefits		Postretirement Benefits			
			Unfunded Plans		Funded Plans	
For the years ended December 31,	2003	2002	2003	2002	2003	2002
BENEFIT OBLIGATIONS:						
Discount rate	6.00%	6.65%	6.00%	6.65%	6.00%	6.65%
Rate of compensation increase	4.00	4.00	--	--	--	--
NET PERIODIC BENEFIT COST:						
Discount rate	6.65%	7.00%	6.65%	7.00%	6.65%	7.00%
Expected long term rate of return on assets	8.00	8.00	--	--	8.00	--
Rate of compensation increase	4.00	4.50	--	--	--	--

For domestic pension plans, Occidental bases the discount rate on the average yield provided by the Moody's Aa Corporate Bond Index. The weighted average rate of increase in future compensation levels is consistent with Occidental's past and anticipated future compensation increases for employees participating in retirement plans that determine benefits using compensation. The long-term rate of return on assets assumption is established with regard to current market factors but within the context of historical returns. Historical returns and correlation of equities and fixed income securities are studied. Current market factors such as inflation and interest rates are also evaluated.

For pension plans outside of the United States, the assumptions used in determining the benefit obligation vary by country. The discount rates used in determining the benefit obligation ranged from a low of 4 percent to a high of 13 percent at both December 31, 2003 and 2002. Occidental bases its discount rate for foreign pension plans on rates indicative of government and or investment grade corporate debt in the applicable country. The average rate of increase in future compensation levels ranged from a low of 3 percent to a high of 8 percent in 2003 and from a low of 3 percent to a high of 9 percent in 2002, dependent on local economic conditions and salary budgets. The expected long-term rate of return on plan assets was 5.5 percent in excess of local inflation in both 2003 and 2002.

The postretirement benefit obligation was determined by application of the terms of medical and dental benefits and life insurance coverage, including the effect of established maximums on covered costs, together with relevant actuarial assumptions and health care cost trend rates projected at a Consumer Price Index (CPI) increase of 3.0 percent as of December 31, 2003 and 2002, (beginning in 1993, participants other than certain union employees pay for all medical cost increases in excess of increases in the CPI). For certain union employees, the health care cost trend rates were projected at annual rates ranging ratably from 10 percent in 2003 to 6 percent through the year 2007 and level thereafter. A 1-percent increase or a 1-percent decrease in these assumed health care cost trend rates would result in an increase of $16 million or a reduction of $15 million, respectively, in the postretirement benefit obligation as of December 31, 2003, and an increase or reduction of $1 million in interest cost in 2003. The annual service costs would not be materially affected by these changes.

On December 8, 2003, President Bush signed into law a bill that expands Medicare, primarily adding a prescription drug benefit for Medicare-eligible retirees starting in 2006. Occidental intends to review its retirees' health care plans in light of the new Medicare provisions, which may change Occidental's obligations under the plan. Therefore, the retiree medical obligations and costs reported do not reflect the impact of this legislation. Deferring the recognition of the new Medicare provisions' impact is permitted by Financial Accounting Standards Board Staff Position 106-1 due to open questions about some of the new Medicare provisions and a lack of authoritative accounting guidance about certain matters. The final accounting guidance could require changes to previously reported information.

Occidental expects to contribute $6 million to its domestic defined benefit pension plans during 2004. All of the contributions are expected to be in the form of cash.

The following table sets forth the funded status and amounts recognized in Occidental's consolidated balance sheets for the defined benefit pension and postretirement benefit plans at December 31, 2003 and 2002:

	Pension Benefits		Postretirement Benefits			
			Unfunded Plans		Funded Plans	
For the years ended December 31, (in millions)	2003	2002	2003	2002	2003	2002
Unfunded obligation	$ (83)	$ (106)	$ (544)	$ (501)	$ (18)	$ (14)
Unrecognized prior service cost	4	6	8	9	--	--
Unrecognized net loss	64	76	170	125	8	5
Net amount recognized	$ (15)	$ (24)	$ (366)	$ (367)	$ (10)	$ (9)
Prepaid benefit cost	$ 66	$ 49	$ --	$ --	$ --	$ --
Accrued benefit liability	(81)	(96)	(366)	(367)	(10)	(9)
Intangible assets	--	1	--	--	--	--
Accumulated other comprehensive income	--	22	--	--	--	--
Net amount recognized	$ (15)	$ (24)	$ (366)	$ (367)	$ (10)	$ (9)

NOTE 14 INVESTMENTS AND RELATED-PARTY TRANSACTIONS

EQUITY INVESTMENTS

At December 31, 2003, Occidental's equity investments consisted of a 22-percent interest in Lyondell acquired in August 2002, a 24.5-percent interest in the entity that will own the pipeline being constructed by Dolphin Energy, the operator of the Dolphin Project, and other various partnerships and joint ventures, discussed below. Equity investments paid dividends of $81 million, $22 million and $27 million to Occidental in 2003, 2002 and 2001, respectively. Cumulative undistributed earnings since acquisition, in the amount of $55 million, of 50-percent-or-less-owned companies have been accounted for by Occidental under the equity method. At December 31, 2003, Occidental's investments in unconsolidated entities exceeded the underlying equity in net assets by $471 million, of which $356 million represents goodwill that will not be amortized and $115 million represents intangible assets, which will be amortized over the life of the underlying lease of the assets, when placed into service.

In October 2003, Occidental purchased an additional 2.7 million shares of Lyondell common stock for $12.40 a share, totaling approximately $33 million. At December 31, 2003, Occidental owned 22 percent (39.5 million shares) of Lyondell stock.

The following table presents Occidental's percentage interest in the summarized financial information of its equity method investments:

For the years ended December 31, (in millions)	2003	2002	2001
Revenues	$ 1,179	$ 1,782	$ 2,223
Costs and expenses	1,188	2,043	2,315
Net loss	$ (9)	$ (261)	$ (92)

Balance at December 31,	2003	2002
Current assets	$ 349	$ 421
Non-current assets	$ 1,691	$ 1,946
Current liabilities	$ 407	$ 225
Long-term debt	$ 960	$ 1,458
Other non-current liabilities	$ 377	$ 404
Stockholders' equity	$ 365	$ 280

In Ecuador, Occidental has a 14-percent interest in the Oleoducto de Crudos Pesados (OCP) Ltd. oil export pipeline. Occidental made capital contributions of $64 million in 2003 and as of December 31, 2003, has contributed a total of $73 million to the project. Occidental reports this investment in its consolidated statements using the equity method of accounting.

The project was funded in part by senior project debt. The senior project debt is to be repaid with the proceeds of ship-or-pay tariffs of certain upstream producers in Ecuador, including Occidental. Under their ship-or-pay commitments, Occidental and the other upstream producers have each assumed their respective share of project-specific risks, including operating risk and force-majeure risk. Occidental would be required to make an advance tariff payment in the event of prolonged force majeure, upstream expropriation events, bankruptcy of the pipeline company or its parent company, abandonment of the project, termination of an investment guarantee agreement with Ecuador, or certain defaults by Occidental. This advance tariff would be used by the pipeline company to service or prepay project debt. Occidental's obligation relating to the pipeline company's senior project debt totaled $108 million, and Occidental's obligations relating to performance bonds totaled $14 million at December 31, 2003. As Occidental ships product using the pipeline, its overall obligations will decrease with the reduction of the pipeline company's senior project debt.

Occidental has a 50-percent interest in Elk Hills Power LLC (EHP), a limited liability company that operates a gas-fired, power-generation plant in California. EHP is a VIE under the provisions of FIN 46. Occidental has concluded it is not the primary beneficiary of EHP and, therefore, accounts for this investment using the equity method. In January 2002, EHP entered into a $400 million construction loan facility, which was amended in May 2003 to increase the facility to $425 million. Upon construction completion on July 17, 2003, the facility converted to a $415 million term loan, 50 percent of which is guaranteed by Occidental.

AVAILABLE-FOR-SALE SECURITIES

Investments in unconsolidated entities also include Occidental's investment in Premcor, Inc., which became a publicly traded company in April 2002. Occidental accounts for its investment in Premcor as available for sale and this investment is carried at fair value. Prior to becoming public, Occidental carried its investment in Premcor at cost. As of December 31, 2003 and 2002, the fair value of the investment in Premcor was $235 million and $172 million, respectively, with cumulative unrealized after-tax gains of $89 million and $65 million, respectively, in OCI.

RELATED-PARTY TRANSACTIONS

During 2003, 2002 and 2001, Occidental entered into the following transactions and amounts due from/to with its related parties and had the following amounts outstanding:

For the years ended December 31, (in millions)	2003	2002	2001
Purchases	$ 707	$ 604	$ 660
Sales	502	284	252
Services	1	7	7
Amounts due from	34	43	14
Amounts due to	21	70	35

NOTE 15   INDUSTRY SEGMENTS AND GEOGRAPHIC AREAS

In compliance with the provisions of SFAS No. 131, "Disclosures about Segments of an Enterprise and Related Information," Occidental has identified two reportable segments through which it conducts its continuing operations: oil and gas and chemical. The factors for determining the reportable segments were based on the distinct nature of their operations. They are managed as separate business units because each requires and is responsible for executing a unique business strategy. The oil and gas segment explores for, develops, produces and markets crude oil and natural gas domestically and internationally. The chemical segment manufactures and markets, domestically and internationally, basic chemicals, vinyls and performance chemicals.

Earnings of industry segments and geographic areas exclude interest income, interest expense, environmental remediation expenses, unallocated corporate expenses, discontinued operations and cumulative effect of changes in accounting principles, but include income from equity investments (except as noted below) and gains and losses from dispositions of segment and geographic area assets.

Foreign income and other taxes and certain state taxes are included in segment earnings on the basis of operating results. U.S. federal income taxes are not allocated to segments except for amounts in lieu thereof that represent the tax effect of operating charges resulting from purchase accounting adjustments, which arose from the implementation in 1992 of SFAS No. 109, "Accounting for Income Taxes," and the tax effects resulting from major, infrequently occurring transactions such as asset sales and legal settlements that relate to segment results.

Identifiable assets are those assets used in the operations of the segments. Corporate and other assets consist of cash, short-term investments, certain corporate receivables, a 22-percent equity investment in Lyondell, a 12-percent ownership interest in Premcor, Inc. and the leased co-generation facility in Taft, Louisiana.

INDUSTRY SEGMENTS
In millions

	Oil and Gas	Chemical	Corporate and Other	Total
YEAR ENDED DECEMBER 31, 2003				
Net sales	$ 6,003 (a)	$ 3,178 (b)	$ 145 (i)	$ 9,326
Pretax operating profit(loss)	$ 3,229	$ 213	$ (620)(d)	$ 2,822
Income taxes	(565)	(3)	(659)(e)	(1,227)
Discontinued operations, net	--	--	--	--
Cumulative effect of changes in accounting principles, net	--	--	(68)	(68)
Net income(loss) (c)	$ 2,664	$ 210	$ (1,347)(g)	$ 1,527
Unconsolidated equity investments	$ 571	$ 61	$ 523	$ 1,155
Property, plant and equipment additions, net (h)	$ 1,237	$ 345	$ 19	$ 1,601
Depreciation, depletion and amortization	$ 957	$ 205	$ 15	$ 1,177
Total assets	$ 13,274	$ 3,512	$ 1,382	$ 18,168
YEAR ENDED DECEMBER 31, 2002				
Net sales	$ 4,634 (a)	$ 2,704 (b)	$ --	$ 7,338
Pretax operating profit(loss)	$ 2,181	$ (128)	$ (468)(d)	$ 1,585
Income taxes	(474)	403	(351)(e)	(422)
Discontinued operations, net	--	--	(79)	(79)
Cumulative effect of changes in accounting principles, net	--	--	(95)	(95)
Net income(loss) (c, f)	$ 1,707	$ 275	$ (993)(g)	$ 989
Unconsolidated equity investments	$ 475	$ (11)	$ 592	$ 1,056
Property, plant and equipment additions, net (h)	$ 1,038	$ 109	$ 89	$ 1,236
Depreciation, depletion and amortization	$ 819	$ 183	$ 10	$ 1,012
Total assets	$ 12,407	$ 3,069	$ 1,072	$ 16,548
YEAR ENDED DECEMBER 31, 2001				
Net sales	$ 5,134 (a)	$ 2,968 (b)	$ --	$ 8,102
Pretax operating profit(loss)	$ 3,292	$ (442)	$ (1,115)(d)	$ 1,735
Income taxes	(447)	43	(152)(e)	(556)
Discontinued operations, net	--	--	(1)	(1)
Cumulative effect of changes in accounting principles, net	--	--	(24)	(24)
Net income(loss) (c, f)	$ 2,845	$ (399)	$ (1,292)(g)	$ 1,154
Unconsolidated equity investments	$ 75	$ 663	$ 255	$ 993
Property, plant and equipment additions, net (h)	$ 1,138	$ 112	$ 58	$ 1,308
Depreciation, depletion and amortization	$ 750	$ 184	$ 31	$ 965
Total assets	$ 13,316	$ 3,943	$ 591	$ 17,850

Footnotes:

- ----------

(a) Oil sales represented approximately 74 percent, 77 percent and 60 percent of net oil and gas sales for the periods ended December 31, 2003, 2002 and 2001, respectively.

(b) Total product sales for the chemical segment were as follows:

Basic Chemicals	Commodity Vinyl Resins	Performance Chemicals

YEAR ENDED DECEMBER 31, 2003	35%	54%	11%
Year ended December 31, 2002	37%	50%	13%
Year ended December 31, 2001	38%	48%	14%

Footnotes continued:

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(c) Segment earnings include charges and credits for major infrequently occurring transactions in lieu of U.S. federal income taxes. In 2003, the amounts allocated to the oil and gas segment were charges of $6 million. In 2002, the amounts allocated to the segments were charges of $1 million and a credit of $403 million in oil and gas and chemical, respectively. In 2001, the amounts allocated to the segments were charges of $56 million and a credit of $42 million in oil and gas and chemical, respectively.
(d) Includes unallocated net interest expense, administration expense, environmental remediation and other items. 2001 also includes pipeline lease income and pipeline depreciation expense.
(e) Includes unallocated income taxes.
(f) Oil and gas includes the 2001 gain on sale of interest in Indonesian Tangguh LNG project of $399 million, net of tax. Chemicals includes the 2002 gain on sale of Equistar investment of $164 million, net of tax, and the 2001 writedown of Equistar of $240 million, net of tax.

(g) Includes the following significant items affecting earnings for the years ended December 31:

Benefit (Charge) (In millions)	2003	2002	2001
CORPORATE			
Debt repayment charge	$ (61)	$ --	$ --
Loss on sale of pipeline-owning entity *	--	--	(272)
Discontinued operations, net *	--	(79)	(1)
Settlement of state tax issue	--	--	70
Tax effect of pre-tax adjustments	21	--	148
Changes in accounting principles, net *	(68)	(95)	(24)

* Amounts shown after-tax.

(h) Excludes acquisitions of businesses. Amounts include capitalized interest of $4 million in 2003, $12 million in 2002 and $5 million in 2001.
(i) Represents revenue from an electricity co-generation facility in Taft, Louisiana.

GEOGRAPHIC AREAS
In millions

	Net sales (a)			Property, plant and equipment, net		
For the years ended December 31,	2003	2002	2001	2003	2002	2001
United States	$ 6,805	$ 5,198	$ 6,288	$ 11,602	$ 10,996	$ 11,170
Qatar	691	566	539	1,171	955	859
Colombia	489	381	179	100	98	81
Yemen	472	422	377	349	316	273
Ecuador	220	98	82	224	176	109
Canada	206	150	136	38	33	31
Oman	178	158	151	229	155	122
Pakistan	168	151	113	156	189	49
United Arab Emirates	--	--	--	109	93	1
Other Foreign	97	214	237	27	25	96
Total	$ 9,326	$ 7,338	$ 8,102	$ 14,005	$ 13,036	$ 12,791

(a) Sales are shown by individual country based on the location of the entity making the sale.

NOTE 16   COSTS AND RESULTS OF OIL AND GAS PRODUCING ACTIVITIES

Capitalized costs relating to oil and gas producing activities and related accumulated depreciation, depletion and amortization, were as follows:

In millions	Consolidated Subsidiaries: United States	Latin America	Middle East	Other Eastern Hemisphere	Total	Other Interests(c)	Total Worldwide
DECEMBER 31, 2003							
Proved properties	$ 10,547	$ 978	$ 3,298	$ 246	$ 15,069	$ 34	$ 15,103
Unproved properties (a)	867	10	20	--	897	1	898
TOTAL PROPERTY COSTS	11,414	988	3,318	246	15,966	35	16,001
Support facilities	443	57	97	81	678	--	678
TOTAL CAPITALIZED COSTS (b)	11,857	1,045	3,415	327	16,644	35	16,679
Accumulated depreciation, depletion and amortization	(2,949)	(720)	(1,557)	(171)	(5,397)	(1)	(5,398)
NET CAPITALIZED COSTS	$ 8,908	$ 325	$ 1,858	$ 156	$ 11,247	$ 34	$ 11,281
DECEMBER 31, 2002							
Proved properties	$ 9,736	$ 883	$ 2,706	$ 259	$ 13,584	$ 35	$ 13,619
Unproved properties (a)	1,205	2	102	--	1,309	--	1,309
TOTAL PROPERTY COSTS	10,941	885	2,808	259	14,893	35	14,928
Support facilities	332	50	58	51	491	--	491
TOTAL CAPITALIZED COSTS (b)	11,273	935	2,866	310	15,384	35	15,419
Accumulated depreciation, depletion and amortization	(2,560)	(661)	(1,348)	(121)	(4,690)	9	(4,681)
NET CAPITALIZED COSTS	$ 8,713	$ 274	$ 1,518	$ 189	$ 10,694	$ 44	$ 10,738
DECEMBER 31, 2001							
Proved properties	$ 9,027	$ 789	$ 2,372	$ 142	$ 12,330	$ (2)	$ 12,328
Unproved properties (a)	1,606	2	13	--	1,621	--	1,621
TOTAL PROPERTY COSTS	10,633	791	2,385	142	13,951	(2)	13,949
Support facilities	290	43	49	8	390	19	409
TOTAL CAPITALIZED COSTS (b)	10,923	834	2,434	150	14,341	17	14,358
Accumulated depreciation, depletion and amortization	(2,210)	(622)	(1,177)	(99)	(4,108)	27	(4,081)
NET CAPITALIZED COSTS	$ 8,713	$ 212	$ 1,257	$ 51	$ 10,233	$ 44	$ 10,277

(a) Primarily consists of California properties.
(b) Includes costs related to leases, exploration costs, lease and well equipment, pipelines and terminals, gas plants and other equipment.
(c) Includes capitalized costs for equity investees in Russia and Yemen, partially offset by minority interest for a Colombian affiliate.

Costs incurred in oil and gas property acquisition, exploration and development activities, whether capitalized or expensed, were as follows:

In millions	United States	Latin America	Middle East	Other Eastern Hemisphere	Total	Other Interests (b)	Total Worldwide (c)
	Consolidated Subsidiaries						
DECEMBER 31, 2003							
Acquisition of properties							
Proved	$ 345	$ --	$ 19	$ --	$ 364	$ --	$ 364
Unproved	4	--	--	--	4	--	4
Exploration costs	27	30	17	24	98	(1)	97
Development costs	465 (a)	98	516	18	1,097	10	1,107
	$ 841	$ 128	$ 552	$ 42	$ 1,563	$ 9	$ 1,572
DECEMBER 31, 2002							
Acquisition of properties							
Proved	$ 72	$ --	$ 19	$ 72	$ 163	$ --	$ 163
Unproved	--	--	29	--	29	--	29
Exploration costs	54	30	34	16	134	--	134
Development costs	457 (a)	97	312	24	890	7	897
	$ 583	$ 127	$ 394	$ 112	$ 1,216	$ 7	$ 1,223
DECEMBER 31, 2001							
Acquisition of properties							
Proved	$ 10	$ --	$ 19	$ --	$ 29	$ --	$ 29
Unproved	43	--	10	--	53	--	53
Exploration costs	57	65	31	23	176	(5)	171
Development costs	602 (a)	58	229	18	907	11	918
	$ 712	$ 123	$ 289	$ 41	$ 1,165	$ 6	$ 1,171

(a) Excludes capitalized CO_2 of $48 million in 2003, $42 million in 2002 and $48 million in 2001.
(b) Includes equity investees' costs in Russia and Yemen, partially offset by minority interest for a Colombian affiliate.
(c) Excludes capitalized asset retirement obligation costs of $12 million in 2003. See Note 4 for transition information on capitalized asset retirement obligation costs.

The results of operations of Occidental's oil and gas producing activities, which exclude oil and gas trading activities and items such as asset dispositions, corporate overhead, interest and royalties, were as follows:

	Consolidated Subsidiaries						
In millions	United States	Latin America	Middle East	Other Eastern Hemisphere	Total	Other Interests(c)	Total Worldwide
FOR THE YEAR ENDED DECEMBER 31, 2003							
Revenues	$ 3,637	$ 612	$ 1,341 (a)	$ 147	$ 5,737	$ 138	$ 5,875
Production costs	813	122	183	16	1,134	91	1,225
Exploration expenses	79	20	17	23	139	(1)	138
Other operating expenses	207	41	76	13	337	7	344
Depreciation, depletion and amortization	637	60	209	48	954	17	971
PRETAX INCOME	1,901	369	856	47	3,173	24	3,197
Income tax expense(b)	500	179	415 (a)	26	1,120	9	1,129
RESULTS OF OPERATIONS	$ 1,401	$ 190	$ 441	$ 21	$ 2,053	$ 15	$ 2,068
FOR THE YEAR ENDED DECEMBER 31, 2002							
Revenues	$ 2,622	$ 453	$ 1,146 (a)	$ 133	$ 4,354	$ 107	$ 4,461
Production costs	753	92	137	21	1,003	61	1,064
Exploration expenses	105	27	28	15	175	1	176
Other operating expenses	152	(7)	59	8	212	10	222
Depreciation, depletion and amortization	570	41	171	24	806	13	819
PRETAX INCOME	1,042	300	751	65	2,158	22	2,180
Income tax expense(b)	210	113	357 (a)	28	708	10	718
RESULTS OF OPERATIONS	$ 832	$ 187	$ 394	$ 37	$ 1,450	$ 12	$ 1,462
FOR THE YEAR ENDED DECEMBER 31, 2001							
Revenues	$ 3,471	$ 245	$ 1,066 (a)	$ 100	$ 4,882	$ 137	$ 5,019
Production costs	773	68	111	12	964	67	1,031
Exploration expenses	42	91	49	12	194	(10)	184
Other operating expenses	141	5	45	20	211	4	215
Depreciation, depletion and amortization	535	27	159	12	733	14	747
PRETAX INCOME	1,980	54	702	44	2,780	62	2,842
Income tax expense(b)	530	20	395 (a)	35	980	26	1,006
RESULTS OF OPERATIONS	$ 1,450	$ 34	$ 307	$ 9	$ 1,800	$ 36	1,836

(a) Revenues and income tax expense include taxes owed by Occidental but paid by governmental entities on its behalf.
(b) U.S. federal income taxes reflect expenses allocated for U.S. income tax purposes only related to oil and gas activities, including allocated interest and corporate overhead. Foreign income taxes were included in geographic areas on the basis of operating results.
(c) Includes results of operations for equity investees in Russia and Yemen, partially offset by minority interest for a Colombian affiliate.

RESULTS PER UNIT OF PRODUCTION (Unaudited)

	Consolidated Subsidiaries						
	United States	Latin America	Middle East	Other Eastern Hemisphere	Total	Other Interests (b)	Total Worldwide (c)
FOR THE YEAR ENDED DECEMBER 31, 2003							
Revenues from net production							
Oil ($/bbl.)	$ 28.74	$ 26.98	$ 39.49 (a)	$ 26.68	$ 31.02	$ 16.30	$ 29.91 (a)
Natural gas ($/Mcf)	$ 4.81	$ --	$ --	$ 2.04	$ 4.49	$ --	$ 4.49
Barrel of oil equivalent ($/bbl.)(b,c)	$ 28.57	$ 26.98	$ 39.49 (a)	$ 18.52	$ 29.90	$ 16.30	$ 29.14 (a)
Production costs	6.39	5.38	5.39	2.02	5.91	8.50	6.08
Exploration expenses	0.62	0.88	0.50	2.90	0.72	--	0.68
Other operating expenses	1.63	1.81	2.24	1.64	1.76	0.79	1.71
Depreciation, depletion and amortization	5.00	2.64	6.15	6.05	4.97	1.93	4.82
PRETAX INCOME	14.93	16.27	25.21	5.91	16.54	5.08	15.85
Income tax expense	3.93	7.89	12.22 (a)	3.27	5.84	2.19	5.60 (a)
RESULTS OF OPERATIONS	$ 11.00	$ 8.38	$ 12.99	$ 2.64	$ 10.70	$ 2.89	$ 10.25
FOR THE YEAR ENDED DECEMBER 31, 2002							
Revenues from net production							
Oil ($/bbl.)	$ 23.47	$ 23.26	$ 34.12 (a)	$ 22.63	$ 26.20	$ 14.98	$ 25.37 (a)
Natural gas ($/Mcf)	$ 2.89	$ --	$ --	$ 2.08	$ 2.81	$ --	$ 2.81
Barrel of oil equivalent ($/bbl.)(b,c)	$ 21.30	$ 23.26	$ 34.12 (a)	$ 17.76	$ 23.71	$ 14.98	$ 23.24 (a)
Production costs	6.12	4.72	4.08	2.80	5.46	6.75	5.54
Exploration expenses	0.85	1.39	0.83	2.00	0.95	0.10	0.92
Other operating expenses	1.23	(0.36)	1.76	1.07	1.15	0.78	1.16
Depreciation, depletion and amortization	4.63	2.11	5.09	3.20	4.39	1.76	4.27
PRETAX INCOME	8.47	15.40	22.36	8.69	11.76	5.59	11.35
Income tax expense	1.71	5.80	10.63 (a)	3.74	3.86	2.35	3.74 (a)
RESULTS OF OPERATIONS	$ 6.76	$ 9.60	$ 11.73	$ 4.95	$ 7.90	$ 3.24	$ 7.61
FOR THE YEAR ENDED DECEMBER 31, 2001							
Revenues from net production							
Oil ($/bbl.)	$ 22.82	$ 19.87	$ 33.47 (a)	$ 22.63	$ 25.41	$ 15.70	$ 24.65 (a)
Natural gas ($/Mcf)	$ 6.40	$ --	$ --	$ 2.29	$ 6.11	$ --	$ 6.11
Barrel of oil equivalent ($/bbl.)(b,c)	$ 28.34	$ 19.87	$ 33.47 (a)	$ 17.99	$ 28.35	$ 15.70	$ 27.69 (a)
Production costs	6.31	5.51	3.49	2.16	5.60	7.20	5.70
Exploration expenses	0.34	7.38	1.54	2.16	1.13	--	1.02
Other operating expenses	1.15	0.41	1.41	3.60	1.23	0.50	1.19
Depreciation, depletion and amortization	4.37	2.19	4.99	2.16	4.26	1.70	4.12
PRETAX INCOME	16.17	4.38	22.04	7.91	16.13	6.30	15.66
Income tax expense	4.33	1.62	12.40 (a)	6.29	5.69	2.80	5.55 (a)
RESULTS OF OPERATIONS	$ 11.84	$ 2.76	$ 9.64	$ 1.62	$ 10.44	$ 3.50	$ 10.11

(a) Revenues and income tax expense include taxes owed by Occidental but paid by governmental entities on its behalf.
(b) Natural gas volumes have been converted to equivalent barrels based on energy content of six Mcf of gas to one barrel of oil.
(c) Revenues from net production exclude royalty payments and other adjustments.
(d) Includes results of operations for equity investees in Russia and Yemen.
(e) The computation of results per unit of production included in the denominator 2.1 mmboe, 4.2 mmboe and 7.8 mmboe produced by Occidental that were subject to volumetric production payments for the years 2003, 2002 and 2001, respectively.

In millions, except per-share amounts

Three months ended	MARCH 31	JUNE 30	SEPTEMBER 30	DECEMBER 31
Segment net sales				
Oil and gas	$ 1,553	$ 1,440	$ 1,480	$ 1,530
Chemical	790	785	793	810
Other	28	41	46	30
Net sales	$ 2,371	$ 2,266	$ 2,319	$ 2,370
Gross profit	$ 1,073	$ 1,001	$ 1,038	$ 1,087
Segment earnings				
Oil and gas	$ 727	$ 637	$ 660	$ 640
Chemical	35	43	61	71
	762	680	721	711
Unallocated corporate items				
Interest expense, net	(124)	(53)	(59)	(53)
Income taxes	(178)	(167)	(160)	(157)
Trust preferred distributions and other	(11)	(11)	(12)	(10)
Other	(56)	(75)	(44)	(109)
Income from continuing operations	393	374	446	382
Discontinued operations, net	--	--	--	--
Cumulative effect of changes in accounting principles, net	(68)	--	--	--
Net income	$ 325	$ 374	$ 446	$ 382
Basic earnings per common share				
Income from continuing operations	$ 1.04	$ .98	$ 1.16	$ .99
Discontinued operations, net	--	--	--	--
Cumulative effect of changes in accounting principles, net	(.18)	--	--	--
Basic earnings per common share	$ .86	$ .98	$ 1.16	$ .99
Diluted earnings per common share				
Income from continuing operations	$ 1.03	$ .97	$ 1.14	$ .97
Discontinued operations, net	--	--	--	--
Cumulative effect of changes in accounting principles, net	(.18)	--	--	--
Diluted earnings per common share	$ .85	$ .97	$ 1.14	$ .97
Dividends per common share	$ .26	$ .26	$ .26	$ .26
Market price per common share				
High	$ 30.74	$ 34.40	$ 35.84	$ 42.98
Low	$ 27.17	$ 29.55	$ 30.64	$ 34.70

2002 QUARTERLY FINANCIAL DATA (Unaudited)
In millions, except per-share amounts

Occidental Petroleum Corporation
and Subsidiaries

Three months ended	MARCH 31	JUNE 30	SEPTEMBER 30	DECEMBER 31
Segment net sales				
Oil and gas	$ 958	$ 1,165	$ 1,224	$ 1,287
Chemical	565	702	739	698
Net sales	$ 1,523	$ 1,867	$ 1,963	$ 1,985
Gross profit	$ 536	$ 742	$ 838	$ 856
Segment earnings(loss)				
Oil and gas	$ 306	$ 421	$ 490	$ 490
Chemical	(31)	34	214	58
	275	455	704	548
Unallocated corporate items				
Interest expense, net	(56)	(66)	(73)	(58)
Income taxes	(44)	(101)	(105)	(114)
Trust preferred distributions and other	(11)	(12)	(12)	(12)
Other	(41)	(35)	(38)	(41)
Income from continuing operations	123	241	476	323
Discontinued operations, net	(3)	(1)	(74)	(1)
Cumulative effect of changes in accounting principles, net	(95)	--	--	--
Net income	$ 25	$ 240	$ 402	$ 322
Basic earnings per common share				
Income from continuing operations	$ .33	$ .64	$ 1.26	$ .85
Discontinued operations, net	(.01)	--	(.19)	--
Cumulative effect of changes in accounting principles, net	(.25)	--	--	--
Basic earnings per common share	$ .07	$ .64	$ 1.07	$ .85
Diluted earnings per common share				
Income from continuing operations	$ .33	$ .63	$ 1.25	$ .84
Discontinued operations, net	(.01)	--	(.19)	--
Cumulative effect of changes in accounting principles, net	(.25)	--	--	--
Diluted earnings per common share	$ .07	$ .63	$ 1.06	$ .84
Dividends per common share	$ .25	$ .25	$ .25	$ .25
Market price per common share				
High	$ 29.19	$ 30.75	$ 30.08	$ 30.74
Low	$ 24.29	$ 28.05	$ 22.98	$ 26.47

SUPPLEMENTAL OIL AND GAS INFORMATION (Unaudited)

The following tables set forth Occidental's net interests in quantities of proved developed and undeveloped reserves of crude oil, condensate and natural gas and changes in such quantities. Crude oil reserves (in millions of barrels) include condensate. The reserves are stated after applicable royalties. These estimates include reserves in which Occidental holds an economic interest under production-sharing contracts and other economic arrangements.

The reserve estimation process involves reservoir engineers, geoscientists, planning engineers and financial analysts. As part of this process, all reserve volumes are estimated by a forecast of production rates, operating costs and capital expenditures. Price differentials between benchmark prices and prices realized and specifics of each operating agreement are then used to estimate the net reserves. Production rate forecasts are derived by a number of methods, including estimates from decline curve analyses, material balance calculations that take into account the volume of substances replacing the volumes produced and associated reservoir pressure changes, or computer simulation of the reservoir performance. Operating costs and capital costs are forecast based on past experience combined with expectations of future cost for the specific reservoirs. In many cases, activity-based cost models for a reservoir are utilized to project operating costs as production rates and the number of wells for production and injection vary.

A team consisting of the Chief Engineer of Worldwide Reservoir Characterization, the Chief Petrophysicist, the Manager of Production Geoscience, a Manager of Financial Planning and Analysis and the Worldwide Reserves Coordinator perform a review of the reserve estimates at the location where the estimates were developed.

Estimates of proven reserves are collected in a database and changes in this database are reviewed by engineering personnel to ensure accuracy. Finally, reserve volumes and changes are reviewed and approved by Occidental's senior management.

OIL RESERVES
In millions of barrels

	Consolidated Subsidiaries						
In millions	United States	Latin America	Middle East (b)	Other Eastern Hemisphere	Total	Other Interests(a)	Total Worldwide
PROVED DEVELOPED AND UNDEVELOPED RESERVES							
BALANCE AT DECEMBER 31, 2000	1,346	144	258	10	1,758	45	1,803
Revisions of previous estimates	(14)	10	24	1	21	8	29
Improved recovery	92	--	47	--	139	--	139
Extensions and discoveries	22	10	24	--	56	--	56
Purchases of proved reserves	3	--	--	--	3	--	3
Sales of proved reserves	--	--	--	--	--	--	--
Production	(78)	(12)	(32)	(2)	(124)	(9)	(133)
BALANCE AT DECEMBER 31, 2001	1,371	152	321	9	1,853	44	1,897
Revisions of previous estimates	28	13	(31)	3	13	(1)	12
Improved recovery	69	1	42	--	112	5	117
Extensions and discoveries	22	11	6	1	40	--	40
Purchases of proved reserves	51	--	--	5	56	2	58
Sales of proved reserves	(4)	--	--	--	(4)	--	(4)
Production	(85)	(19)	(34)	(4)	(142)	(8)	(150)
BALANCE AT DECEMBER 31, 2002	1,452	158	304	14	1,928	42	1,970
Revisions of previous estimates	(11)	--	10	--	(1)	6	5
Improved recovery	58	6	21	--	85	4	89
Extensions and discoveries	4	11	25	1	41	6	47
Purchases of proved reserves	98	--	--	--	98	--	98
Sales of proved reserves	(8)	--	--	--	(8)	--	(8)
Production	(93)	(23)	(34)	(3)	(153)	(10)	(163)
BALANCE AT DECEMBER 31, 2003	1,500	152	326	12	1,990	48	2,038
PROVED DEVELOPED RESERVES							
December 31, 2000	1,079	90	197	8	1,374	36	1,410
December 31, 2001	1,106	91	232	8	1,437	35	1,472
December 31, 2002	1,183	85	228	12	1,508	34	1,542
DECEMBER 31, 2003	1,262	116	227	11	1,616	35	1,651

(a) Includes reserves applicable to equity investees in Russia and Yemen, partially offset by minority interests for a Colombian affiliate.
(b) All Middle East reserves are related to production-sharing contracts.

GAS RESERVES
In billions of cubic feet

In millions	United States	Latin America	Middle East (b)	Other Eastern Hemisphere	Total	Other Interests	Total Worldwide
	Consolidated Subsidiaries						
PROVED DEVELOPED AND UNDEVELOPED RESERVES							
BALANCE AT DECEMBER 31, 2000	2,094	--	--	116	2,210	--	2,210
Revisions of previous estimates	(53)	--	--	4	(49)	--	(49)
Improved recovery	23	--	--	--	23	--	23
Extensions and discoveries	118	--	--	4	122	--	122
Purchases of proved reserves	4	--	--	--	4	--	4
Sales of proved reserves	(1)	--	--	--	(1)	--	(1)
Production (a)	(223)	--	--	(18)	(241)	--	(241)
BALANCE AT DECEMBER 31, 2001	1,962	--	--	106	2,068	--	2,068
Revisions of previous estimates	(39)	--	--	(15)	(54)	--	(54)
Improved recovery	39	--	106	6	151	--	151
Extensions and discoveries	57	--	--	3	60	--	60
Purchases of proved reserves	14	--	--	45	59	--	59
Sales of proved reserves	(6)	--	--	--	(6)	--	(6)
Production (a)	(206)	--	--	(23)	(229)	--	(229)
BALANCE AT DECEMBER 31, 2002	1,821	--	106	122	2,049	--	2,049
Revisions of previous estimates	47	--	(10)	7	44	--	44
Improved recovery	68	--	--	2	70	9	79
Extensions and discoveries	38	--	558	1	597	--	597
Purchases of proved reserves	55	--	--	--	55	--	55
Sales of proved reserves	(9)	--	--	--	(9)	--	(9)
Production (a)	(194)	--	--	(27)	(221)	--	(221)
BALANCE AT DECEMBER 31, 2003	1,826	--	654	105	2,585	9	2,594
PROVED DEVELOPED RESERVES							
December 31, 2000	1,814	--	--	84	1,898	--	1,898
December 31, 2001	1,718	--	--	89	1,807	--	1,807
December 31, 2002	1,630	--	--	110	1,740	--	1,740
DECEMBER 31, 2003	1,618	--	91	94	1,803	9	1,812

(a) Production excludes 12.7 bcf, 25.3 bcf and 28.0 bcf subject to volumetric production payments for the years 2003, 2002 and 2001, respectively.
(b) All Middle East reserves are related to production-sharing contracts.

STANDARDIZED MEASURE, INCLUDING YEAR-TO-YEAR CHANGES THEREIN, OF DISCOUNTED FUTURE NET CASH FLOWS

For purposes of the following disclosures, estimates were made of quantities of proved reserves and the periods during which they are expected to be produced. Future cash flows were computed by applying year-end prices to Occidental's share of estimated annual future production from proved oil and gas reserves, net of royalties. Future development and production costs were computed by applying year-end costs to be incurred in producing and further developing the proved reserves. Future income tax expenses were computed by applying, generally, year-end statutory tax rates (adjusted for permanent differences, tax credits, allowances and foreign income repatriation considerations) to the estimated net future pre-tax cash flows. The discount was computed by application of a 10 percent discount factor. The calculations assumed the continuation of existing economic, operating and contractual conditions at each of December 31, 2003, 2002 and 2001. However, such arbitrary assumptions have not necessarily proven to be the case in the past. Other assumptions of equal validity would give rise to substantially different results.

The year-end prices used to calculate future cash flows vary by producing area and market conditions. For the 2003, 2002 and 2001 disclosures, the West Texas Intermediate oil prices used were $32.52/bbl, $31.17/bbl and $19.84/bbl, respectively. The Henry Hub gas prices used for the 2003, 2002 and 2001 disclosures were $5.79/MMBtu, $4.75/MMBtu and $2.57/MMBtu, respectively.

STANDARDIZED MEASURE OF DISCOUNTED FUTURE NET CASH FLOWS
In millions

	Consolidated Subsidiaries					
	United States	Latin America	Middle East	Other Eastern Hemisphere	Total	Other Interests(a)
AT DECEMBER 31, 2003						
Future cash flows	$ 53,939	$ 3,977	$ 10,232	$ 556	$ 68,704	$ 987
Future costs						
Production costs and other operating expenses	(22,584)	(1,404)	(2,945)	(112)	(27,045)	(434)
Development costs (b)	(1,931)	(129)	(1,382)	(39)	(3,481)	(87)
FUTURE NET CASH FLOWS BEFORE INCOME TAXES	29,424	2,444	5,905	405	38,178	466
Future income tax expense	(9,090)	(1,070)	(626)	(169)	(10,955)	(141)
FUTURE NET CASH FLOWS	20,334	1,374	5,279	236	27,223	325
Ten percent discount factor	(11,644)	(355)	(2,390)	(47)	(14,436)	(81)
STANDARDIZED MEASURE	$ 8,690	$ 1,019	$ 2,889	$ 189	$ 12,787	$ 244
AT DECEMBER 31, 2002						
Future cash flows	$ 46,806	$ 3,407	$ 8,555	$ 628	$ 59,396	$ 429
Future costs						
Production costs and other operating expenses	(18,288)	(907)	(2,227)	(102)	(21,524)	(286)
Development costs (b)	(1,997)	(165)	(969)	(28)	(3,159)	(40)
FUTURE NET CASH FLOWS BEFORE INCOME TAXES	26,521	2,335	5,359	498	34,713	103
Future income tax expense	(7,929)	(906)	(333)	(190)	(9,358)	--
FUTURE NET CASH FLOWS	18,592	1,429	5,026	308	25,355	103
Ten percent discount factor	(10,342)	(440)	(2,079)	(65)	(12,926)	(22)
STANDARDIZED MEASURE	$ 8,250	$ 989	$ 2,947	$ 243	$ 12,429	$ 81
AT DECEMBER 31, 2001						
Future cash flows	$ 28,146	$ 2,259	$ 5,670	$ 340	$ 36,415	$ 469
Future costs						
Production costs and other operating expenses	(14,404)	(868)	(1,813)	(69)	(17,154)	(321)
Development costs (b)	(2,282)	(204)	(556)	(19)	(3,061)	(32)
FUTURE NET CASH FLOWS BEFORE INCOME TAXES	11,460	1,187	3,301	252	16,200	116
Future income tax expense	(2,224)	(483)	(306)	(90)	(3,103)	(26)
FUTURE NET CASH FLOWS	9,236	704	2,995	162	13,097	90
Ten percent discount factor	(5,088)	(199)	(1,238)	(38)	(6,563)	(22)
STANDARDIZED MEASURE	$ 4,148	$ 505	$ 1,757	$ 124	$ 6,534	$ 68

(a) Includes future net cash flows applicable to equity investees in Russia and Yemen, partially offset by minority interests for a Colombian affiliate.
(b) Includes dismantlement and abandonment costs.

CHANGES IN THE STANDARDIZED MEASURE OF DISCOUNTED FUTURE NET CASH FLOWS FROM PROVED RESERVE QUANTITIES
In millions

For the years ended December 31,	2003	2002	2001
BEGINNING OF YEAR	$ 12,429	$ 6,534	$ 15,180
Sales and transfers of oil and gas produced, net of production costs and other operating expenses	(4,162)	(2,910)	(3,383)
Net change in prices received per barrel, net of production costs and other operating expenses	1,874	9,684	(12,737)
Extensions, discoveries and improved recovery, net of future production and development costs	1,287	1,496	1,238
Change in estimated future development costs	(833)	(543)	(931)
Revisions of quantity estimates	133	(87)	58
Development costs incurred during the period	1,078	954	902
Accretion of discount	1,545	757	1,895
Net change in income taxes	(638)	(2,820)	4,138
Purchases and sales of reserves in place, net	637	448	19
Changes in production rates and other	(563)	(1,084)	155
NET CHANGE	358	5,895	(8,646)
END OF YEAR	$ 12,787	$ 12,429	$ 6,534

AVERAGE SALES PRICES AND AVERAGE PRODUCTION COSTS OF OIL AND GAS

The following table sets forth, for each of the three years in the period ended December 31, 2003, Occidental's approximate average sales prices and average production costs of oil and gas. Production costs are the costs incurred in lifting the oil and gas to the surface and include gathering, treating, primary processing, field storage, property taxes and insurance on proved properties, but do not include depreciation, depletion and amortization, royalties, income taxes, interest, general and administrative and other expenses.

	Consolidated Subsidiaries						
	United States	Latin America(a)	Middle East	Other Eastern Hemisphere(a)	Total	Other Interests(c)	Total Worldwide
2003							
Oil -- Average sales price ($/bbl.)	$ 28.74	$ 27.21	$ 27.81(d)	$ 26.61	$ 28.18	$ 15.95	$ 27.25
Gas -- Average sales price ($/Mcf)	$ 4.81	$ --	$ --	$ 2.04	$ 4.45	$ --	$ 4.45
Average oil and gas production cost ($/bbl.) (b)	$ 6.39	$ 5.38	$ 5.39	$ 2.02	$ 5.91	$ 8.50	$ 6.08
2002							
Oil -- Average sales price ($/bbl.)	$ 23.47	$ 23.14	$ 24.13(d)	$ 23.02	$ 23.56	$ 14.80	$ 22.91
Gas -- Average sales price ($/Mcf)	$ 2.89	$ --	$ --	$ 2.08	$ 2.81	$ --	$ 2.81
Average oil and gas production cost ($/bbl.) (b)	$ 6.12	$ 4.72	$ 4.08	$ 2.80	$ 5.46	$ 6.75	$ 5.54
2001							
Oil -- Average sales price ($/bbl.)	$ 21.74	$ 20.10	$ 23.00(d)	$ 22.64	$ 21.91	$ 15.57	$ 21.41
Gas -- Average sales price ($/Mcf)	$ 6.40	$ --	$ --	$ 2.29	$ 6.09	$ --	$ 6.09
Average oil and gas production cost ($/bbl.) (b)	$ 6.31	$ 5.51	$ 3.49	$ 2.16	$ 5.60	$ 7.20	$ 5.70

(a) Sales prices include royalties with respect to certain of Occidental's interests.
(b) Natural gas volumes have been converted to equivalent barrels based on energy content of six Mcf of gas to one barrel of oil.
(c) Includes prices and costs applicable to equity investees in Russia and Yemen.
(d) Excludes implied taxes.

NET PRODUCTIVE AND DRY -- EXPLORATORY AND DEVELOPMENT WELLS COMPLETED

The following table sets forth, for each of the three years in the period ended December 31, 2003, Occidental's net productive and dry-exploratory and development wells completed.

	Consolidated Subsidiaries						
	United States	Latin America	Middle East	Other Eastern Hemisphere	Total	Other Interests(a)	Total Worldwide
2003							
Oil -- Exploratory	1.0	2.2	1.3	0.4	4.9	(0.1)	4.8
Development	277.2	26.2	61.0	2.1	366.5	4.0	370.5
Gas -- Exploratory	--	--	--	--	--	--	--
Development	35.1	--	1.3	--	36.4	--	36.4
Dry -- Exploratory	4.0	6.0	3.6	1.3	14.9	(0.9)	14.0
Development	15.7	1.2	1.7	--	18.6	0.1	18.7
2002							
Oil -- Exploratory	2.9	1.2	3.8	--	7.9	--	7.9
Development	258.5	16.8	58.1	2.7	336.1	8.6	344.7
Gas -- Exploratory	--	--	--	0.5	0.5	--	0.5
Development	17.9	--	--	0.6	18.5	--	18.5
Dry -- Exploratory	5.1	1.2	1.6	0.5	8.4	--	8.4
Development	20.8	1.1	--	0.8	22.7	(0.1)	22.6
2001							
Oil -- Exploratory	3.0	--	2.6	0.5	6.1	--	6.1
Development	432.1	15.1	45.6	2.3	495.1	11.4	506.5
Gas -- Exploratory	7.8	--	--	--	7.8	--	7.8
Development	38.1	--	--	0.5	38.6	--	38.6
Dry -- Exploratory	10.1	1.2	0.7	1.1	13.1	(0.3)	12.8
Development	34.7	--	--	0.3	35.0	--	35.0

(a) Includes amounts applicable to equity investees in Russia and Yemen, partially offset by minority interests in a Colombian affiliate.

PRODUCTIVE OIL AND GAS WELLS

The following table sets forth, as of December 31, 2003, Occidental's productive oil and gas wells (both producing wells and wells capable of production). The numbers in parentheses indicate the number of wells with multiple completions.

	Consolidated Subsidiaries						
Wells at December 31, 2003	United States	Latin America	Middle East	Other Eastern Hemisphere	Total	Other Interests (c)	Total Worldwide
Oil -- Gross (a)	17,346 (403)	321 (--)	678 (21)	72 (--)	18,417 (424)	425 (62)	18,842 (486)
Net (b)	11,743 (291)	169 (--)	380 (21)	32 (--)	12,342 (312)	197 (33)	12,539 (345)
Gas -- Gross (a)	2,441 (60)	-- (--)	6 (1)	35 (--)	2,482 (61)	2 (--)	2,484 (61)
Net (b)	2,046 (40)	-- (--)	5 (1)	15 (--)	2,066 (41)	1 (--)	2,067 (41)

(a) The total number of wells in which interests are owned.
(b) The sum of fractional interests.
(c) Includes amounts applicable to equity investees in Russia and Yemen, partially offset by minority interests in a Colombian affiliate.

PARTICIPATION IN EXPLORATORY AND DEVELOPMENT WELLS BEING DRILLED

The following table sets forth, as of December 31, 2003, Occidental's participation in exploratory and development wells being drilled.

Wells at December 31, 2003	Consolidated Subsidiaries						
	United States	Latin America	Middle East	Other Eastern Hemisphere	Total	Other Interests(a)	Total Worldwide
Exploratory and development wells							
-- Gross	30	4	6	3	43	5	48
-- Net	20	3	4	1	28	2	30

(a) Includes amounts applicable to equity investees in Russia and Yemen, partially offset by minority interests in a Colombian affiliate.

At December 31, 2003, Occidental was participating in 101 pressure maintenance projects in the United States, 5 in Latin America, 43 in the Middle East and 5 in the Other Eastern Hemisphere.

OIL AND GAS ACREAGE

The following table sets forth, as of December 31, 2003, Occidental's holdings of developed and undeveloped oil and gas acreage.

Thousands of acres at December 31, 2003		Consolidated Subsidiaries						
		United States	Latin America	Middle East	Other Eastern Hemisphere	Total	Other Interests(e)	Total Worldwide
Developed (a)	-- Gross (b)	4,248	39	520	554	5,361	16	5,377
	-- Net (c)	2,853	23	210	264	3,350	35	3,385
Undeveloped (d)	-- Gross (b)	1,932	3,929	16,346	12,606	34,813	6	34,819
	-- Net (c)	1,181	2,440	6,973	5,918	16,512	(195)	16,317

(a) Acres spaced or assigned to productive wells.
(b) Total acres in which interests are held.
(c) Sum of the fractional interests owned based on working interests, or interests under production-sharing contracts and other economic arrangements.
(d) Acres on which wells have not been drilled or completed to a point that would permit the production of commercial quantities of oil and gas, regardless of whether the acreage contains proved reserves.
(e) Includes amounts applicable to equity investees in Russia and Yemen, partially offset by minority interests in a Colombian affiliate.

OIL AND NATURAL GAS PRODUCTION PER DAY

The following table sets forth, for each of the three years in the period ended December 31, 2003, Occidental's oil, NGL and natural gas production per day.

	2003	2002	2001
United States			
Crude oil and liquids (MBL)			
California	81	86	76
Permian	150	142	137
Horn Mountain	21	1	--
Hugoton	4	3	--
TOTAL	256	232	213
Natural Gas (MMCF)			
California	252	286	303
Hugoton	138	148	159
Permian	129	130	148
Horn Mountain	13	--	--
TOTAL	532	564	610
Latin America			
Crude oil (MBL)			
Colombia	37	40	21
Ecuador	25	13	13
TOTAL	62	53	34
Middle East			
Crude oil (MBL)			
Oman	12	13	12
Qatar	45	42	43
Yemen	35	37	33
TOTAL	92	92	88
Other Eastern Hemisphere			
Crude oil (MBL)			
Pakistan	9	10	7
Natural Gas (MMCF)			
Pakistan	74	63	50
Barrels of Oil Equivalent (MBOE)			
Subtotal consolidated subsidiaries	520	492	452
Colombia - minority interest	(5)	(5)	(3)
Russia - Occidental net interest	30	27	27
Yemen - Occidental net interest	2	1	--
Total worldwide production	547	515	476

SCHEDULE II - VALUATION AND QUALIFYING ACCOUNTS
In millions

Occidental Petroleum Corporation
and Subsidiaries

	Balance at Beginning of Period	Additions: Charged to Costs and Expenses	Additions: Charged to Other Accounts	Deductions	Balance at End of Period
2003					
Allowance for doubtful accounts	$ 28	$ --	$ --	$ (4)	$ 24
Environmental	$ 393	$ 64	$ --	$ (85)(a)	$ 372
Foreign and other taxes, litigation and other reserves	1,104	14	80	(31)	1,167
	$ 1,497	$ 78	$ 80	$ (116)	$ 1,539 (b)
2002					
Allowance for doubtful accounts	$ 35	$ --	$ --	$ (7)	$ 28
Environmental	$ 454	$ 25	$ --	$ (86)(a)	$ 393
Foreign and other taxes, litigation and other reserves	930	8	193	(27)	1,104
	$ 1,384	$ 33	$ 193	$ (113)	$ 1,497 (b)
2001					
Allowance for doubtful accounts	$ 25	$ 12	$ --	$ (2)	$ 35
Environmental	$ 402	$ 111	$ 16	$ (75)(a)	$ 454
Foreign and other taxes, litigation and other reserves	1,001	10	27	(108)(c)	930
	$ 1,403	$ 121	$ 43	$ (183)	$ 1,384 (b)

(a) Primarily represents payments.
(b) Of these amounts, $132 million, $160 million and $165 million in 2003, 2002 and 2001, respectively, are classified as current.
(c) Included a reclassification of $46 million to the "Deferred and other domestic and foreign income taxes" account.

ITEM 9 CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

Not applicable.

ITEM 9A CONTROLS AND PROCEDURES

Occidental's Chief Executive Officer and Chief Financial Officer supervised and participated in Occidental's evaluation of its disclosure controls and procedures as of the end of the period covered by this report. Disclosure controls and procedures are controls and procedures designed to ensure that information required to be disclosed in Occidental's periodic reports filed or submitted under the Securities Exchange Act of 1934, as amended, is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission's rules and forms. Based upon that evaluation, Occidental's Chief Executive Officer and Chief Financial Officer concluded that Occidental's disclosure controls and procedures are effective.

There has been no change in Occidental's internal control over financial reporting during the fourth quarter of 2003 that has materially affected, or is reasonably likely to materially affect, Occidental's internal control over financial reporting.

PART III

ITEM 10 DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT

Occidental has adopted a Code of Business Conduct (Code). The Code applies to the chief executive officer, chief financial officer, chief accounting officer and persons performing similar functions (Key Personnel). The Code also applies to the company's directors, its employees and the employees of entities it controls. The Code is posted on the Occidental website www.oxy.com and a copy is available to stockholders upon request. Occidental will satisfy any disclosure requirement under Item 10 of Form 8-K regarding an amendment to, or waiver from, any provision of the Code with respect to its Key Personnel or directors by disclosing the nature of that amendment or waiver on its website.

This item incorporates by reference the information regarding Occidental's directors appearing under the caption "Election of Directors" in Occidental's definitive proxy statement filed in connection with its April 30, 2004, Annual Meeting of Stockholders (2004 Proxy Statement). See also the list of Occidental's executive officers and related information under "Executive Officers of the Registrant" in Part I of this report.

ITEM 11 EXECUTIVE COMPENSATION

This item incorporates by reference the information appearing under the captions "Executive Compensation" (excluding, however, the information appearing under the subcaptions "Report of the Executive Compensation and Human Resources Committee" and "Performance Graph") and "Election of Directors -- Information Regarding the Board of Directors and Its Committees" in the 2004 Proxy Statement.

ITEM 12 SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

This item incorporates by reference the information with respect to security ownership appearing under the caption "Security Ownership of Certain Beneficial Owners and Management" in the 2004 Proxy Statement.

ITEM 13 CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

Not applicable.

ITEM 14 PRINCIPAL ACCOUNTANT FEES AND SERVICES

This item incorporates by reference the information with respect to accountant fees and services appearing under the sub-captions "Audit and Other Fees" and "Report of the Audit Committee" in the 2004 Proxy Statement.

PART IV

ITEM 15 EXHIBITS, FINANCIAL STATEMENT SCHEDULES AND REPORTS ON FORM 8-K

(a) (1) AND (2). FINANCIAL STATEMENTS AND FINANCIAL STATEMENT SCHEDULE
Reference is made to the Index to Financial Statements and Related Information under Item 8 in Part II hereof, where these documents are listed.

(a) (3). EXHIBITS

3.(i)* Restated Certificate of Incorporation of Occidental, dated November 12, 1999 (filed as Exhibit 3.(i) to the Annual Report on Form 10-K of Occidental for the fiscal year ended December 31, 1999, File No. 1-9210).

3.(i)(a)* Certificate of Change of Location of Registered Office and of Registered Agent, dated July 6, 2001. (filed as Exhibit 3.1(i) to the Registration Statement on Form S-3 of Occidental, File No. 333-82246).

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* Incorporated herein by reference

3.(ii) Bylaws of Occidental, as amended through February 12, 2004.

4.1* Occidental Petroleum Corporation Five-Year Credit Agreement, dated as of January 4, 2001 among Occidental, Chase Securities Inc. and Banc of America Securities, LLC, as Co-Lead Arrangers, The Chase Manhattan Bank, as Syndication Agent, Bank of America, N.A. and ABN Amro Bank N.V., as Co-Documentation Agents, and The Bank of Nova Scotia, as Administrative Agent (filed as Exhibit 4.1 to the Annual Report on Form 10-K of Occidental for the fiscal year ended December 31, 2000, File No. 1-9210).

4.2* Indenture (Senior Debt Securities), dated as of April 1, 1998, between Occidental and The Bank of New York, as Trustee (filed as Exhibit 4 to the Registration Statement on Form S-3 of Occidental, File No. 333-52053).

4.3* Specimen certificate for shares of Common Stock (filed as Exhibit 4.9 to the Registration Statement on Form S-3 of Occidental, File No. 333-82246).

4.4 Instruments defining the rights of holders of other long-term debt of Occidental and its subsidiaries are not being filed since the total amount of securities authorized under each of such instruments does not exceed 10 percent of the total assets of Occidental and its subsidiaries on a consolidated basis. Occidental agrees to furnish a copy of any such instrument to the Commission upon request.

All of the Exhibits numbered 10.1 to 10.51 are management contracts and compensatory plans required to be identified specifically as responsive to Item 601(b)(10)(iii)(A) of Regulation S-K pursuant to Item 15(c) of Form 10-K.

10.1* Employment Agreement, dated as of November 17, 2000, between Occidental and Dr. Ray R. Irani (filed as Exhibit 10.2 to the Annual Report on Form 10-K of Occidental for the fiscal year ended December 31, 2000, File No. 1-9210).

10.2* Employment Agreement, dated as of November 17, 2000, between Occidental and Dr. Dale R. Laurance (filed as Exhibit 10.3 to the Annual Report on Form 10-K of Occidental for the fiscal year ended December 31, 2000, File No. 1-9210).

10.3* Employment Agreement, dated as of November 17, 2000, between Occidental and Stephen I. Chazen (filed as Exhibit 10.4 to the Annual Report on Form 10-K of Occidental for the fiscal year ended December 31, 2000, File No. 1-9210).

10.4* Employment Agreement, dated May 19, 2003, between Occidental and Donald P. de Brier (filed as Exhibit 10.1 to the Quarterly Report on Form 10-Q of Occidental for the quarterly period ended June 30, 2003, File No. 1-9210).

10.5* Form of Indemnification Agreement between Occidental and each of its directors and certain executive officers (filed as Exhibit B to the Proxy Statement of Occidental for its May 21, 1987, Annual Meeting of Stockholders, File No. 1-9210).

10.6* Occidental Petroleum Corporation Split Dollar Life Insurance Program and Related Documents (filed as Exhibit 10.2 to the Quarterly Report on Form 10-Q of Occidental for the quarterly period ended September 30, 1994, File No. 1-9210).

10.7* Split Dollar Life Insurance Agreement, dated January 24, 2002, by and between Occidental and Donald P. de Brier (filed as Exhibit 10.1 to the Quarterly Report on Form 10-Q of Occidental for the quarterly period ended March 31, 2002, File No. 1-9210).

10.8* Occidental Petroleum Insured Medical Plan, as amended and restated effective April 29, 1994, amending and restating the Occidental Petroleum Corporation Executive Medical Plan (as amended and restated effective April 1, 1993) (filed as Exhibit 10 to the Quarterly Report on Form 10-Q of Occidental for the quarterly period ending March 31, 1994, File No. 1-9210).

10.9* Occidental Petroleum Corporation 1987 Stock Option Plan, as amended through September 12, 2002 (filed as Exhibit 10.1 to the Quarterly Report on Form 10-Q of Occidental for the quarterly period ended September 30, 2002, File No. 1-9210).

10.10* Form of Nonqualified Stock Option Agreement under Occidental Petroleum Corporation 1987 Stock Option Plan (filed as Exhibit 10.2 to the Quarterly Report on Form 10-Q of Occidental for the quarterly period ended March 31, 1992, File No. 1-9210).

10.11* Form of Nonqualified Stock Option Agreement, with Stock Appreciation Right, under Occidental Petroleum Corporation 1987 Stock Option Plan (filed as Exhibit 10.3 to the Quarterly Report on Form 10-Q of Occidental for the quarterly period ended March 31, 1992, File No. 1-9210).

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* Incorporated herein by reference

10.12*	Form of Incentive Stock Option Agreement under Occidental Petroleum Corporation 1987 Stock Option Plan (filed as Exhibit 10.4 to the Quarterly Report on Form 10-Q of Occidental for the quarterly period ended March 31, 1992, File No. 1-9210).
10.13*	Form of Incentive Stock Option Agreement, with Stock Appreciation Right, under Occidental Petroleum Corporation 1987 Stock Option Plan (filed as Exhibit 10.5 to the Quarterly Report on Form 10-Q of Occidental for the quarterly period ended March 31, 1992, File No. 1-9210).
10.14	Occidental Petroleum Corporation Deferred Compensation Plan, Second Amendment and Restatement Effective as of January 1, 2003.
10.15*	Occidental Petroleum Corporation Senior Executive Supplemental Life Insurance Plan (effective as of January 1, 1986, as amended and restated effective as of January 1, 1996) (filed as Exhibit 10.25 to the Annual Report on Form 10-K of Occidental for the fiscal year ended December 31, 1995, File No. 1-9210).
10.16*	Occidental Petroleum Corporation Senior Executive Survivor Benefit Plan (effective as of January 1, 1986, as amended and restated effective as of January 1, 1996) (filed as Exhibit 10.27 to the Annual Report on Form 10-K of Occidental for the fiscal year ended December 31, 1995, File No. 1-9210).
10.17*	Amendment No. 1 to Occidental Petroleum Corporation Senior Executive Survivor Benefit Plan, dated February 28, 2002 (filed as Exhibit 10.2 to the Quarterly Report on Form 10-Q of Occidental for the quarterly period ended March 31, 2002, File No. 1-9210).
10.18*	Occidental Petroleum Corporation 1995 Incentive Stock Plan, as amended (filed as Exhibit 10.28 to the Annual Report on Form 10-K of Occidental for the fiscal year ended December 31, 1999, File No. 1-9210).
10.19*	Form of Incentive Stock Option Agreement under Occidental Petroleum Corporation 1995 Incentive Stock Plan (filed as Exhibit 99.2 to the Registration Statement on Form S-8 of Occidental, File No. 33-64719).
10.20*	Form of Nonqualified Stock Option Agreement under Occidental Petroleum Corporation 1995 Incentive Stock Plan (filed as Exhibit 99.3 to the Registration Statement on Form S-8 of Occidental, File No. 33-64719).
10.21*	Form of Restricted Stock Agreement under Occidental Petroleum Corporation 1995 Incentive Stock Plan (filed as Exhibit 99.5 to the Registration Statement on Form S-8 of Occidental, File No. 33-64719).
10.22*	Form of Performance Stock Agreement under Occidental Petroleum Corporation 1995 Incentive Stock Plan (filed as Exhibit 99.6 to the Registration Statement on Form S-8 of Occidental, File No. 33-64719).
10.23*	Form of Incentive Stock Option Agreement under Occidental Petroleum Corporation 1995 Incentive Stock Plan (filed as Exhibit 10.2 to the Current Report on Form 8-K of Occidental, dated January 6, 1999 (date of earliest event reported), filed January 6, 1999, File No. 1-9210, amends Form previously filed as Exhibit 10.1 to the Registration Statement on Form S-8 of Occidental, File No. 33-64719 and incorporated by reference as Exhibit 10.39 to the Annual Report on Form 10-K of Occidental for the fiscal year ended December 31, 1997, File No. 1-9210).
10.24*	Form of Nonqualified Stock Option Agreement under Occidental Petroleum Corporation 1995 Incentive Stock Plan (filed as Exhibit 10.3 to the Current Report on Form 8-K of Occidental, dated January 6, 1999 (date of earliest event reported), filed January 6, 1999, File No. 1-9210, amends Form previously filed as Exhibit 10.2 to the Registration Statement on Form S-8 of Occidental, File No. 33-64719 and incorporated by reference as Exhibit 10.40 to the Annual Report on Form 10-K of Occidental for the fiscal year ended December 31, 1997, File No. 1-9210).
10.25*	Form of Incentive Stock Option Agreement (With Accelerated Performance Vesting) under Occidental Petroleum Corporation 1995 Incentive Stock Plan (filed as Exhibit 10.2 to the Quarterly Report on Form 10-Q of Occidental for the quarterly period ended June 30, 1999, File No. 1-9210).
10.26*	Form of Nonqualified Stock Option Agreement (With Accelerated Performance Vesting) under Occidental Petroleum Corporation 1995 Incentive Stock Plan (filed as Exhibit 10.3 to the Quarterly Report on Form 10-Q of Occidental for the quarterly period ended June 30, 1999, File No. 1-9210).
10.27*	Form of 1997 Performance Stock Option Agreement under the 1995 Incentive Stock Plan of Occidental Petroleum Corporation (filed as Exhibit 10.2 to the Quarterly Report on Form 10-Q of Occidental for the quarterly period ended June 30, 1997, File No. 1-9210).

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* Incorporated herein by reference

10.28*	Form of Amendment to 1997 Performance Stock Option Agreement under the 1995 Incentive Stock Plan of Occidental Petroleum Corporation (filed as Exhibit 10.43 to the Annual Report on Form 10-K of Occidental for the fiscal year ended December 31, 1999, File No. 1-9210).
10.29*	Occidental Petroleum Corporation 1996 Restricted Stock Plan for Non-Employee Directors (as amended effective April 25, 2003) (filed as Exhibit 10.1 to the Quarterly Report on Form 10-Q of Occidental for the quarterly period ended March 31, 2003, File No. 1-9210).
10.30*	Form of Restricted Stock Option Assignment under Occidental Petroleum Corporation 1996 Restricted Stock Plan for Non-Employee Directors (filed as Exhibit 99.2 to the Registration Statement on Form S-8 of Occidental, File No. 333-02901).
10.31*	Form of Restricted Stock Agreement under Occidental Petroleum Corporation 1996 Restricted Stock Plan for Non-Employee Directors (filed as Exhibit 10.3 to the Quarterly Report on Form 10-Q of Occidental for the quarterly period ended March 31, 2003, File No. 1-9210).
10.32*	Occidental Petroleum Corporation Supplemental Retirement Plan, Amended and Restated Effective as of January 1, 1999, reflecting amendments effective through March 1, 2001 (filed as Exhibit 10.3 to the Quarterly Report on Form 10-Q of Occidental for the quarterly period ended March 31, 2001, File No. 1-9210).
10.33*	Occidental Petroleum Corporation 2001 Incentive Compensation Plan (as amended through September 12, 2002) (filed as Exhibit 10.2 to the Quarterly Report on Form 10-Q of Occidental for the quarterly period ended September 30, 2002, File No. 1-9210).
10.34*	Form of Incentive Stock Option Agreement under Occidental Petroleum Corporation 2001 Incentive Compensation Plan (filed as Exhibit 10.1 to the Quarterly Report on Form 10-Q of Occidental for the quarterly period ended September 30, 2001, File No. 1-9210).
10.35*	Form of Nonqualified Stock Option Agreement under Occidental Petroleum Corporation 2001 Incentive Compensation Plan (filed as Exhibit 10.2 to the Quarterly Report on Form 10-Q of Occidental for the quarterly period ended September 30, 2001, File No. 1-9210).
10.36*	Form of Restricted Common Share Agreement under Occidental Petroleum Corporation 2001 Incentive Compensation Plan (filed as Exhibit 10.40 to the Annual Report on Form 10-K of Occidental for the fiscal year ended December 31, 2001, File No. 1-9210).
10.37*	Form of Performance Based Stock Agreement under Occidental Petroleum Corporation 2001 Incentive Compensation Plan (filed as Exhibit 10.41 to the Annual Report on Form 10-K of Occidental for the fiscal year ended December 31, 2001, File No. 1-9210).
10.38*	Form of Incentive Stock Option Agreement under Occidental Petroleum Corporation 2001 Incentive Compensation Plan (July 2002 version) (filed as Exhibit 10.4 to the Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2002, File No. 1-9210).
10.39*	Form of Nonqualified Stock Option Agreement under Occidental Petroleum Corporation 2001 Incentive Compensation Plan (July 2002 version) (filed as Exhibit 10.5 to the Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2002, File No. 1-9210).
10.40*	Form of Restricted Common Share Agreement (with mandatory deferred issuance of shares) under Occidental Petroleum Corporation 2001 Incentive Compensation Plan (filed as Exhibit 10.6 to the Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2002, File No. 1-9210).
10.41*	Form of Restricted Common Share Agreement (with mandatory deferred issuance of shares) under Occidental Petroleum Corporation 2001 Incentive Compensation Plan (December 2002 version) (filed as Exhibit 10.47 to the Annual Report on Form 10-K of Occidental for the fiscal year ended December 31, 2002, File No. 1-9210).
10.42*	Terms and Conditions for Incentive Stock Option Award under Occidental Petroleum Corporation 2001 Incentive Compensation Plan (July 2003 version) (filed as Exhibit 10.3 to the Quarterly Report on Form 10-Q of Occidental for the quarterly period ended June 30, 2003, File No. 1-9210).
10.43*	Terms and Conditions for Nonqualified Stock Option Award under Occidental Petroleum Corporation 2001 Incentive Compensation Plan (July 2003 version) (filed as Exhibit 10.4 to the Quarterly Report on Form 10-Q of Occidental for the quarterly period ended June 30, 2003, File No. 1-9210).

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* Incorporated herein by reference

10.44*	Terms and Conditions of Restricted Share Unit Award (with mandatory deferred issuance of shares) under Occidental Petroleum Corporation 2001 Incentive Compensation Plan (July 2003 version) (filed as Exhibit 10.5 to the Quarterly Report on Form 10-Q of Occidental for the quarterly period ended June 30, 2003, File No. 1-9210).
10.45	Terms and Conditions of Restricted Share Unit Award (with mandatory deferred issuance of shares) under Occidental Petroleum Corporation 2001 Incentive Compensation Plan (December 2003 version).
10.46	Terms and Conditions of Performance Based Stock Award (deferred issuance of shares) under Occidental Petroleum Corporation 2001 Incentive Compensation Plan (December 2003 version - Corporate)
10.47	Terms and Conditions of Performance Based Stock Award (deferred issuance of shares) under Occidental Petroleum Corporation 2001 Incentive Compensation Plan (December 2003 version - Occidental Chemical).
10.48*	Occidental Petroleum Corporation Deferred Stock Program (filed as Exhibit 10.3 to the Quarterly Report on Form 10-Q of Occidental for the quarterly period ended September 30, 2002, File No. 1-9210).
10.49*	Occidental Petroleum Corporation Executive Incentive Compensation Plan (filed as Exhibit 10.2 to the Quarterly Report on Form 10-Q of Occidental for the quarterly period ended March 31, 2001, File No. 1-9210).
10.50	Description of financial counseling program.
10.51	Description of group excess liability insurance program.
10.52*	Securities Purchase Agreement, dated as of July 8, 2002, by and between Lyondell Chemical Company and Occidental Chemical Holding Corporation (incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K of Occidental dated August 22, 2002 (date of earliest event reported), filed September 6, 2002, File No. 1-9210).
10.53*	Stockholders Agreement, dated as of August 22, 2002, by and among Lyondell Chemical Company and the Stockholders as defined therein (incorporated by reference to Exhibit 10.2 to the Current Report on Form 8-K of Occidental dated August 22, 2002 (date of earliest event reported), filed September 6, 2002, File No. 1-9210).
10.54*	Warrant for the Purchase of Shares of Common Stock, issued August 22, 2002 (incorporated by reference to Exhibit 10.3 to the Current Report on Form 8-K of Occidental dated August 22, 2002 (date of earliest event reported), filed September 6, 2002, File No. 1-9210).
10.55*	Registration Rights Agreement, dated as of August 22, 2002, by and between Occidental Chemical Holding Corporation and Lyondell Chemical Company (incorporated by reference to Exhibit 10.4 to the Current Report on Form 8-K of Occidental dated August 22, 2002 (date of earliest event reported), filed September 6, 2002, File No. 1-9210).
10.56*	Occidental Partner Sub Purchase Agreement, dated July 8, 2002, by and among Lyondell Chemical Company, Occidental Chemical Holding Corporation, Oxy CH Corporation and Occidental Chemical Corporation (incorporated by reference to Exhibit 10.5 to the Current Report on Form 8-K of Occidental dated August 22, 2002 (date of earliest event reported), filed September 6, 2002, File No. 1-9210).
12	Statement regarding computation of total enterprise ratios of earnings to fixed charges for the five years ended December 31, 2003.
21	List of subsidiaries of Occidental at December 31, 2003.
23	Independent Auditors' Consent.
31.1	Certification of CEO Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Certification of CFO Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1	Certifications of CEO and CFO Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

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* Incorporated herein by reference

(b) REPORTS ON FORM 8-K

During the fourth quarter of 2003, Occidental filed the following Current Reports on Form 8-K:

1. Current Report on Form 8-K dated October 21, 2003 (date of earliest event reported), filed on October 21, 2003, for the purpose of reporting, under Items 9 and 12, Occidental's results of operations for the third quarter ended September 30, 2003, and speeches and supplemental investor information relating to Occidental's third quarter 2003 earnings announcement (which information under Items 9 and 12 shall not be deemed to be filed).

2. Current Report on Form 8-K dated November 18, 2003 (date of earliest event reported), filed on November 18, 2003, for the purpose of reporting, under Item 9, a presentation by Dr. Ray R. Irani, Chief Executive Officer (which information under Item 9 shall not be deemed to be filed).

During the first quarter of 2004, Occidental filed the following Current Reports on Form 8-K:

1. Current Report on Form 8-K dated January 22, 2004 (date of earliest event reported), filed on January 22, 2004, for the purpose of reporting, under Items 9 and 12, Occidental's results of operations for the fourth quarter ended December 31, 2003, and speeches and supplemental investor information relating to Occidental's fourth quarter 2003 earnings announcement (which information under Items 9 and 12 shall not be deemed to be filed).

2. Current Report on Form 8-K dated February 5, 2004 (date of earliest event reported), filed on February 5, 2004, for the purpose of reporting, under Item 9, a presentation by Dr. Dale R. Laurance, President (which information under Item 9 shall not be deemed to be filed).

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

OCCIDENTAL PETROLEUM CORPORATION

March 1, 2004 By: /s/ RAY R. IRANI

Ray R. Irani
Chairman of the Board of Directors and Chief Executive Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

SIGNATURE	TITLE	DATE
/s/ RAY R. IRANI Ray R. Irani	Chairman of the Board of Directors and Chief Executive Officer	March 1, 2004
/s/ STEPHEN I. CHAZEN Stephen I. Chazen	Executive Vice President - Corporate Development and Chief Financial Officer	March 1, 2004
/s/ SAMUEL P. DOMINICK, JR. Samuel P. Dominick, Jr.	Vice President and Controller (Chief Accounting Officer)	March 1, 2004
/s/ RONALD W. BURKLE Ronald W. Burkle	Director	March 1, 2004
/s/ JOHN S. CHALSTY John S. Chalsty	Director	March 1, 2004
/s/ EDWARD P. DJEREJIAN Edward P. Djerejian	Director	March 1, 2004
/s/ R. CHAD DREIER R. Chad Dreier	Director	March 1, 2004
/s/ JOHN E. FEICK John E. Feick	Director	March 1, 2004
/s/ DALE R. LAURANCE Dale R. Laurance	Director	March 1, 2004

SIGNATURE	TITLE	DATE
/s/ IRVIN W. MALONEY Irvin W. Maloney	Director	March 1, 2004
/s/ RODOLFO SEGOVIA Rodolfo Segovia	Director	March 1, 2004
/s/ AZIZ D. SYRIANI Aziz D. Syriani	Director	March 1, 2004
/s/ ROSEMARY TOMICH Rosemary Tomich	Director	March 1, 2004
/s/ WALTER L. WEISMAN Walter L. Weisman	Director	March 1, 2004

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EXHIBIT INDEX

EXHIBITS

3.(ii)	Bylaws of Occidental, as amended through February 12, 2004.
10.14	Occidental Petroleum Corporation Deferred Compensation Plan, Second Amendment and Restatement Effective as of January 1, 2003.
10.45	Terms and Conditions of Restricted Share Unit Award (with mandatory deferred issuance of shares) under Occidental Petroleum Corporation 2001 Incentive Compensation Plan (December 2003 version).
10.46	Terms and Conditions of Performance Based Stock Award (deferred issuance of shares) under Occidental Petroleum Corporation 2001 Incentive Compensation Plan (December 2003 version - Corporate).
10.47	Terms and Conditions of Performance Based Stock Award (deferred issuance of shares) under Occidental Petroleum Corporation 2001 Incentive Compensation Plan (December 2003 version - Occidental Chemical).
10.50	Description of financial counseling program.
10.51	Description of group excess liability insurance program.
12	Statement regarding the computation of total enterprise ratios of earnings to fixed charges for the five years ended December 31, 2003.
21	List of subsidiaries of Occidental at December 31, 2003.
23	Independent Auditors' Consent.
31.1	Certification of CEO Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.2	Certification of CFO Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32.1	Certifications of CEO and CFO Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

[AS AMENDED FEBRUARY 12, 2004]

BY-LAWS OF OCCIDENTAL PETROLEUM CORPORATION (HEREINAFTER CALLED THE "CORPORATION")

ARTICLE I

OFFICES

SECTION 1. Registered Office. The registered office of the Corporation shall be in the State of Delaware.

SECTION 2. Other Offices. The Corporation may also have offices at such other places both within and without the State of Delaware as the Board of Directors may from time to time determine.

ARTICLE II

MEETING OF STOCKHOLDERS

SECTION 1. Place and Conduct of Meetings. Meetings of the stockholders for the election of directors or for the transaction of only such other business as may properly be brought before the meeting in accordance with these By-laws shall be held at such time and place, either within or without the State of Delaware, as shall be designated from time to time by the Board of Directors and stated in the notice of the meeting or in a duly executed waiver of notice thereof. The Chairman of such meetings shall have plenary power and authority with respect to all matters relating to the conduct thereof including, without limitation, the authority to limit the amount of time which may be taken by any stockholder or stockholders, the authority to appoint and be advised by a parliamentarian, and the authority to appoint and to instruct a sergeant or sergeants at arms.

SECTION 2. Annual Meetings. The Annual Meetings of Stockholders shall be held on such date and at such time as shall be designated from time to time by the Board of Directors and stated in the notice of the meeting, for the purpose of electing directors and for the transaction of only such other business as may properly be brought before the meeting in accordance with these By-laws.

To be properly brought before the Annual Meeting, business must be either (a) specified in the notice of Annual Meeting (or any supplement thereto) given by or at the direction of the Board of Directors, (b) otherwise properly brought before the Annual Meeting by or at the direction of the Board of Directors, or (c) otherwise properly brought before the Annual Meeting by a stockholder of the Corporation (i) who is a stockholder of record on the date of the giving of the notice provided for in this Section 2 and on the record date for the determination of stockholders entitled to vote at such Annual Meeting and (ii) who complies with the notice procedures set forth in this Section 2.

In addition to any other applicable requirements, for business to be properly brought before an Annual Meeting by a stockholder, the stockholder must have given timely notice thereof in proper written form to the Secretary of the Corporation.

To be timely, a stockholder's notice must be delivered to or mailed to and received at the principal executive offices of the Corporation, not less than seventy (70) days nor more than ninety (90) days prior to the anniversary date of the immediately preceding Annual Meeting; provided, however, that in the event that the Annual Meeting is called for a date that is not within thirty (30) days before or after such anniversary date, notice by the stockholder to be timely must be so received not later than the close of business on the tenth (10th) day following the day on which such notice of the date of the Annual Meeting

was mailed or such public disclosure was made, whichever first occurs. In no event shall the public announcement of an adjournment of an Annual Meeting commence a new time period for the giving of a stockholder's notice as described above.

To be in proper written form, a stockholder's notice to the Secretary shall set forth as to each matter the stockholder proposes to bring before the Annual Meeting (i) a brief description of the business desired to be brought before the Annual Meeting, the reasons for conducting such business at the Annual Meeting and any material interest in such business of the stockholder and the beneficial owner, if any, on whose behalf the proposal is made, (ii) the name and record address of the stockholder proposing such business, (iii) the class, series and number of shares of the Corporation which are beneficially owned by the stockholder, (iv) a description of all arrangements or understandings between the stockholder and any other person or persons (including their names) in connection with such business, (v) whether the stockholder or the beneficial owner, if any, intends or is part of a group which intends to distribute proxy materials, and (vi) a representation that the stockholder intends to appear, in person or by another person authorized in accordance with the General Corporation Law of the State of Delaware to act as proxy for the stockholder, at the Annual Meeting to present such business.

Notwithstanding anything in the By-laws to the contrary, no business shall be conducted at the Annual Meeting except in accordance with the procedures set forth in this Section 2; provided, however, that nothing in this Section 2 shall be deemed to preclude discussion by any stockholder of any business properly brought before the Annual Meeting.

The Chairman of an Annual Meeting shall, if the facts warrant, determine and declare to the Annual Meeting that business was not properly brought before the Annual Meeting in accordance with the provisions of this Section 2, and if he should so determine, he shall so declare to the Annual Meeting and any such business not properly brought before the Annual Meeting shall not be transacted.

Written notice of the Annual Meeting stating the place, date and hour of the Annual Meeting shall be given to each stockholder entitled to vote at such meeting not less than ten (10) nor more than sixty (60) days before the date of the meeting.

SECTION 3. Special Meetings. Unless otherwise prescribed by law or by the Certificate of Incorporation, Special Meetings of Stockholders, for any purpose or purposes, may be called by the Board of Directors or the Chairman of the Board. Written notice of a Special Meeting stating the place, date and hour of the meeting and the purpose or purposes for which the meeting is called shall be given not less than ten nor more than sixty days before the date of the meeting to each stockholder entitled to vote at such meeting.

SECTION 4. Quorum. Except as otherwise provided by law or by the Certificate of Incorporation, the holders of a majority of the capital stock issued and outstanding and entitled to vote thereat, present in person or represented by proxy, shall constitute a quorum at all meetings of the stockholders for the transaction of business. If, however, such quorum shall not be present or represented at any meeting of the stockholders, the stockholders entitled to vote thereat, present in person or represented by proxy, shall have power to adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum shall be present or represented. At such adjourned meeting at which a quorum shall be present or represented, any business may be transacted which might have been transacted at the meeting as originally noticed. If the adjournment is for more than thirty days, or if after the adjournment a new record date is fixed for the adjourned meeting, a notice of the adjourned meeting shall be given to each stockholder entitled to vote at the meeting.

SECTION 5. Voting. Unless otherwise required by law, the Certificate of Incorporation or these By-laws, any question brought before any meeting of stockholders shall be decided by the affirmative vote of a majority of the shares present in person or by proxy at the meeting for the purposes of determining the presence of a quorum at such meeting. Unless otherwise provided in the Certificate of Incorporation, each stockholder represented at a meeting of stockholders shall be entitled to cast one vote for each share of the capital stock entitled to vote thereat held by such stockholder. Such votes may be cast in person or by proxy but no proxy shall be voted on or after three years from its date, unless such proxy provides for a longer period. No vote at any meeting of stockholders need be by written ballot unless the Board of Directors, in its discretion, or the officer of the Corporation presiding at the meeting, in his discretion, specifically directs the use of a written ballot.

SECTION 6. List of Stockholders Entitled to Vote. The officer of the Corporation who has charge of the stock ledger of the Corporation shall prepare and make, at least ten days before every meeting of stockholders, a complete list of the stockholders entitled to vote at the meeting, arranged in alphabetical order, and showing the address of each stockholder and the number of shares registered in the name of each stockholder. Such list shall be open to the examination of any stockholder, for any purpose germane to the meeting, during ordinary business hours, for a period of at least ten days prior to the meeting, either at a place within the city where the meeting is to be held, which place shall be specified in the notice of the meeting, or, if not so specified, at the place where the meeting is to be held. The list shall also be produced and kept at the time and place of the meeting during the whole time thereof, and may be inspected by any stockholder of the Corporation who is present.

SECTION 7. Stock Ledger. The stock ledger of the Corporation shall be the only evidence as to who are the stockholders entitled to examine the stock ledger, the list required by Section 6 of this Article II or the books of the Corporation, or to vote in person or by proxy at any meeting of stockholders.

SECTION 8. Voting Procedures and Inspectors of Election. The corporation shall, in advance of any meeting of stockholders, appoint one or more inspectors to act at the meeting and make a written report thereof. The corporation may designate one or more persons as alternate inspectors to replace any inspector who fails to act. If no inspector or alternate is able to act at a meeting of stockholders, the person presiding at the meeting shall appoint one or more inspectors to act at the meeting. Each inspector, before entering upon the discharge of his duties, shall take and sign an oath faithfully to execute the duties of inspector with strict impartiality and according to the best of his ability.

The inspectors shall (i) ascertain the number of shares outstanding and the voting power of each, (ii) determine the shares represented at a meeting and the validity of proxies and ballots, (iii) count all votes and ballots, (iv) determine and retain for a reasonable period a record of the disposition of any challenges made to any determination by the inspectors, and (v) certify their determination of the number of shares represented at the meeting, and their count of all votes and ballots. The inspectors may appoint or retain other persons or entities to assist the inspectors in the performance of the duties of the inspectors.

The date and time of the opening and the closing of the polls for each matter upon which the stockholders will vote at a meeting shall be announced at the meeting.

ARTICLE III

DIRECTORS

SECTION 1. Number and Election of Directors. Subject to the rights, if any, of holders of preferred stock issued by the Corporation to elect directors of the Corporation, the Board of Directors shall consist of one or more directors, the number of which shall be eleven (11) until changed by resolution duly adopted by the Board of Directors from time to time. Except as provided in Section 2 of this Article III, directors shall be elected by a plurality of the votes cast at Annual Meetings of Stockholders, and each director so elected shall hold office until his successor is duly elected and qualified, or until his earlier death, disqualification, resignation or removal. No person shall be eligible for election as a director of the Corporation who shall have reached the age of seventy-five (75) at the date of such election, unless such requirement shall have been unanimously waived by the members of the Nominating and Corporate Governance Committee and such Committee's action shall have been ratified and approved by a majority of the disinterested directors on the Board of Directors. Any director may resign at any time effective upon giving written notice to the Corporation, unless the notice specifies a later time for such resignation to become effective. If the resignation of a director is effective at a future time, the Board of Directors may elect a successor prior to such effective time to take office when such resignation becomes effective. Directors need not be stockholders.

SECTION 2. Nominations of Directors. Only persons who are nominated in accordance with the following procedures shall be eligible for election as directors, except as may be otherwise provided in the Certificate of Incorporation of the Corporation with respect to the right of holders of preferred stock of the Corporation to nominate and elect a specified number of directors in certain circumstances. Nominations of persons for election to the Board of Directors of the Corporation may be made at any Annual Meeting (a) by or at the direction of the Board of Directors (or any duly authorized committee thereof) or (b) by any stockholder of the Corporation (i) who is a stockholder of record on the date of the giving of the notice provided for in this Section 2 and on the record date for the determination of stockholders entitled to vote at the Annual Meeting and (ii) who complies with the notice procedures set forth in this Section 2.

In addition to any other applicable requirements, for a nomination to be made by a stockholder, the stockholder must have given timely notice thereof in proper written form to the Secretary of the Corporation.

To be timely, a stockholder's notice to the Secretary must be delivered to or mailed and received at the principal executive offices of the Corporation between September 1 and November 30 of the year preceding the Annual Meeting.To be in proper written form, a stockholder's notice to the Secretary must set forth (a) as to each person whom the stockholder proposes to nominate for election or re-election as a director, (i) the name, age, business address and residence address of the person, (ii) principal occupation or employment of the person, (iii) the class or series and number of shares of capital stock of the Corporation which are owned beneficially or of record by the person, and (iv) any other information relating to the person that is required to be disclosed in solicitations for proxies for election of directors pursuant to the Rules and Regulations of the Securities and Exchange Commission under Section 14 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and (b) as to the stockholder giving the notice, (i) the name and record address of such stockholder, (ii) the class or series and number of shares of capital stock of the Corporation which are beneficially owned by the stockholder, (iii) a description of all arrangements or understandings between the stockholder or the beneficial owner, if any, on whose behalf the nomination is made and each proposed nominee and any other person or persons (including their names) pursuant to which the nominations are to be made by such stockholder, (iv) whether the stockholder or the beneficial owner, if any, intends or is part of a group which intends to distribute proxy materials, (v) a representation that the stockholder intends to appear, in person or by another person authorized in accordance with the General Corporation Law of the State of Delaware to act as proxy for the stockholder, at the Annual Meeting to nominate the persons named in the stockholder's notice, and (vi) any other information relating to the person that is required to be disclosed in solicitations for proxies for election of directors pursuant to the Rules and Regulations of the Securities and Exchange Commission under Section 14 of the Exchange Act. Such notice must be accompanied by a written consent of each proposed nominee to being named as a nominee and to serve as a director if elected.

No person shall be eligible for election as a director of the Corporation unless nominated in accordance with the procedures set forth in this Section 2. If the Chairman of the Annual Meeting determines that a nomination was not made in accordance with the foregoing procedure, the Chairman shall declare to the meeting that the nomination was defective and the defective nomination shall be disregarded.

SECTION 3. Vacancies. Any newly created directorship resulting from an increase in the number of directors or any other vacancy on the Board of Directors may be filled by a majority of the Board of Directors then in office, even if less than a quorum, or by a sole remaining director. Any director elected to fill a newly created directorship resulting from an increase in the number of directors or any other vacancy shall hold office for a term that shall expire at the next Annual Meeting of Stockholders.

SECTION 4. Duties and Powers. The business of the Corporation shall be managed by or under the direction of the Board of Directors which may exercise all such powers of the Corporation and do all such lawful acts and things as are not by statute or by the Certificate of Incorporation or by these By-laws directed or required to be exercised or done by the stockholders.

SECTION 5. Meetings. The Board of Directors of the Corporation may hold meetings, both regular and special, either within or without the State of Delaware. Regular meetings of the Board of Directors may be held without notice at such time and at such place as may from time to time be determined by the Board of Directors. Special meetings of the Board of Directors may be called by the Chairman, if there be one, the President, or any three directors. Notice thereof stating the place, date and hour of the meeting shall be given to each director either by mail not less than forty-eight hours before the date of the meeting, by telephone, telegram or telecopy on twenty-four hours notice, or on such shorter notice as the person or persons calling such meeting may deem necessary or appropriate in the circumstances.

SECTION 6. Quorum. Except as may be otherwise specifically provided by law, at all meetings of the Board of Directors or of any committee thereof, a majority of the members of the entire Board of Directors or of the said committee shall constitute a quorum for the transaction of business; and the act of a majority of the directors or members of the committee present at any meeting at which there is a quorum shall be the act of the Board of Directors or of the said committee, as the case may be. A meeting at which a quorum is initially present may continue to transact business notwithstanding the withdrawal of directors or members of the committee if any action taken is approved by at least a majority of the required quorum for that meeting. If a quorum shall not be present at any meeting of the Board of Directors or of any committee thereof, the directors or members of the committee present thereat may adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum shall be present.

SECTION 7. Actions of Board. Any action required or permitted to be taken at any meeting of the Board of Directors or of any committee thereof may be taken without a meeting, if all the members of the Board of Directors or committee, as the case may be, consent thereto in writing, and the writing or writings are filed with the minutes of proceedings of the Board of Directors or committee.

SECTION 8. Meetings by Means of Conference Telephone. Members of the Board of Directors of the Corporation, or any committee designated by the Board of Directors, may participate in a meeting of the Board of Directors or such committee by means of a conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other, and participation in a meeting pursuant to this Section 8 shall constitute presence in person at such meeting.

SECTION 9. Committees. The Board of Directors may designate one or more committees, each committee to consist of one or more of the directors of the Corporation. The Board of Directors may designate one or more directors as alternate members of any committee, who may replace any absent or disqualified member at any meeting of any such committee. In the absence or disqualification of a member of a committee, and in the absence of a designation by the Board of Directors of an alternate member to replace the absent or disqualified member, the member or members thereof present at any meeting and not disqualified from voting, whether or not he or they constitute a quorum, may unanimously appoint another member of the Board of Directors to act at the meeting in the place of any absent or disqualified member. Any committee, to the extent allowed by law and provided in the resolution establishing such committee, shall have and may exercise all the powers and authority of the Board of Directors in the management of the business and affairs of the Corporation. Meetings of any committee may be called by the Chairman of such committee, if there be one, or by any two members thereof other than such Chairman. Notice thereof stating the place, date and hour of the meeting shall be given to each member by mail not less than forty-eight hours before the date of the meeting; by telephone, telegram or telecopy on twenty-four hours notice; or on such shorter notice as the person or persons calling such meeting may deem necessary or appropriate in the circumstances. Each committee shall keep regular minutes and report to the Board of Directors when required.

SECTION 10. Compensation. The directors may be paid their expenses, if any, of attendance at each meeting of the Board of Directors and may be paid a fixed sum for attendance at each meeting of the Board of Directors and/or a stated annual fee as a director. No such payment shall preclude any director from serving the Corporation in any other capacity and receiving compensation therefor. Members of special or standing committees may be allowed like compensation for attending committee meetings.

SECTION 11. Interested Directors. No contract or transaction between the Corporation and one or more of its directors or officers, or between the Corporation and any other corporation, partnership, association, or other organization in which one or more of its directors or officers are directors or officers, or have a financial interest, shall be void or voidable solely for this reason, or solely because the director or officer is present at or participates in the meeting of the Board of Directors or committee thereof which authorizes the contract or transaction, or solely because his or their votes are counted for such purpose if (i) the material facts as to his or their relationship or interest and as to the contract or transaction are disclosed or are known to the Board of Directors or the committee, and the Board of Directors or committee in good faith authorizes the contract or transaction by the affirmative votes of a majority of the disinterested directors, even though the disinterested directors be less than a quorum; or (ii) the material facts as to his or their relationship or interest and as to the contract or transaction are disclosed or are known to the stockholders entitled to vote thereon, and the contract or transaction is specifically approved in good faith by vote of the stockholders; or (iii) the contract or transaction is fair as to the Corporation as of the time it is authorized, approved or ratified by the Board of Directors, a committee thereof or the stockholders. Common or interested directors may be counted in determining the presence of a quorum at a meeting of the Board of Directors or of a committee which authorizes the contract or transaction.

ARTICLE IV

OFFICERS

SECTION 1. General. The officers of this Corporation shall be chosen by the Board of Directors and shall be a Chairman of the Board, who shall be the Chief Executive Officer, any number of Vice Chairmen, a President, a Senior Operating Officer, any number of Executive Vice Presidents, one or more of whom may be designated Senior Executive Vice President, any number of Vice Presidents with such rank as the Board of Directors may designate, a Secretary, any number of Assistant Secretaries, a Treasurer, and any number of Assistant Treasurers. One of such Executive Vice Presidents or Vice Presidents shall be designated Chief Financial Officer and shall have responsibility, subject to the direction of the Board of Directors, the Chairman of the Board and the President, for the management of the Corporation's financial affairs. Any number of offices may be held by the same person, unless otherwise prohibited by law, the Certificate of Incorporation or these By-laws. The officers of the Corporation need not be stockholders of the Corporation nor, except in the case of the Chairman of the Board of Directors, need such officers be directors of the Corporation.

SECTION 2. Election. The Board of Directors at its first meeting held after each Annual Meeting of Stockholders shall elect the officers of the Corporation who shall hold their offices for such terms and shall exercise such powers and perform such duties as shall be determined from time to time by the Board of Directors; and all officers of the Corporation shall hold office until their successors are chosen and qualified, or until their earlier resignation or removal. Any officer elected by the Board of Directors may be removed at any time by the affirmative vote of a majority of the Board of Directors. Any vacancy occurring in an office of the Corporation shall be filled by the Board of Directors.

SECTION 3. Remuneration. The Board of Directors shall have the power to fix and determine the salaries and other remuneration, and the terms and conditions thereof, of all executive officers of the Corporation.

SECTION 4. Chairman of the Board of Directors. The Chairman of the Board of Directors shall preside at all meetings of the stockholders and of the Board of Directors and the Executive Committee, if any, shall have general and active management of the business and affairs of the Corporation, shall have plenary power to issue orders and instructions to all officers and employees of the Corporation, and shall see that all orders and resolutions of the Board of Directors and the Executive Committee, if any, are carried into effect. He shall be the Chief Executive Officer of the Corporation, and except where by law the signature of the President is required, the Chairman of the Board of Directors shall possess the power to enter into and sign all contracts, certificates and other instruments of the Corporation, and shall have the power to delegate any portion of his authority under these By-laws to any other officer of the Corporation. During the absence or disability of the President, the Chairman of the Board of Directors shall exercise all the powers and discharge all the duties of the President. The Chairman of the Board of Directors shall also perform such other duties and may exercise such other powers as from time to time may be assigned to him by these By-laws or by the Board of Directors.

SECTION 5. Vice Chairmen of the Board of Directors. The Vice Chairman of the Board of Directors or Vice Chairmen of the Board of Directors, if there is more than one (in the order designated by the Board of Directors), shall perform such duties and may exercise such powers as from time to time may be assigned to him by the Board of Directors or the Chairman of the Board of Directors.

SECTION 6. President. The President shall perform such duties and have such powers as the Board of Directors or the Chairman of the Board may from time to time prescribe. In the absence or disability of the Chairman of the Board of Directors, or if there be none, the President shall preside at all meetings of the stockholders and the Board of Directors. If there be no Chairman of the Board of Directors, the President shall be the Chief Executive Officer of the Corporation. The President shall also perform such other duties and may exercise such other powers as from time to time may be assigned to him by these By-laws, by the Board of Directors or by the Chairman of the Board of Directors.

SECTION 7. Senior Operating Officer. The Senior Operating Officer shall perform such duties and have such powers as are prescribed for Executive Vice Presidents and Vice Presidents under these By-laws and under any resolution of the Board of Directors and shall perform such additional duties and have such additional powers as the Board of Directors or the Chairman of the Board of Directors may from time to time prescribe. The Senior Operating Officer shall also perform such other duties and may exercise such other powers as from time to time may be assigned to him by these By-laws, by the Board of Directors, or by the Chairman of the Board of Directors.

SECTION 8. Executive Vice Presidents and Vice Presidents. At the request of the President or in his absence or in the event of his inability or refusal to act (and if there be no Chairman of the Board of Directors), the Executive Vice Presidents and Vice Presidents (in the order designated by the Board of Directors) shall perform the duties of the President, and when so acting, shall have all the powers of and be subject to all the restrictions upon the President. Each Vice President shall perform such other duties and have such other powers as the Board of Directors or the Chairman of the Board of Directors from time to time may prescribe. If there be no Chairman of the Board of Directors and no Vice President, the Board of Directors shall designate the officer of the Corporation who, in the absence of the President or in the event of the inability or refusal of the President to act, shall perform the duties of the President, and when so acting, shall have all the powers of and be subject to all the restrictions upon the President.

SECTION 9. Secretary. The Secretary shall attend all meetings of the Board of Directors and all meetings of stockholders and record all the proceedings thereat in a book or books to be kept for that purpose; the Secretary shall also perform like duties for the standing committees of the Board of Directors when required. The Secretary shall give, or cause to be given, notice of all meetings of the stockholders and special meetings of the Board of Directors, and shall perform such other duties as may be prescribed by the Board of Directors or the Chairman of the Board of Directors, under whose supervision he shall be. If the Secretary shall be unable or shall refuse to cause to be given notice of all meetings of the stockholders and special meetings of the Board of Directors, and if there be no Assistant Secretary, then either the Board of Directors or the President may choose another officer to cause such notice to be given. The Secretary shall have custody of the seal of the Corporation and the Secretary or any Assistant Secretary, if there be any, shall have authority to affix the same to any instrument requiring it, and when so affixed, it may be attested by the signature of the Secretary or by the signature of any such Assistant Secretary. The Board of Directors may give general authority to any other officer to affix the seal of the Corporation and to attest the affixing by his signature. The Secretary shall see that all books, reports, statements, certificates and other documents and records required by law to be kept or filed are properly kept or filed, as the case may be.

SECTION 10. Treasurer. Subject to the direction of the Chief Financial Officer, the Treasurer shall have the custody of the corporate funds and securities and shall keep full and accurate accounts of receipts and disbursements in books belonging to the Corporation and shall deposit all moneys and other valuable effects in the name and to the credit of the Corporation in such depositories as may be designated by the Board of Directors. The Treasurer shall disburse the funds of the Corporation as may be ordered by the Board of Directors, taking proper vouchers for such disbursements, and shall render to the Chairman of the Board and the Board of Directors, at its regular meetings, or when the Board of Directors so requires, an account of all his transactions as Treasurer and of the financial condition of the Corporation. If required by the Board of Directors, the Treasurer shall give the Corporation a bond in such sum and with such surety or sureties as shall be satisfactory to the Board of Directors for the faithful performance of the duties of his office and for the restoration to the Corporation, in case of his death, resignation, retirement or removal from office, of all books, papers, vouchers, money and other property of whatever kind in his possession or under his control belonging to the Corporation.

SECTION 11. Assistant Secretaries. Except as may be otherwise provided in these By-laws, Assistant Secretaries, if there be any, shall perform such duties and have such powers as from time to time may be assigned to them by the Board of Directors, the Chairman of the Board of Directors, the President, any Vice President, if there be any, or the Secretary, and in the absence of the Secretary or in the event of his disability or refusal to act, shall perform the duties of the Secretary, and when so acting, shall have all the powers of and be subject to all the restrictions upon the Secretary.

SECTION 12. Assistant Treasurers. Assistant Treasurers, if there be any, shall perform such duties and have such powers as from time to time may be assigned to them by the Board of Directors, the Chairman of the Board of Directors, the President, any Vice President, if there be any, or the Treasurer, and in the absence of the Treasurer or in the event of his disability or refusal to act, shall perform the duties of the Treasurer, and when so acting, shall have all the powers of and be subject to all the restrictions upon the Treasurer. If required by the Board of Directors, an Assistant Treasurer shall give the Corporation a bond in such sum and with such surety or sureties as shall be satisfactory to the Board of Directors for the faithful performance of the duties of his office and for the restoration to the Corporation, in case of his death, resignation, retirement or removal from office, of all books, papers, vouchers, money and other property of whatever kind in his possession or under his control belonging to the Corporation.

SECTION 13. Other Officers. Such other officers as the Board of Directors may choose shall perform such duties and have such powers as from time to time may be assigned to them by the Board of Directors. The Board of Directors may delegate to any other officer of the Corporation the power to choose such other officers and to prescribe their respective duties and powers.

SECTION 14. Officers of Divisions. The officers of divisions of the Corporation shall perform such duties and may exercise such powers as the Chairman of the Board may from time to time prescribe.

ARTICLE V

STOCK

SECTION 1. Uncertificated Shares. Effective April 25, 2003, the shares of Common Stock of the Corporation shall be uncertificated. Notwithstanding that the shares of Common Stock of the corporation shall be uncertificated, every holder of stock of any class or series in the Corporation shall be entitled to have a certificate signed by, or in the name of the Corporation (i) by the Chairman or Vice Chairman of the Board of Directors, or the President, an Executive Vice President or a Vice President and (ii) by the Treasurer or an Assistant Treasurer, or the Secretary or an Assistant Secretary of the Corporation, representing the number of shares registered in certificate form.

SECTION 2. Signatures. Where a certificate is countersigned by (i) a transfer agent other than the Corporation or its employee, or (ii) a registrar other than the Corporation or its employee, any other signature on the certificate may be a facsimile. In case any officer, transfer agent or registrar who has signed or whose facsimile signature has been placed upon a certificate shall have ceased to be such officer, transfer agent or registrar before such certificate is issued, it may be issued by the Corporation with the same effect as if he were such officer, transfer agent or registrar at the date of issue.

SECTION 3. Lost, Stolen or Destroyed Certificates. The Board of Directors may direct a new certificate to be issued in accordance with Section 1 of this Article V in place of any certificate theretofore issued by the Corporation alleged to have been lost, stolen or destroyed, upon the making of an affidavit of that fact by the person claiming the certificate of stock to be lost, stolen or destroyed. When authorizing such issue of a new certificate, the Board of Directors may, in its discretion and as a condition precedent to the issuance thereof, require the owner of such lost, stolen or destroyed certificate, or his legal representative, to advertise the same in such manner as the Board of Directors shall require and/or to give the Corporation a bond in such sum as it may direct as indemnity against any claim that may be made against the Corporation with respect to the certificate alleged to have been lost, stolen or destroyed.

SECTION 4. Transfers. Stock of the Corporation shall be transferable in the manner prescribed by law and in these By-laws. Transfers of stock shall be made on the books of the Corporation (i) in the case of uncertificated shares, only by the person named in the stock register of the Corporation, by an attorney lawfully constituted in writing by such person or by any other representative of such person acceptable to the Corporation, and (ii) in the case of shares registered in certificate form, only by the person named in the certificate, by an attorney lawfully constituted in writing by such person or by any other representative of such person acceptable to the Corporation and upon the surrender of the certificate therefor, which shall be cancelled before a new certificate shall be issued in accordance with Section 1 of this Article V.

SECTION 5. Record Date. In order that the Corporation may determine the stockholders entitled to notice of or to vote at any meeting of stockholders or any adjournment thereof, or entitled to receive payment of any dividend or other distribution or allotment of any rights, or entitled to exercise any rights in respect of any change, conversion or exchange of stock, or for the purpose of any other lawful action, the Board of Directors may fix a record date, which record date shall not precede the date upon which the resolution fixing the record date is adopted by the Board of Directors, and which record date shall not be more than sixty days nor less than ten days before the date of such meeting, nor more than sixty days prior to any other action. A determination of stockholders of record entitled to notice of or to vote at a meeting of stockholders shall apply to any adjournment of the meeting, provided, however, that the Board of Directors may fix a new record date for the adjourned meeting.

SECTION 6. Beneficial Owners. The Corporation shall be entitled to recognize the exclusive right of a person registered on its books as the owner of shares to receive dividends, and to vote as such owner, and to hold liable for calls and assessments a person registered on its books as the owner of shares, and shall not be bound to recognize any equitable or other claim to or interest in such share or shares on the part of any other person, whether or not it shall have express or other notice thereof, except as otherwise provided by law.

ARTICLE VI

NOTICES

SECTION 1. Notices. Whenever written notice is required by law, the Certificate of Incorporation or these By-laws, to be given to any director, member of a committee or stockholder, such notice may be given by mail, addressed to such director, member of a committee or stockholder, at his address as it appears on the records of the Corporation, with postage thereon prepaid, and such notice shall be deemed to be given at the time when the same shall be deposited in the United States mail. Written notice may also be given personally or by telegram, telex or cable or by facsimile or other electronic transmission. Notice given by any such means shall be deemed to have been given at the time delivered, sent or transmitted.

SECTION 2. Waivers of Notice. Whenever any notice is required by law, the Certificate of Incorporation or these By-laws, to be given to any director, member of a committee or stockholder, a waiver thereof in writing, signed by the person or persons entitled to said notice, whether before or after the time stated therein, shall be deemed equivalent thereto.

ARTICLE VII

GENERAL PROVISIONS

SECTION 1. Dividends. Dividends upon the capital stock of the Corporation, subject to the provisions of the Certificate of Incorporation, if any, may be declared by the Board of Directors at any regular or special meeting, and may be paid in cash, in property, or in shares of the capital stock. Before payment of any dividend, there may be set aside out of any funds of the Corporation available for dividends such sum or sums as the Board of Directors from time to time, in its absolute discretion, deems proper as a reserve or reserves to meet contingencies, or for equalizing dividends, or for repairing or maintaining any property of the Corporation, or for any proper purpose, and the Board of Directors may modify or abolish any such reserve.

SECTION 2. Disbursements. All checks or demands for money and notes of the Corporation shall be signed by such officer or officers or such other person or persons as the Board of Directors may from time to time designate.

SECTION 3. Fiscal Year. The fiscal year of the Corporation shall be fixed by resolution of the Board of Directors.

SECTION 4. Corporate Seal. The corporate seal shall have inscribed thereon the name of the Corporation, the year of its organization and the words "Corporate Seal, Delaware". The seal may be used by causing it or a facsimile thereof to be impressed or affixed or reproduced or otherwise.

SECTION 5. Stock Held by Corporation. Powers of attorney, proxies, waivers of meeting, consents and other instruments relating to securities owned by the Corporation may be executed in the name and on behalf of the Corporation by the Chairman of the Board, or such other officer or officers as the Board of Directors or the Chairman of the Board may designate, and any such officer shall have full power and authority on behalf of the Corporation, in person or by proxy, to attend, and to act and vote at, any meeting of stockholders of any corporation in which the Corporation may hold securities, and at any such meeting shall possess, and may exercise, any and all of the rights and powers incident to the ownership of such securities.

ARTICLE VIII

INDEMNIFICATION

SECTION 1. Power to Indemnify in Actions, Suits or Proceedings other than Those by or in the Right of the Corporation. Subject to Section 3 of this Article VIII, the Corporation shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (other than an action by or in the right of the Corporation) by reason of the fact that he is or was a director, officer, employee or agent of the Corporation, or is or was serving at the request of the Corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by him in connection with such action, suit or proceeding if he acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the Corporation, and, with respect to any criminal action or proceeding, had no reasonable cause to believe his conduct was unlawful. The termination of any action, suit or proceeding by judgment, order, settlement, conviction, or upon a plea of nolo contendere or its equivalent, shall not, of itself, create a presumption that the person did not act in good faith and in a manner which he reasonably believed to be in or not opposed to the best interests of the Corporation, and, with respect to any criminal action or proceeding, had reasonable cause to believe that his conduct was unlawful.

SECTION 2. Power to Indemnify in Actions, Suits or Proceedings by or in the Right of the Corporation. Subject to Section 3 of this Article VIII, the Corporation shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action or suit by or in the right of the Corporation to procure a judgment in its favor by reason of the fact that he is or was a director, officer, employee or agent of the Corporation, or is or was serving at the request of the Corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against expenses (including attorneys' fees) actually and reasonably incurred by him in connection with the defense or settlement of such action or suit if he acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the Corporation; except that no indemnification shall be made in respect of any claim, issue or matter as to which such person shall have been adjudged to be liable to the Corporation unless and only to the extent that the Court of Chancery or the court in which such action or suit was brought shall determine upon application that, despite adjudication of liability but in view of all the circumstances of the case, such person is fairly and reasonably entitled to indemnity for such expenses which the Court of Chancery or such other court shall deem proper.

SECTION 3. Authorization of Indemnification. Any indemnification under this Article VIII (unless ordered by a court) shall be made by the Corporation only as authorized in the specific case upon a determination that indemnification of the director, officer, employee or agent is proper in the circumstances because he has met the applicable standard of conduct set forth in Section 1 or Section 2 of this Article VIII, as the case may be. Such determination shall be made (i) by the Board of Directors by a majority vote of a quorum consisting of directors who were not parties to such action, suit or proceeding, or (ii) if such a quorum is not obtainable, or, even if obtainable a quorum of disinterested directors so directs, by independent legal counsel in a written opinion, or (iii) by the stockholders. To the extent, however, that a director, officer, employee or agent of the Corporation has been successful on the merits or otherwise in defense of any action, suit or proceeding referred to in Section 1 or Section 2 of this Article VIII, or in defense of any claim, issue or matter therein, he shall be indemnified against expenses (including attorneys' fees) actually and reasonably incurred by him in connection therewith, without the necessity of authorization in the specific case.

SECTION 4. Good Faith Defined. For purposes of any determination under Section 3 of this Article VIII, a person shall be deemed to have acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the Corporation, or, with respect to any criminal action or proceeding, to have had no reasonable cause to believe his conduct was unlawful, if his action is based on the records or books of account of the Corporation or another enterprise, or on information, opinions, reports or statements supplied to him by the officers or employees of the Corporation or another enterprise in the course of their duties, or by a committee of the Board of Directors of the Corporation, or on the advice of legal counsel for the Corporation or another enterprise or on information or records given or reports or statements made to the Corporation or another enterprise by an independent certified public accountant, by an appraiser or by another person selected with reasonable care by or on behalf of the Corporation or another enterprise as to matters such person reasonably believes are within such certified public accountant's, appraiser's, or other person's professional or expert competence. The term "another enterprise" as used in this Section 4 shall mean any other corporation or any partnership, joint venture, trust or other enterprise of which such person is or was serving at the request of the Corporation as a director, officer, employee or agent. The provisions of this Section 4 shall not be deemed to be exclusive or to limit in any way the circumstances in which a person may be deemed to have met the applicable standard of conduct set forth in Sections 1 or 2 of this Article VIII, as the case may be.

SECTION 5. Indemnification by a Court. Notwithstanding any contrary determination in the specific case under Section 3 of this Article VIII, and notwithstanding the absence of any determination thereunder, any director, officer, employee or agent may apply to any court of competent jurisdiction in the State of Delaware for indemnification to the extent otherwise permissible under Sections 1 and 2 of this Article VIII. The basis of such indemnification by a court shall be a determination by such court that indemnification of the director, officer, employee or agent is proper in the circumstances because he has met the applicable standards of conduct set forth in Sections 1 or 2 of this Article VIII, as the case may be. Notice of any application for indemnification pursuant to this Section 5 shall be given to the Corporation promptly upon the filing of such application.

SECTION 6. Expenses Payable in Advance. Expenses incurred in defending or investigating a threatened or pending action, suit or proceeding may be paid by the Corporation in advance of the final disposition of such action, suit or proceeding upon receipt of an undertaking by or on behalf of the director, officer, employee or agent to repay such amount if it shall ultimately be determined that he is not entitled to be indemnified by the Corporation as authorized in this Article VIII.

SECTION 7. Non-exclusivity and Survival of Indemnification. The indemnification and advancement of expenses provided by this Article VIII shall not be deemed exclusive of any other rights to which those seeking indemnification or advancement of expenses may be entitled under any By-law, agreement, contract, vote of stockholders or disinterested directors or pursuant to the direction (howsoever embodied) of any court of competent jurisdiction or otherwise, both as to action in his official capacity and as to action in another capacity while holding such office, it being the policy of the Corporation that indemnification of the persons specified in Sections 1 and 2 of this Article VIII shall be made to the fullest extent permitted by law. The provisions of this Article VIII shall not be deemed to preclude the indemnification of any person who is not specified in Sections 1 or 2 of this Article VIII but whom the Corporation has the power or obligation to indemnify under the provisions of the General Corporation Law of the State of Delaware, or otherwise. The indemnification and advancement of expenses provided by this Article VIII shall continue as to a person who has ceased to be a director, officer, employee or agent and shall inure to the benefit of the heirs, executors and administrators of such person.

SECTION 8. Insurance. The Corporation may purchase and maintain insurance on behalf of any person who is or was a director, officer, employee or agent of the Corporation, or is or was serving at the request of the Corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against any liability asserted against him and incurred by him in any such capacity, or arising out of his status as such, whether or not the Corporation would have the power or the obligation to indemnify him against such liability under the provisions of this Article VIII.

SECTION 9. Meaning of "Corporation" for Purposes of Article VIII. For purposes of this Article VIII, references to "the Corporation" shall include, in addition to the resulting corporation, any constituent corporation (including any constituent of a constituent) absorbed in a consolidation or merger which, if its separate existence had continued, would have had power and authority to indemnify its directors, officers, and employees or agents, so that any person who is or was a director, officer, employee or agent of such constituent corporation, or is or was serving at the request of such constituent corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, shall stand in the same position under the provisions of this Article VIII with respect to the resulting or surviving corporation as he would have with respect to such constituent corporation if its separate existence had continued.

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EXHIBIT 10.14

OCCIDENTAL PETROLEUM CORPORATION
DEFERRED COMPENSATION PLAN

(Second Amendment and Restatement Effective as of January 1, 2003)

OCCIDENTAL PETROLEUM CORPORATION
DEFERRED COMPENSATION PLAN

(Second Amendment and Restatement Effective as of January 1, 2003)

ARTICLE I
PURPOSE

This document sets forth the terms of the Occidental Petroleum Corporation Deferred Compensation Plan (the "Plan") as amended and restated effective as of January 1, 2003. The prior Plan document, which was effective January 1, 1999, constituted the amendment, restatement and merger of the Occidental Petroleum Corporation 1988 Deferred Compensation Plan (the "1988 DCP") and the Occidental Petroleum Corporation Senior Executive Deferred Compensation Plan (the "SEDCP").

The purpose of the Plan is to provide a tax-deferred opportunity for key management and highly compensated employees of the Occidental Petroleum Corporation and its Affiliates (as defined below) to accumulate additional retirement income through deferrals of compensation.

ARTICLE II
DEFINITIONS

Whenever the following words and phrases are used in this Plan with the first letter capitalized, they shall have the meanings specified below:

Affiliate. "Affiliate" means: (i) any corporation that is a member of a controlled group of corporations (within the meaning of Code Section 1563(a), determined without regard to Code Sections 1563(a)(4) and (e)(3)(C), and with the phrase "more than 50%" substituted for the phrase "at least 80%" each place it appears in Code Section 1563(a)) of which Occidental Petroleum Corporation is a component member, or (ii) any entity (whether or not incorporated) that is under common control with Occidental Petroleum Corporation (as defined in Code Section 414(c) and the Treasury Regulations thereunder, and with the phrase "more than 50%" substituted for the phrase "at least 80%" each place it appears in the Treasury Regulations under Code Section 414(c)).

Alternate Payee. "Alternate Payee" means a former spouse of a Participant who is recognized by a Divorce Order as having a right to receive all, or a portion of, the benefits payable under this Plan with respect to such Participant.

Amortization Method. "Amortization Method" means an annual installment method of paying a Participant's benefits under which the Company will pay the Participant an initial payment in an amount equal to (i) plus (ii) divided by (iii), where (i) is the value of the Participant's Deferral Accounts as of the end of the month preceding such payment, (ii) is the amount of interest that would accrue during the entire payout period on the unpaid balance credited to the Participant's Deferral Accounts immediately following such initial payment if the Declared Rate then in effect remained unchanged and (iii) is the number of years over which annual installments are to be paid. For each Plan Year after the initial benefit payment is made, the annual benefit payment will be determined under the same equation where (i) is the value of the Participant's Deferral Accounts as of the end of the month preceding the benefit payment, (ii) is the amount of interest that would accrue during the remaining payout period on the unpaid balance credited to the Participant's Deferral Accounts immediately following such annual payment if the Declared Rate then in effect remained unchanged and (iii) is the number of annual payments remaining.

Base Salary. "Base Salary" means the base salary earned by a Participant during pay periods beginning in a Plan Year, excluding Bonus, all severance allowances, forms of incentive compensation, Savings Plan, Retirement Plan or other Company qualified plan contributions or benefits, retainers, insurance premiums or benefits, reimbursements, and all other payments, prior to reduction for any deferrals under this Plan or any other plan of the Company or reductions under the Company's Savings Plan allowed under Section 401(k) of the Code.

Beneficiary. "Beneficiary" means the person or persons designated as such in accordance with Article VI.

Beneficiary Benefit. "Beneficiary Benefit" means the payment to a Participant's Beneficiary of the value of the Participant's Deferral Accounts pursuant to Section 5.2 on account of the Participant's death.

Board. "Board" means the Board of Directors of the Company.

Bonus. "Bonus" means the bonus earned by a Participant under a regular annual incentive compensation plan (excluding without limitation a special individual or group bonus, a project bonus, and any other special bonus) during a Plan Year prior to reduction for any deferral under this Plan or any other plan of the Company.

Code. "Code" means the Internal Revenue Code of 1986, as amended.

Committee. "Committee" means the administrative committee appointed to administer the Plan pursuant to Article III.

Company. "Company" means Occidental Petroleum Corporation, or any successor thereto, and any Affiliates.

Company Management. "Company Management" means the Chairman of the Board, President or any Executive Vice President of Occidental Petroleum Corporation.

Compensation. "Compensation" means Base Salary and/or Bonus.

DCP Deferral Account. "DCP Deferral Account" means the account maintained on the books of account of the Company for each Participant pursuant to Article IV to account for amounts deferred under the 1988 DCP prior to January 1, 1999 and amounts deferred under this Plan after that date.

DCP Deferral Amount. "DCP Deferral Amount" means an amount of a Participant's Base Salary and/or Bonus that is deferred under the Plan, including both amounts deferred under the 1988 DCP prior to January 1, 1999, and amounts deferred under this Plan after that date.

Declared Rate. "Declared Rate" with respect to any Plan Year means the rate at which interest will be credited on Deferral Accounts for such Plan Year. The Declared Rate for each Plan Year commencing in 1999 and thereafter will be equal to the greater of: (i) (A) plus (B) where (A) is the Moody's Long-Term Corporate Bond Index Monthly Average Corporates as published by Moody's Investor Services, Inc. (or successor thereto) for the month of July in the year prior to the Plan Year in question, and (B) is 3% ("Moodys Plus Three"), or (ii) the highest yield on any unsecured debt or preferred stock of the Company that was outstanding on the last day of July in the year prior to the Plan Year in question. The Declared Rate will be announced on or before January 1 of the applicable Plan Year. Notwithstanding the foregoing, the Declared Rate for DCP Deferral Amounts that were earned and deferred prior to 1994 under the 1988 DCP (including bonuses which were earned for 1993), together with accumulated interest thereon, will in no event be less than 8% for any Plan Year. Accordingly, the Declared Rate for any Plan Year may be different for DCP Deferral Amounts that were earned and deferred under the 1988 DCP prior to January 1, 1994 than for DCP Deferral Amounts earned and deferred after such date.

Deferral Account(s). "Deferral Account(s)" means a Participant's DCP Deferral Account and/or SEDCP Deferral Account (if any) and/or Savings Plan Restoration Account (if any) maintained on the books of account of the Company for each Participant pursuant to Article IV.

Deferral Election Form. "Deferral Election Form" means a paper or electronic election form provided by the Committee on which an Eligible Employee may elect to defer Base Salary and/or Bonus and may elect to receive an Early Payment Benefit in accordance with Article IV.

Disability. "Disability" means a condition that qualifies as a disability under the Company's Retirement Plan and is approved by the Committee.

Disability Benefit. "Disability Benefit" means the payment to a Participant of the value of the Participant's Deferral Accounts pursuant to Section 5.1 on account of the Participant's termination of employment due to a Disability.

Distribution Election Form. "Distribution Election Form" means a paper or electronic election form provided by the Committee on which a Participant may elect the form of payment of his Retirement Benefits and/or the form of payment of Beneficiary Benefits to his Beneficiary in accordance with Article V.

Divorce Order. "Divorce Order" means any judgment, decree, or order (including judicial approval of a property settlement agreement) that relates to the settlement of marital property rights between a Participant and his or her former spouse pursuant to state domestic relations law (including, without limitation and if applicable, community property law).

Early Payment Benefit. "Early Payment Benefit" means the payment to a Participant of part or all of the Participant's DCP Deferral Account on an Early Payment Date prior to Retirement pursuant to Section 5.4.

Early Payment Date. "Early Payment Date" means any year prior to Retirement that a Participant elects pursuant to Section 4.1(b) to have an Early Payment Benefit paid or commenced to be paid.

Early Payment Date Subaccount. "Early Payment Date Subaccount" means any subaccount of a Participant's DCP Deferral Account established to separately account for deferred Compensation (and interest credited thereto) that is subject to an Early Payment Benefit election.

Eligible Employee. "Eligible Employee" means each key management or other highly compensated employee of the Company who is selected by Company Management to participate in the Plan.

Emergency Benefit. "Emergency Benefit" means the payment to a Participant of part or all of his Deferral Accounts in the event that the Participant has an unforeseeable financial emergency pursuant to Section 5.5.

Fractional Method. "Fractional Method" means an installment method of paying a Participant's Retirement Benefit under which the Company will determine the amount of each annual installment by dividing the value of the Participant's Deferral Accounts as of the end of the month preceding the payment date by the number of annual installments remaining to be paid.

1988 DCP. "1988 DCP" means the Occidental Petroleum Corporation 1988 Deferred Compensation Plan.

Participant. "Participant" means (i) each individual who, as of December 31, 1998, was a participant in the 1988 DCP or the SEDCP and has not received a complete distribution of the benefits accrued under those plans, (ii) an Eligible Employee who has filed a completed and fully executed Deferral Election Form with the Committee and is participating in the Plan in accordance with the provisions of Article IV or (iii) any person who has a Deferral Account by reason of his prior status as an Eligible Employee. Under no circumstances shall "Participant" mean any Alternate Payee.

Plan Year. "Plan Year" means the calendar year beginning on January 1 and ending on December 31.

Qualified Divorce Order. "Qualified Divorce Order" means a Divorce Order that (a) creates or recognizes the existence of an Alternate Payee's right to, or assigns to an Alternate Payee the right to, receive all or a portion of the benefits payable to a Participant under this Plan; (b) clearly specifies (i) the name and the last known mailing address of the Participant and the name and mailing address of the Alternate Payee covered by the order, (ii) the amount or percentage of the Participant's benefits to be paid by this Plan to the Alternate Payee, or the manner in which such amount or percentage is to be determined, (iii) the number of payments or period to which such order applies, and (iv) that it applies to this Plan; and (c) does not (i) require this Plan to provide any type or form of benefit, or any option, not otherwise provided under the Plan, (ii) require this Plan to provide increased benefits, or (iii) require the payment of benefits to an Alternate Payee that are required to be paid to another Alternate Payee under another Divorce Order previously determined to be a Qualified Divorce Order.

Retirement. "Retirement" means: (i) the termination of a Participant's employment with the Company for reasons other than Disability or death after the Participant attains age 65, (ii) the termination of a Participant's employment with the Company for reasons other than Disability or death after the Participant attains age 55 and completes five (5) Years of Service or (iii) effective January 1, 2001, the Participant's attainment of age 55 following the Participant's termination of employment with the Company for reasons other than Disability or death prior to attainment of age 55 if the Participant qualifies for retiree medical coverage under the Occidental Petroleum Corporation Medical Plan on the date of the Participant's termination of employment.

Retirement Benefit. "Retirement Benefit" means the payment to a Participant of the value of the Participant's Deferral Accounts pursuant to Section 5.1 following Retirement.

Retirement Plan. "Retirement Plan" means the Occidental Petroleum Corporation Retirement Plan, as amended from time to time.

Savings Plan. "Savings Plan" means the Occidental Petroleum Corporation Savings Plan, as amended from time to time.

Savings Plan Restoration Account. "Savings Plan Restoration Account" means the account maintained on the books of account of the Company to reflect Savings Plan Restoration Contributions made by the Company pursuant to Section 4.6.

Savings Plan Restoration Contribution. "Savings Plan Restoration Contribution" means the amount credited to a Participant's Savings Plan Restoration Account pursuant to Section 4.6.

SEDCP. "SEDCP" means the Occidental Petroleum Corporation Senior Executive Deferred Compensation Plan under which certain Company executives deferred compensation.

SEDCP Deferral Account. "SEDCP Deferral Account" means the account maintained on the books of account of the Company for certain Participants pursuant to Article IV to account for amounts deferred under the SEDCP.

Termination Benefit. "Termination Benefit" means the payment to a Participant of the value of the Participant's Deferral Accounts pursuant to Section 5.1 on account of the Participant's termination of employment other than due to Retirement, Disability or death.

Termination Event. "Termination Event" means any of the following:

(a) Approval by the stockholders of the Company (or, if no stockholder approval is required, by the Board) of the dissolution or liquidation of the Company, other than in the context of a transaction that does not constitute a Termination Event under clause (b) below;

(b) Consummation of a merger, consolidation, or other reorganization, with or into, or the sale of all or substantially all of the Company's business and/or assets as an entirety to, one or more entities that are not subsidiaries or other affiliates of the Company (a "Business Combination"), unless (i) as a result of the Business Combination, more than 50% of the outstanding voting power of the surviving or resulting entity or a parent thereof (the "Successor Entity") immediately after the Business Combination is, or will be, owned, directly or indirectly, by holders of the Company's voting securities immediately before the Business Combination; (ii) no "person" (as such term is used in Sections 13(d) and 14(d) of the Securities Exchange Act of 1934, as amended from time (the "Exchange Act")), excluding the Successor Entity or any employee benefit plan of the Company and any trustee or other fiduciary holding securities under a Company employee benefit plan or any person described in and satisfying the conditions of Rule 13d-1(b)(i) of the Exchange Act (an "Excluded Person"), beneficially owns, directly or indirectly, more than 20% of the outstanding shares or the combined voting power of the outstanding voting securities of the Successor Entity, after giving effect to the Business Combination, except to the extent that such ownership existed prior to the Business Combination; and (iii) at least 50% of the members of the board of directors of the entity resulting from the Business Combination were members of the Board at the time of the execution of the initial agreement or of the action of the Board approving the Business Combination;

(c) Any "person" (as such term is used in Sections 13(d) and 14(d) of the Exchange Act, but excluding any Excluded Person) is or becomes the beneficial owner (as defined in Rule 13d-3 under the Exchange Act), directly or indirectly, of securities of the Company representing 20% or more of the combined voting power of the Company's then outstanding voting securities, other than as a result of (i) an acquisition directly from the Company; (ii) an acquisition by the Company; or (iii) an acquisition by any employee benefit plan (or related trust) sponsored or maintained by the Company or a Successor Entity; or

(d) During any period not longer than two consecutive years, individuals who at the beginning of such period constituted the Board cease to constitute at least a majority thereof, unless the election, or the nomination for election by the Company's stockholders, of each new Board member was approved by a vote of at least two-thirds (2/3) of the Board members then still in office who were Board members at the beginning of such period (including for these purposes, new members whose election or nomination was so approved), but excluding, for this purpose, any such individual whose initial assumption of office occurs as a result of an actual or threatened election contest with respect to the election or removal of directors or other actual or threatened solicitation of proxies or consents by or on behalf of a person other than the Board.

(e) Notwithstanding the foregoing, a Termination Event shall not occur if, prior to the Termination Event, the Executive Compensation and Human Resources Committee of the Board deems such an event to not be a Termination Event for the purposes of this Plan.

Years of Service. "Years of Service" means the number of full years credited to a Participant under the Retirement Plan for vesting purposes.

ARTICLE III
ADMINISTRATION OF THE PLAN

A Committee shall be appointed by the Board to administer the Plan and establish, adopt, or revise such rules and regulations as the Committee may deem necessary or advisable for the administration of the Plan and to interpret the provisions of the Plan, and, except as otherwise indicated herein, any such interpretations shall be conclusive and binding. All decisions of the Committee shall be by vote of at least two of the Committee members and shall be final. The Committee may appoint any agent and delegate to such agent such powers and duties in connection with the administration of the Plan as the Committee may from time to time prescribe.

Members of the Committee shall be eligible to participate in the Plan while serving as members of the Committee, but a member of the Committee shall not vote or act upon any matter which relates solely to such member's interest in the Plan as a Participant.

ARTICLE IV
PARTICIPATION

4.1 Election to Participate.

(a) Deferral Elections. An Eligible Employee may elect to participate in the Plan and elect to defer annual Base Salary and/or Bonus under the Plan by filing a completed and fully executed Deferral Election Form prior to the beginning of the Plan Year during which such Base Salary and Bonus are to be earned or at such other time as the Committee may permit. Deferral Election Forms must be filed in accordance with the instructions set forth in the Deferral Election Forms.

Various deferral options will be made available to Eligible Employees under the Plan, subject to such limitations and conditions as the Committee may impose from time to time, in its complete and sole discretion. A Deferral Election Form filed for the Plan Year beginning January 1, 2003, or for any subsequent Plan Year shall be effective for Base Salary and/or Bonus to be earned during that Plan Year and shall remain in effect for that Plan Year and subsequent Plan Years, notwithstanding any change in the Participant's Base Salary or Bonus, until changed or terminated in accordance with the terms of this Section 4.1; provided, however, that such election shall terminate if the Participant ceases to be an Eligible Employee. Subject to the minimum deferral requirements and maximum deferral limitations set forth below, a Participant may increase, decrease or terminate his deferral election effective for Compensation to be earned during any Plan Year by filing a new Deferral Election Form with the Committee prior to January 1 of such Plan Year.

Each Deferral Election Form will designate the DCP Deferral Amounts as a fixed dollar amount or fixed percentage (in increments of 1%) of Base Salary and/or (i) a fixed dollar amount or a fixed percentage of Bonus, or (ii) 100% of any Bonus exceeding a specified dollar amount, as elected by the Participant. Deferrals of Base Salary will normally be deducted ratably during the Plan Year. In its sole discretion, the Committee may also permit amounts that an Eligible Employee has previously elected to defer under other plans or agreements with the Company to be transferred to this Plan and credited to his Deferral Accounts that are maintained hereunder.

(A) Minimum Deferral. For each Plan Year, the minimum amount of Base Salary that a Participant may elect to defer is $5,000, if expressed as a dollar amount, or 5% of Base Salary, if expressed as a percentage, and the minimum amount of Bonus that a Participant may elect to defer is any of the following: (I) $5,000, (II) 5% of Bonus, or (III) 100% of that portion of any Bonus that exceeds a dollar amount specified by the Participant on his Deferral Election Form.

(B) Maximum Deferral. For each Plan Year, the maximum amount of Base Salary that a Participant may elect to defer is 75% of Base Salary, and the maximum amount of Bonus that a Participant may elect to defer is 100% of Bonus.

(b) Early Payment Benefit Election. On the Deferral Election Form filed pursuant to Section 4.1(a), an Eligible Employee may irrevocably elect to receive the

Compensation deferred pursuant to that election in a lump sum payment or in annual installments over two (2) to five (5) years commencing prior to Retirement on an Early Payment Date. If a Participant fails to designate the form of distribution for an Early Payment Benefit, the distribution shall be in the form of a lump sum. The Early Payment Date elected must be a year that begins at least two (2) years after the end of the first Plan Year to which the election applies. An Early Payment Benefit election filed for the Plan Year beginning January 1, 2003, or for any subsequent Plan Year, shall be effective for Compensation earned and deferred during that Plan Year and each subsequent Plan Year until terminated in accordance with the terms of this Section 4.1; provided, however, that deferrals of Compensation earned during any Plan Year that ends less than two (2) years prior to the Early Payment Date will not be subject to the Early Payment Benefit election and shall be paid upon the Participant's termination of employment as set forth in Section 5.1 or 5.2, as the case may be. A Participant may terminate an election for an Early Payment Benefit with respect to Compensation deferred in any future Plan Year by filing a new Deferral Election Form with the Committee prior to January 1 of such Plan Year. A Participant may not, however, change the form of benefit or time of commencement of Early Payment Benefit with respect to Compensation deferred pursuant to a Deferral Election Form after that Deferral Election is filed pursuant to Section 4.1(a).

A Participant may not at any time have more than two Early Payment Dates scheduled. However, after an Early Payment Date has occurred and all payments with respect to the corresponding Early Payment Date election have been completed, a Participant may elect a new Early Payment Date for future deferrals of Compensation.

4.2 DCP Deferral Accounts. The Committee shall establish and maintain a separate DCP Deferral Account for each Participant. The amount credited to a Participant's Deferral Account under the 1988 DCP as of December 31, 1998 remained credited to his DCP Deferral Account under this Plan as of January 1, 1999. A DCP Deferral Amount shall be credited by the Company to the Participant's DCP Deferral Account as of the date that the Participant's Base Salary or Bonus would otherwise have been paid. Such DCP Deferral Account shall be debited by the amount of any payments made by the Company to the Participant or the Participant's Beneficiary therefrom as of the date of payment. The Committee shall establish an Early Payment Date Subaccount within a Participant's DCP Deferral Account for each Early Payment Date elected by that Participant. Any such Early Payment Date Subaccount shall be debited by the amount of any Early Payment Benefit paid by the Company to the Participant on or beginning on such Early Payment Date pursuant to Section 5.4 as of the date of payment.

4.3 SEDCP Deferral Accounts. The Committee shall maintain a separate SEDCP Deferral Account for each Participant who was a participant in the SEDCP on December 31, 1998. The balance of such Participant's accounts under the SEDCP as of December 31, 1998 remained credited to each such Participant's SEDCP Deferral Account under this Plan as of January 1, 1999. SEDCP Deferral Accounts shall be debited by the amount of any payments made by the Company to the Participant or the Participant's Beneficiary therefrom as of the date of payment.

4.4 Interest. Each Deferral Account of a Participant shall be deemed to bear interest on the monthly balance of such Deferral Account at the Declared Rate for each Plan Year, compounded monthly. Except as provided in Section 5.2(a) with respect to SEDCP Deferral

Accounts for Participants who die prior to becoming eligible for Retirement, interest will be credited to each Deferral Account on a monthly basis on the last day of each month as long as any amount remains credited to such Deferral Account. Effective January 1, 2003, amounts of deferred Compensation that are credited to a Deferral Account and amounts of Savings Plan Restoration Contributions that are credited to a Savings Plan Restoration Account prior to the end of a calendar month shall accrue interest from the date of crediting, computed on the basis of a 30-day month based on days elapsed from date of crediting to the end of the month.

4.5 Valuation of Deferral Accounts. The value of a Deferral Account as of any date shall equal the amounts previously credited to such Deferral Account less any payments debited to such Deferral Account plus the interest deemed to be earned on such Deferral Account in accordance with Section 4.4 through the end of the preceding month. When payments are made from a DCP Deferral Account for any reason other than an Early Payment Benefit elected after January 1, 1994, such payments shall be deemed to be made on a proportionate or pro-rata basis from DCP Deferral Amounts (including accumulated interest thereon) that were earned and deferred under the 1988 DCP prior to January 1, 1994 and DCP Deferral Amounts (including accumulated interest thereon) that were earned and deferred after that date.

4.6 Savings Plan Restoration Contribution. For each Plan Year, the Company shall credit to the Savings Plan Restoration Account of any Participant, an amount equal to the amount by which the contribution that would otherwise have been made by the Company on behalf of the Participant to the Savings Plan for such Plan Year is reduced by reason of the reduction in the Participant's Base Salary for such Plan Year because of deferrals under this Plan. The Savings Plan Restoration Contribution shall be credited to the Savings Plan Restoration Account of each Participant for each Plan Year at the same time as the Company contribution for such Plan Year is made to the Savings Plan. A Participant's interest in any credit to his Savings Plan Restoration Account and earnings thereon shall vest at the same rate and at the same time as would have been the case had such contribution been made to the Savings Plan. Notwithstanding anything contained herein to the contrary, if, upon a Participant's termination of employment, the Participant has not or does not become 100% vested in his Savings Plan Restoration Account, the unvested portion of his Savings Plan Restoration Account shall be forfeited prior to the determination of the amount of any benefits under Sections 5.1, 5.6 or 5.7.

4.7 Statement of Deferral Accounts. The Committee shall submit to each Participant, within 120 days after the close of each Plan Year, a statement in such form as the Committee deems desirable, setting forth the Participant's Deferral Account(s).

ARTICLE V
BENEFITS

5.1 Termination of Employment for a Reason Other Than Death.

(a) Form and Time of Benefit. Except as otherwise provided in this Section 5.1, upon a Participant's termination of employment for a reason other than death (including Retirement and Disability), the Company shall pay to the Participant in a single lump sum within the first 90 days of the calendar year following the Participant's termination of employment an amount equal to the value of the Participant's Deferral Accounts as of the end of the month preceding payment (after reduction for any forfeitures as set forth in Section 4.6). Any Retirement or Termination Benefits paid in annual installments pursuant to Section 5.1(b) or 5.1(c) shall be paid within the first 90 days of each calendar year, beginning with the year following the Participant's Retirement or other termination of employment and shall be determined based on the value of the Participant's Deferral Accounts as of the last day of the month preceding payment.

(b) Retirement. A Participant may elect in his Distribution Election Form to have the Retirement Benefit, which may consist solely of the participant's Savings Plan Restoration Account, paid to him in a lump sum, annual payments for any other number of years between two (2) and 20 years or, if available as an option on the Distribution Election Form provided to the Participant, in a combination of an initial lump sum payment followed by annual installments over the next one (1) to 20 years. The amount of each annual installment will be determined under either the Amortization Method or the Fractional Method. Unless the Participant otherwise elects, the amount of any such annual payments shall be calculated under the Amortization Method in the case of a Participant retiring before 2004 and under the Fractional Method in the case of a Participant retiring in 2004 and subsequent years. Any election of an alternative form of distribution or the alternate method of calculating installment amounts under this Section 5.1(b) must be made on a Distribution Election Form and must be received by the Committee no later than the December 31 preceding the date of the Participant's Retirement and shall become effective on the date that is 12 months after the Distribution Election Form is received by the Committee.

A Participant may change his election as to the form of payment and/or method of calculating annual installment amounts, provided that his change election is made on a Distribution Election Form and such election is received by the Committee no later than the December 31 preceding the date of the Participant's Retirement, unless otherwise permitted by the Committee. Such change in election shall become effective on the date that is 12 months after the Distribution Election Form is received by the Committee. Subject to the foregoing limitations, a Participant may make such election (or revoke a prior election and make a new election) at any time. Any election (or modification or revocation of a prior election) that is made later than the December 31 preceding the Participant's Retirement will be considered void and shall have no force or effect, except as otherwise determined by the Committee.

(c) Termination Prior to Retirement. If a Participant's employment with the Company terminates for any reason other than Retirement, Disability or death, then Participant shall receive a Termination Benefit in a lump sum as provided in Section 5.1(a); provided, however, at the sole discretion of the Committee, no lump sum shall be payable and instead, the Company shall pay to the Participant an annual amount for a period not to exceed three (3) years, determined using the Fractional Method.

(d) Disability. If a Participant's employment with the Company terminates prior to Retirement due to a Disability, then the Participant shall receive a Disability Benefit in a lump sum within the first 90 days of the calendar year following the calendar year in which the Participant attains age 55 in an amount equal to the value of the Participant's Deferral Accounts as of the end of the month preceding payment.

(e) Effect of Pre-Retirement Termination of Employment on Spousal Survivor Benefits. Spousal survivor benefits (if any) under Section 5.3 of the Plan shall not be payable to the spouse of a Participant who terminates employment prior to Retirement and receives a Termination Benefit or a Disability Benefit under this Section 5.1.

5.2 Beneficiary Benefits.

(a) If a Participant dies while employed by the Company prior to becoming eligible for Retirement, the Company shall pay to the Participant's Beneficiary in a single lump sum an amount equal to the value of the Participant's DCP Deferral Account and Savings Plan Restoration Account, if any. If such Participant also has an SEDCP Deferral Account, the Company will also pay to the Participant's Beneficiary annual payments over the greater of (i) 10 years or (ii) until the Participant would have attained age 65 equal to 25% of the amount deferred under the SEDCP (excluding any interest on such deferrals), which payments shall be in full satisfaction of the benefits payable with respect to the Participant's SEDCP Deferral Account. Notwithstanding the foregoing, the Participant's Beneficiary shall instead be paid the amount credited to the Participant's SEDCP Deferral Account as of the end of the month in which his death occurred plus interest at a rate of 8% per annum, compounded annually, from the end of such month and credited annually on each anniversary of the end of such month payable in equal installments (using the Amortization method) over the period described in the succeeding sentence, if the Committee determines that the present value of such benefit is greater than the present value of the benefit described in the preceding sentence. In comparing the present value of these two alternative benefits, the Committee shall use in each case a discount factor of 8%.

(b) If a Participant dies while employed by the Company after becoming eligible for Retirement, the Company will pay to the Participant's Beneficiary in a single lump sum a Beneficiary Benefit that is an amount equal to the value of the Participant's Deferral Accounts.

(c) If a Participant dies after the commencement of payment of his Retirement Benefit, then the remaining installments of the Retirement Benefit shall be payable to his Beneficiary in the same amounts and at the same times as such installment would have been paid to the Participant if he were living.

(d) Notwithstanding the foregoing provisions of this Section 5.2, a Participant may elect at any time that if he dies prior to the commencement of his Retirement Benefits, then the payment to his Beneficiary shall be made in any form and calculated in any other manner described in Section 5.1(b). Such an election shall be on a Distribution Election Form.

(e) The payment or payments to a Beneficiary of a deceased Participant under this Section 5.2 shall be made or commence during the first 90 days of the calendar year following the year in which the Participant's death occurred, and the amount of such payment shall be equal to, or determined based on, the value of the Participant's Deferral Accounts as of the end of the month preceding payment.

(f) In the event that the Beneficiary of a deceased Participant dies prior to the completion of payments under this Plan to that Beneficiary, all remaining payments to that Beneficiary shall be paid in a lump sum to that Beneficiary's estate.

5.3 Spousal Survivor Benefits with Respect to SEDCP Deferral Accounts. If a Participant who has an SEDCP Deferral Account dies after becoming eligible for Retirement or after commencement of payment of his Retirement Benefit and a spouse to whom he had been married to for at least one (1) year prior to his death survives beyond completion of payment of the Participant's SEDCP Deferral Account balance, the Company shall pay such spouse a lump sum payment in an amount equal to 10% of the Participant's SEDCP Deferral Account balance valued as of the earlier of the date of the Participant's Retirement or death. Such lump sum spousal survivor benefit shall be paid as soon as administratively practicable following the later of the completion of payment of the Participant's SEDCP Deferral Account balance or the Participant's death. No benefit shall be payable under this Section 5.3 if the Participant's spouse does not survive beyond completion of payment of the Participant's SEDCP Deferral Account balance. Notwithstanding the foregoing, no spousal survivor benefit shall be payable to the spouse of any Participant who received benefits pursuant to Section 5.1(c) (Termination Benefit), Section 5.1(d) (Disability Benefit) or Section 5.6 (Immediate Payment on Termination Event).

5.4 Early Payment. Payment of the amounts credited to any Early Payment Date Subaccount of a Participant shall be paid or commence to be paid within the first 90 days of the year elected as the Early Payment Date in accordance with the Participant's election under Section 4.1(b), with any subsequent annual payments paid in the first 90 days of each applicable year. The amount of each annual installment will be determined under either the Amortization Method or the Fractional Method. The amount of any such annual payments shall be calculated under the Amortization Method for Early Payment Dates elected prior to 2003 and unless the Participant otherwise irrevocably elects at the time of making the Early Payment Benefit Election, under the Fractional Method for Early Payment Dates elected in 2003 and later.

Notwithstanding the foregoing, if the Participant terminates employment with the Company for any reason prior to commencement or completion of all Early Payment Benefits, all such elections made by the Participant to receive Early Payment Benefits shall terminate and any amounts remaining credited to the Participant's Early Payment Date Subaccount(s) shall be paid, together with the other amounts credited to the Participant's Deferral Account, as set forth in Section 5.1 or 5.2, as the case may be.

5.5 Emergency Benefit. In the event that the Committee, upon written petition of the Participant, determines in its sole discretion that the Participant has suffered an unforeseeable financial emergency, the Company shall pay to the Participant, as soon as practicable following such determination, an amount up to the balance of the Participant's Deferral Accounts that is necessary to meet the emergency ("Emergency Benefit"). Such payment shall come first from the amounts not credited to any Early Payment Date Subaccount and, if the Participant has elected two (2) Early Payment Dates, next from the Early Payment Date Subaccount for the later Early Payment Date. No amount may be paid to the Participant under this Section 5.5 from any unvested portion of the Participant's Savings Plan Restoration Account. For purposes of this Plan, an unforeseeable financial emergency is a severe financial hardship to the Participant arising from a sudden and unexpected illness or accident of the Participant or a dependent of the

Participant, loss of the Participant's property due to a casualty, or other similar extraordinary and unforeseeable circumstances arising as a result of events beyond the control of the Participant. Cash needs arising from foreseeable events such as the purchase of a home or education expenses for children shall normally not be considered to be the result of an unforeseeable financial emergency.

Whenever a Participant receives a distribution under this Section 5.5, the Participant will be deemed to have revoked all current deferral elections under the Plan effective as of the date of the distribution. The Participant will not be permitted to participate in the next enrollment period under the Plan and will be precluded from electing to make new deferrals under the Plan for a minimum period of one (1) year (or such lesser period as the Committee may permit) following receipt of the distribution.

5.6 Immediate Payment on Termination Event. Upon petition of a Participant within 60 days after any Termination Event or such other period as the Committee may permit, the Committee, in its sole discretion, may direct the Company to pay the balance of the Participant's Deferral Accounts, reduced by any unvested portion of the Participant's Savings Plan Restoration Account, to him immediately in a lump sum as a Termination Benefit pursuant to Section 5.1, irrespective of whether the Participant terminates or continues employment with the Company. Spousal survivor benefits (if any) under Section 5.3 of the Plan shall not be payable to the spouse of a Participant who receives benefits under this Section 5.6.

5.7 Small Benefit. Notwithstanding anything contained herein to the contrary, in the event that the value of a Participant's Deferral Accounts as of the end of the Plan Year in which the Participant's Retirement or other termination of employment occurs is less than $20,000 (after reduction for any forfeiture pursuant to Section 4.6), such amount (with interest to the end of the month preceding the payment date) shall be paid in a cash lump sum without regard to any contrary elections, unless the Committee determines otherwise.

5.8 Lump Sum Payment With Penalty. Notwithstanding any other provisions of the Plan, in lieu of payments in accordance with the form previously elected by the Participant, a Participant (or his Beneficiary, in the event of the Participant's death) may elect at any time to receive an immediate lump sum payment of all or part of the vested balance of the Participant's Deferral Accounts, reduced by a penalty, which shall be forfeited to the Company, equal to 10% of the amount withdrawn from the Participant's Deferral Accounts. Such payment shall come first from the amounts not credited to any Early Payment Date Subaccount and, if the Participant has elected two (2) Early Payment Dates, next from the Early Payment Date Subaccount for the later Early Payment Date. No amount may be paid to a Participant under this Section 5.8 from any unvested portion of the Participant's Savings Plan Restoration Account.

Whenever a Participant receives a lump sum payment under this Section 5.8, the Participant will be deemed to have revoked all current deferral elections under the Plan effective as of the date of the lump sum payment. The Participant will not be permitted to participate in the next enrollment period under the Plan and will be precluded from electing to make new deferrals under the Plan for a minimum period of one (1) year (or such lesser period as the Committee may permit) following receipt of the lump sum payment.

5.9 Tax Withholding and Reporting.

(a) To the extent required by the law in effect at the time payments are made, the Company shall withhold from payments made hereunder the taxes required to be withheld by Federal, state and local law.

(b) The Company shall have the right at its option to (i) require a Participant to pay or provide for payment of the amount of any taxes that the Company may be required to withhold with respect to interest or other amounts that the Company credits to a Participant's Deferral Accounts or (ii) deduct from any amount of salary, bonus or other payment otherwise payable in cash to the Participant the amount of any taxes that the Company may be required to withhold with respect to interest or other amounts that the Company credits to a Participant's Deferral Accounts.

(c) The tax withholding and reporting rules described in this subsection shall apply to payments made under the Plan pursuant to a Qualified Divorce Order, shall be subject to any applicable superceding guidance promulgated by the Internal Revenue Service, and shall apply in addition to (not in substitution of) the preceding two subsections. Amounts paid to an Alternate Payee shall be subject to federal income tax withholding and, together with amounts so withheld, shall be reportable to the Alternate Payee. In addition, amounts paid to an Alternate Payee shall be subject to taxation under the Federal Insurance Contributions Act ("FICA") and the Federal Unemployment Tax Act ("FUTA") to the same extent as if such amounts had been paid to the Participant. To the extent that amounts paid to an Alternate Payee are subject to taxation under FICA and/or FUTA, such payments shall be treated as the wages of the Participant, and shall be so reportable, but any amounts required under FICA to be withheld from such payments shall be withheld from the payments to the Alternate Payee.

5.10 Termination of Employment. For the purpose of this Article V, a Participant will be deemed to have terminated employment if the Participant ceases to be an employee of any of the following:

(a) the Company;

(b) an Affiliate; or

(c) any other entity, whether or not incorporated, in which the Company has an ownership interest, and the Committee has designated that the Participant's commencement of employment with such entity upon Participant's ceasing to be an employee of an entity described in (a) or (b) above will not be deemed to be a termination of employment for purposes of this Plan, provided that such designation shall be made in writing by the Committee and shall be communicated to the Participant prior to his commencement of employment with the entity so designated.

For the purposes of the preceding provisions, a Participant who ceases to be an employee of an entity described in (a), (b) or (c) above shall not be deemed to have terminated employment if such cessation of employment is followed immediately by his commencement of employment with another entity described in (a), (b) or (c) above.

5.11 Re-Employment. If a Participant's employment with the Company is terminated and such Participant is re-employed by the Company prior to the payment of his benefits in a cash lump sum payment or while he is receiving benefits in the form of annual installment payments, the payment of the lump sum amount or the future installments, as the case may be, shall be suspended until he again terminates employment with the Company. Such Participant may elect to again participate in this Plan and to defer additional Base Salary and/or Bonus as provided in Section 4.1. Such rehired Participant may file a Distribution Election Form as provided in Section 5.1(b) and/or Section 5.2(d) to be applicable to all amounts deferred under this Plan (both before and after his original termination of employment); provided, however, that such Distribution Election Form shall not be effective as to the form of payment of Retirement Benefits until 12 months after it is received by the Committee. Upon the Participant's subsequent termination of employment with the Company, the total amounts then credited to his Deferral Accounts shall be distributed in accordance with Article V of this Plan and the most recently filed Distribution Election Form (if any) that has become effective. If the Participant's original termination of employment was on account of Retirement and he had elected a form of installment payout, then the amounts credited to his Deferral Accounts at the time of his subsequent Retirement shall be distributed over the number of years that were remaining in the payout period at the time of his re-employment unless he filed a new Distribution Election Form at least 12 months prior to his subsequent Retirement.

5.12 Qualified Divorce Orders. Subject to the policies and procedures established by the Committee under Section 9.3(b) hereof and the provisions of this Plan, benefits may be paid from the balance of a Participant's Deferral Account(s) in accordance with a Qualified Divorce Order without regard to whether the Participant has terminated employment in accordance with Section 5.10 hereof. In addition, and notwithstanding any provision in the Plan to the contrary, the Committee shall follow any distribution requirement contained in a Qualified Divorce Order that provides for an earlier lump sum distribution than would otherwise be permitted under this Plan.

ARTICLE VI
BENEFICIARY DESIGNATION

Each Participant shall have the right, at any time, to designate any person or persons as the Beneficiary to whom payments under this Plan shall be made in the event of the Participant's death prior to complete distribution to the Participant of the benefits due under the Plan. Each Beneficiary designation shall become effective only when filed in writing with the Committee during the Participant's lifetime on a paper form prescribed by the Committee. The filing of a new Beneficiary designation form will cancel any inconsistent Beneficiary designation previously filed.

If a Participant fails to designate a Beneficiary as provided above, or if all designated Beneficiaries predecease the Participant, any benefits remaining unpaid shall be paid in accordance with the Participant's Beneficiary designation under the Company's Retirement Plan, and if there is no such valid Beneficiary designation, to the Participant's then surviving spouse, or if none, to the Participant's estate, unless directed otherwise by the court that has jurisdiction over the assets belonging to the Participant's probate estate.

ARTICLE VII
CLAIMS PROCEDURE

All applications for benefits under the Plan shall be submitted to: Occidental Petroleum Corporation, Attention: Deferred Compensation Plan Committee, 10889 Wilshire Blvd., Los Angeles, CA 90024. Applications for benefits must be in writing on the forms prescribed by the Committee and must be signed by the Participant, or in the case of a Beneficiary Benefit, by the Beneficiary or legal representative of the deceased Participant. Each application shall be acted upon and approved or disapproved within 60 days following its receipt by the Committee. If any application for a benefit is denied, in whole or in part, the Committee shall notify the applicant in writing of such denial and of his right to a review by the Committee and shall set forth in a manner calculated to be understood by the applicant, specified reasons for such denial, specific references to pertinent Plan provisions on which the denial is based, a description of any additional material or information necessary for the applicant to perfect his application, an explanation of why such material or information is necessary, and an explanation of the Plan's review procedure.

Any person, or his duly authorized representative, whose application for benefits is denied in whole or in part, may appeal such denial to the Committee for a review of the decision by submitting to the Committee within 60 days after receiving notice of the denial, a written statement:

(a) requesting a review of his application for benefits by the Committee;

(b) setting forth all of the grounds upon which his request for review is based and any facts in support thereof; and

(c) setting forth any issues or comments which the applicant deems relevant to his application.

The Committee shall act upon each such application within 60 days after the later of receipt of the applicant's request for review by the Committee or receipt of any additional materials reasonably requested by the Committee from such applicant.

The Committee shall make a full and fair review of each such application and any written materials submitted by the applicant or the Company in connection therewith, and may require the Company or the applicant to submit within 30 days of written notice by the Committee, such additional facts, documents, or other evidence as the Committee, in its sole discretion, deems necessary or advisable in making such a review. On the basis of its review, the Committee shall make an independent determination of the applicant's eligibility for benefits under the Plan. The decision of the Committee on any application for benefits shall be final and conclusive upon all persons.

If the Committee denies an application in whole or in part, the Committee shall give written notice of its decision to the applicant setting forth in a manner calculated to be understood by the applicant, the specific reasons for such denial and specific references to the pertinent Plan provisions on which the Committee's decision was based.

No legal action may be commenced prior to the completion of the benefit claims procedure described herein. In addition, no legal action may be commenced after the later of (a) 180 days after receiving the written response of the Committee to an appeal, or (b) 365 days after an applicant's original application for benefits.

ARTICLE VIII
AMENDMENT AND TERMINATION OF PLAN

8.1 Amendment. The Board may amend the Plan in whole or in part at any time for any reason, including but not limited to, tax, accounting or other changes, which may result in termination of the Plan for future deferrals. The Committee, in its discretion, may amend the Plan if the Committee determines that such amendment does not significantly increase or decrease Plan benefits or costs. Notwithstanding the foregoing, no amendment shall: (a) reduce the amounts that have been credited to the Deferral Account(s) of any Participant prior to the date such amendment is adopted, (b) eliminate the spousal survivor benefit under Section 5.3, or (c) change the definition of the Declared Rate set forth in Article II to a rate or to a formula that, as of the last day of the month preceding the date such amendment is adopted, produces a rate that is less than the lesser of: (i) Moodys Plus Three (as defined in Article II and calculated as of the last day of the month preceding the date such amendment is adopted), or (ii) the highest yield on any unsecured debt or preferred stock of the Company that was outstanding on the last day of the month immediately preceding the date such amendment is adopted. Any amendment that would either (i) reduce the Declared Rate to a rate or to a formula that, as of the last day of the month preceding the date such amendment is adopted, produces a rate that is less than Moodys Plus Three (as defined in Article II and calculated as of the last day of the month preceding the date such amendment is adopted), or (ii) change the terms of the amendment provisions of this Section 8.1 or the terms of the termination provisions of Section 8.2, shall not be effective prior to the date that is two years after the date such amendment is adopted, unless the amendment is required by a change in the tax or other applicable laws or accounting rules. Notwithstanding the foregoing, following a Termination Event, no amendment shall: (a) reduce the amounts that have been credited to the Deferral Account(s) of any Participant prior to the date such amendment is adopted, (b) eliminate the spousal survivor benefit under Section 5.3, (c) change the definition of the Declared Rate set forth in Article II to a rate or to a formula that, as of the last day of the month preceding the date of the Termination Event, produces a rate that is less than Moodys Plus Three (as defined in Article II and calculated as of the last day of the month preceding the date of the Termination Event), or (d) change the terms of the amendment provisions of this Section 8.1 or the terms of the termination provisions of Section 8.2.

8.2 Termination.

(a) Company's Right to Terminate. The Board may terminate the Plan at any time, if in the Board's judgment, the continuance of the Plan would not be in the Company's best interest due to tax, accounting or other effects thereof, or potential payouts thereunder, provided that any termination of the Plan shall not be effective prior to the date that is two years after the date the Board adopts a resolution to terminate the Plan, unless the termination of the Plan is required by a change in the tax or other applicable laws or accounting rules. Notwithstanding the foregoing, following a Termination Event, the Plan may not be terminated prior to the date that is three years after the date the Termination Event occurs. In the event the Board adopts a resolution terminating the Plan, the Board or the Committee shall determine the date as of which all deferral elections shall cease to apply so that no further Base Salary or Bonus shall be deferred under the Plan.

(b) Payments Upon Termination. Upon any termination of the Plan under this Section 8.2, the Board or Committee shall determine the date or dates of Plan distributions to the Participants, which date or dates shall not be later than the date or dates on which the Participants or their Beneficiaries would otherwise receive benefits hereunder.

ARTICLE IX
MISCELLANEOUS

9.1 Unsecured General Creditor. The rights of a Participant, Beneficiary, or their heirs, successors, and assigns, as relates to any Company promises hereunder, shall not be secured by any specific assets of the Company, nor shall any assets of the Company be designated as attributable or allocated to the satisfaction of such promises.

9.2 Trust Fund. The Company shall be responsible for the payment of all benefits provided under the Plan. At its discretion, the Company may establish one or more trusts, with such trustees as the Board or Committee may approve, for the purpose of providing for the payment of such benefits. Such trust or trusts may be irrevocable, but the assets thereof shall be subject to the claims of the Company's creditors. To the extent any benefits provided under the Plan are actually paid from any such trust, the Company shall have no further obligation with respect thereto, but to the extent not so paid, such benefits shall remain the obligation of, and shall be paid by, the Company.

9.3 Nonassignability.

(a) Neither a Participant nor any other person shall have any right to commute, sell, assign, transfer, pledge, anticipate, mortgage or otherwise encumber, hypothecate or convey in advance of actual receipt the amounts, if any, payable hereunder, or any part thereof, or interest therein which are, and all rights to which are, expressly declared to be unassignable and non-transferable. No part of the amounts payable shall, prior to actual payment, be subject to seizure or sequestration for the payment of any debts, judgments, alimony or separate maintenance owed by a Participant or any other person, nor be transferable by operation of law in the event of a Participant's or any other person's bankruptcy or insolvency.

(b) Notwithstanding subsection (a), the right to benefits payable with respect to a Participant pursuant to a Qualified Divorce Order may be created, assigned, or recognized. The Committee shall establish appropriate policies and procedures to determine whether a Divorce Order presented to the Committee constitutes a Qualified Divorce Order under this Plan, and to administer distributions pursuant to the terms of Qualified Divorce Orders. In the event that a Qualified Divorce Order exists with respect to benefits payable under the Plan, such benefits otherwise payable to the Participant specified in the Qualified Divorce Order shall be payable to the Alternate Payee specified in such Qualified Divorce Order.

9.4 Release from Liability to Participant. A Participant's right to receive benefits under the Plan shall be reduced to the extent that any portion of a Participant's Deferral Account(s) has been paid or set side for payment to an Alternate Payee pursuant to a Qualified Divorce Order or to the extent that the Company or the Plan is otherwise subject to a binding judgment, decree, or order for the attachment, garnishment or execution of any portion of the Participant's Deferral Account(s) or of any distributions therefrom. The Participant shall be deemed to have released the Company and the Plan from any claim with respect to such amounts in any case in which (a) the Company, the Plan, or any Plan representative has been served with legal process or otherwise joined in a proceeding relating to such amounts, and (b) the Participant fails to obtain an order of the court in the proceeding relieving the Company and the Plan from the obligation to comply with the judgment, decree or order.

9.5 Employment Not Guaranteed. Nothing contained in this Plan nor any action taken hereunder shall be construed as a contract of employment or as giving any Participant any right to be retained in employment with the Company. Accordingly, subject to the terms of any written employment agreement to the contrary, the Company shall have the right to terminate or change the terms of employment of a Participant at any time and for any reason whatsoever, with or without cause.

9.6 Gender, Singular & Plural. All pronouns and any variations thereof shall be deemed to refer to the masculine or feminine as the identity of the person or persons may require. As the context may require, the singular may be read as the plural and the plural as the singular.

9.7 Captions. The captions of the articles, sections, and paragraphs of the Plan are for convenience only and shall not control or affect the meaning or construction of any of its provisions.

9.8 Validity. In the event any provision of this Plan is held invalid, void, or unenforceable, the same shall not affect, in any respect whatsoever, the validity of any other provision of this Plan.

9.9 Notice. Any notice or filing required or permitted to be given to the Committee under the Plan shall be sufficient if in writing and hand delivered, or sent by registered or certified mail, to the principal office of the Company. Such notice shall be deemed given as to the date of delivery or, if delivery is made by mail, as of the date shown on the postmark on the receipt for registration or certification.

9.10 Applicable Law. The Plan shall be governed by and construed in accordance with the laws of the State of California to the extent such laws are not preempted by the Employee Retirement Income Security Act of 1974, as amended.

IN WITNESS WHEREOF, the Company has executed this document this ___ day of _______________, 2003.

OCCIDENTAL PETROLEUM CORPORATION

By

Richard W. Hallock
Executive Vice-President, Human Resources

EXHIBIT 10.45

OCCIDENTAL PETROLEUM CORPORATION
2001 INCENTIVE COMPENSATION PLAN
RESTRICTED SHARE UNIT AWARD
TERMS AND CONDITIONS
(MANDATORY DEFERRED ISSUANCE OF SHARES)

Date of Grant:	December 8, 2003	
Number of Restricted Share Units:	See "Shares Granted/Awarded" (Grant Acknowledgment screen)	
Vesting Schedule:	1st Anniversary	20 Percent of Restricted Share Units
	2nd Anniversary	20 Percent of Restricted Share Units
	3rd Anniversary	20 Percent of Restricted Share Units
	4th Anniversary	20 Percent of Restricted Share Units
	5th Anniversary	20 Percent of Restricted Share Units

The following TERMS AND CONDITIONS (these "Terms and Conditions") are set forth as of the Date of Grant between OCCIDENTAL PETROLEUM CORPORATION, a Delaware corporation ("Occidental") and, with its subsidiaries, (the "Company"), and the Eligible Employee receiving this Award (the "Grantee").

1. GRANT OF RESTRICTED SHARE UNITS. In accordance with these Terms and Conditions and the Occidental Petroleum Corporation 2001 Incentive Compensation Plan, as amended from time to time (the "Plan"), Occidental grants to the Grantee as of the Date of Grant, the right to receive, at the end of the Deferral Period (as defined below) in accordance with Grantee's distribution election, Common Shares equal to the number of Restricted Share Units (as defined below) that vest according to the schedule set forth above. For the purposes of these Terms and Conditions, (a) "Deferral Period" means the period commencing on the date the Restricted Share Units vest and ending on the earlier of the date the Grantee retires under a Company-sponsored retirement plan or the date the Grantee's employment with the Company terminates for any other reason, and (b) "Restricted Share Unit" means a bookkeeping entry equivalent to a whole or fractional Common Share. Restricted Share Units are not shares and have no voting rights or, except as stated in Section 5, dividend rights.

2. RESTRICTIONS ON TRANSFER. Neither these Terms and Conditions, the Restricted Share Units nor the right to receive Common Shares may be transferred or assigned by the Grantee other than (i) to a beneficiary designated on a form approved by the Company (if permitted by local law), by will or, if the Grantee dies without designating a beneficiary or a valid will, by the laws of descent and distribution, or (ii) pursuant to a domestic relations order, if applicable, (if approved or ratified by the Administrator).

3. VESTING AND FORFEITURE OF RESTRICTED SHARE UNITS. (a) Subject to Sections 3(b) and (c), on each anniversary of the Date of Grant the amount of Restricted Share Units indicated above in the Vesting Schedule for such anniversary will vest and become non-forfeitable if the Grantee remains in the continuous employ of the Company through such Date. The projected Vesting Schedule with the number of Restricted Share Units vesting on each anniversary is shown on the Grant Detail screen (from Grant Summary page, click "View Detail & History").

The continuous employment of the Grantee will not be deemed to have been interrupted by reason of the transfer of the Grantee's employment among the Company and its affiliates or an approved leave of absence.

(b) Notwithstanding Section 3(a), if the Grantee dies or becomes permanently disabled while in the employ of the Company, retires under a Company-sponsored retirement plan or with the consent of the Company, or terminates employment for the convenience of the Company (each of the foregoing, a "Vesting Event"), then Restricted Share Units that have not vested prior to the date of the Vesting Event will become fully vested and nonforfeitable as of such date.

(c) Notwithstanding Section 3(a), if a Change in Control Event occurs prior to the end of the Vesting Schedule, all of the Restricted Share Units that have not yet vested shall immediately become fully vested and nonforfeitable.

4. DEFERRAL OF COMMON SHARE PAYOUT. By accepting these Terms and Conditions, the Grantee has agreed that the receipt of the Common Shares will be deferred in accordance with the terms and conditions of the Occidental Petroleum Corporation Deferred Stock Program as such Program may be amended from time to time ("the Deferral Program"). The administration of the Deferral Program is governed by the Executive Compensation and Human Resources Committee, whose decision on all matters shall be final. The deferral of receipt of any Common Shares upon the vesting of the Restricted Share Units is irrevocable and cannot be changed or canceled. As a result of the deferral, no Common Shares will be issued pursuant to these Terms and Conditions upon the vesting of the Restricted Share Units, and the Restricted Share Units will continue to be recorded as a bookkeeping entry.

5. CREDITING AND PAYMENT OF DIVIDEND EQUIVALENTS. With respect to the number of Restricted Share Units listed above, the Grantee will be credited on the books and records of Occidental with an amount (the "Dividend Equivalent") equal to the amount per share of any cash dividends declared by the Board on the outstanding Common Shares until the shares vest, or, if earlier, up to the date on which the Grantee forfeits all or any portion of the Restricted Share Units. Until the Restricted Share Units have vested, Occidental will pay in cash to the

Grantee an amount equal to the Dividend Equivalents credited to such Grantee as promptly as may be practicable after the Grantee has been credited with a Dividend Equivalent.

6. NO EMPLOYMENT CONTRACT. Nothing in these Terms and Conditions confers upon the Grantee any right with respect to continued employment by the Company, nor limits in any manner the right of the Company to terminate the employment or adjust the compensation of the Grantee.

7. TAXES AND WITHHOLDING. The Grantee is responsible for any federal, state, local or foreign tax, including income tax, social insurance, payroll tax, payment on account or other tax-related withholding with respect to the grant of Restricted Share Units (including the grant, the vesting, the receipt of Common Shares, the sale of Common Shares and the receipt of dividends or dividend equivalents, if any). If the Company must withhold any tax in connection with the issuance of any Common Shares or other securities or the payment of any other consideration pursuant to the grant of Restricted Share Units (other than the payment of Dividend Equivalents), this obligation shall be satisfied in accordance with the provisions of the Deferral Program. If the Company must withhold any tax in connection with granting or vesting of Restricted Share Units or the payment of Dividend Equivalents pursuant to this grant of

Restricted Share Units, the Grantee by acknowledging these Terms and Conditions agrees that, so long as the Grantee is an employee of the Company for tax purposes, all or any part of any such withholding obligation shall be deducted from the Grantee's wages or other cash compensation (including regular pay). The Grantee shall pay to the Company any amount that cannot be satisfied by the means previously described.

8. COMPLIANCE WITH LAW. The Company will make reasonable efforts to comply with all applicable federal, state and foreign securities laws; however, the Company will not issue any Common Shares or other securities pursuant to these Terms and Conditions if their issuance would result in a violation of any such law.

9. RELATION TO OTHER BENEFITS. The benefits received by the Grantee under these Terms and Conditions will not be taken into account or treated as normal salary or compensation in determining any benefits to which the Grantee may be entitled under any profit sharing, retirement or other benefit or compensation plan maintained by the Company, including the amount of any life insurance coverage available to any beneficiary of the Grantee under any life insurance plan covering employees of the Company, or as part of the calculation of any severance, resignation, termination, redundancy or end of service payments. This grant of Restricted Share Units does not create any contractual or other right to receive future grants of Restricted Share Units, or benefits in lieu of Restricted Share Units, even if the Grantee has a history of receiving Restricted Share Units or other stock awards.

10. ADJUSTMENTS. The number or kind of shares of stock covered by this Restricted Share Unit Award may be adjusted as the Administrator determines pursuant to Section 6.2 of the Plan in order to prevent dilution or expansion of the Grantee's rights under these Terms and Conditions as a result of events such as stock dividends, stock splits, or other change in the capital structure of Occidental, or any merger, consolidation, spin-off, liquidation or other corporate transaction or event having a similar effect. If any such adjustment occurs, the Company will give the Grantee written notice of the adjustment containing an explanation of the nature of the adjustment.

11. AMENDMENTS. The Plan may be modified, amended, suspended or terminated by the Company at any time, as provided in the Plan. Any amendment to the Plan or the Deferred Stock Program will be deemed to be an amendment to these Terms and Conditions to the extent it is applicable to these Terms and Conditions or the deferrals made pursuant to these Terms and Conditions; however, no amendment will adversely affect the rights of the Grantee under these Terms and Conditions without the Grantee's consent.

12. SEVERABILITY. If one or more of the provisions of these Terms and Conditions is invalidated for any reason by a court of competent jurisdiction, the invalidated provisions shall be deemed to be separable from the other provisions of these Terms and Conditions, and the remaining provisions of these Terms and Conditions will continue to be valid and fully enforceable.

13. RELATION TO PLAN; INTERPRETATION. These Terms and Conditions are subject to the terms and conditions of the Plan. In the event of any inconsistent provisions between these Terms and Conditions and the Plan, the provisions of the Plan control. Capitalized terms used in these Terms and Conditions without definition have the meanings assigned to them in the Plan. References to Sections are to Sections of these Terms and Conditions unless otherwise noted.

14. SUCCESSORS AND ASSIGNS. Subject to Sections 2 and 3, the provisions of these Terms and Conditions shall be for the benefit of, and be binding upon, the successors, administrators, heirs, legal representatives and assigns of the Grantee, and the successors and assigns of the Company.

15. GOVERNING LAW. The laws of the State of Delaware govern the interpretation, performance, and enforcement of these Terms and Conditions.

16. PRIVACY RIGHTS. By accepting this award, the Grantee explicitly and unambiguously consents to the collection, use and transfer, in electronic or other form, of the Grantee's personal data as described in these Terms and Conditions by and among, as applicable, the Company and its affiliates for the exclusive purpose of implementing, administering and managing the Grantee's participation in the Plan. The Company holds or may receive from any agent designated by the Company certain personal information about the Grantee, including, but not limited to, the Grantee's name, home address and telephone number, date of birth, social insurance number or other identification number, salary, nationality, job title, any shares of stock or directorships held in Occidental, details of this Restricted Share Unit award or any other entitlement to shares of stock awarded, canceled, exercised, vested, unvested or outstanding in the Grantee's favor, for the purpose of implementing, administering and managing the Plan, including complying with applicable tax and securities laws ("Data"). Data may be transferred to any third parties assisting in the implementation, administration and management of the Plan. These recipients may be located in the Grantee's country or elsewhere, and may have different data privacy laws and protections than the Grantee's country. By accepting these Terms and Conditions, the Grantee authorizes the recipients to receive, possess, use, retain and transfer the Data, in electronic or other form, for the purposes described above. The Grantee may, at any time, view Data, request additional information about the storage and processing of Data, require any necessary amendments to Data or refuse or withdraw the consents herein, in any case without cost, by contacting the Administrator in writing. Refusing or withdrawing consent may affect the Grantee's ability to participate in the Plan.

17. ELECTRONIC DELIVERY. The Company may, in its sole discretion, decide to deliver any documents related to this Restricted Share Unit award granted under the Plan or future awards that may be granted under the Plan (if any) by electronic means or to request the Grantee's consent to participate in the Plan by electronic means. The Grantee hereby consents to receive such documents by electronic delivery and, if requested, to participate in the Plan through an on-line or electronic system established and maintained by the Company or another third party designated by the Company.

18. GRANTEE'S REPRESENTATIONS AND RELEASES. By accepting this award, the Grantee acknowledges that the Grantee has read these Terms and Conditions and understands that (i) the grant of this Restricted Share Unit award is made voluntarily by Occidental in its discretion with no liability on the part of any of its direct or indirect subsidiaries and that, if the Grantee is not an employee of Occidental, the Grantee is not, and will not be considered, an employee of Occidental but the Grantee is a third party (employee of a subsidiary) to whom this Restricted Share Unit award is granted; (ii) the Grantee's participation in the Plan is voluntary; (iii) the future value of any Common shares issued pursuant to this Restricted Share Unit award cannot be predicted and Occidental does not assume liability in the event such Common Shares have no value in the future; and, (iv) subject to the terms of any tax equalization agreement between

the Grantee and the entity employing the Grantee, the Grantee will be solely responsible for the payment or nonpayment of taxes imposed or threatened to be imposed by any authority of any jurisdiction.

In consideration of the grant of this Restricted Share Unit award, no claim or entitlement to compensation or damages shall arise from termination of this Restricted Share Unit award or diminution in value of this Restricted Share Unit award or Common Shares issued pursuant to this Restricted Share Unit award resulting from termination of the Grantee's employment by the Company (for any reason whatsoever and whether or not in breach of local labor laws) and the Grantee irrevocably releases the Company from any such claim that may arise; if, notwithstanding the foregoing, any such claim is found by a court of competent jurisdiction to have arisen, then, by accepting these Terms and Conditions, the Grantee shall be deemed irrevocably to have waived his or her entitlement to pursue such claim.

EXHIBIT 10.46

OCCIDENTAL PETROLEUM CORPORATION
2001 INCENTIVE COMPENSATION PLAN
PERFORMANCE-BASED STOCK AWARD TERMS AND CONDITIONS
(DEFERRED ISSUANCE OF SHARES)

DATE OF GRANT: JANUARY 1, 2004

TARGET PERFORMANCE SHARES: SEE "SHARES GRANTED/AWARDED" (GRANT ACKNOWLEDGMENT SCREEN)

PERFORMANCE PERIOD: JANUARY 1, 2004 THROUGH DECEMBER 31, 2007

These TERMS AND CONDITIONS (these "Terms and Conditions") are set forth as of the Date of Grant between OCCIDENTAL PETROLEUM CORPORATION, a Delaware corporation ("Occidental") and, with its subsidiaries, (the "Company"), and Grantee.

1. GRANT OF TARGET PERFORMANCE SHARES. In accordance with these Terms and Conditions and the Occidental Petroleum Corporation 2001 Incentive Compensation Plan, as amended from time to time (the "Plan"), Occidental grants to the Grantee as of the Date of Grant, the right to receive in Common Shares up to 200% of the number of Target Performance Shares. For the purposes of these Terms and Conditions, "Target Performance Shares" means a bookkeeping entry that records the equivalent of Common Shares awarded pursuant to Section 4.2 of the Plan that is payable upon the achievement of the Performance Goals. Target Performance Shares are not Common Shares and have no voting rights or, except as stated in Section 6, dividend rights.

2. RESTRICTIONS ON TRANSFER. Neither these Terms and Conditions nor any right to receive Common Shares pursuant to these Terms and Conditions may be transferred or assigned by the Grantee other than (i) to a beneficiary designated on a form approved by the Company (if permitted by local law), by will or, if the Grantee dies without designating a beneficiary of a valid will, by the laws of descent and distribution, or (ii) pursuant to a domestic relations order, if applicable, (if approved or ratified by the Administrator).

3. PERFORMANCE GOALS. The Performance Goal for the Performance Period is a peer company comparison based on Total Shareholder Return, as set forth on Exhibit 1. Total Shareholder Return shall be calculated for each peer company using the average of its last reported sale price per share of common stock on the New York Stock Exchange - Composite Transactions for the last ten trading days of 2003 and the average of its last reported sale price per share of common stock on the New York Stock Exchange - Composite Transactions for the last ten trading days of 2007. In addition to the Company, the peer companies are: Amerada Hess Corporation, Anadarko Petroleum Corporation, Burlington Resources Inc., ChevronTexaco Corp., ConocoPhillips, Kerr-McGee Corporation, and Unocal Corporation. If a peer company ceases to be a publicly-traded company at any time during the Performance Period or the Administrator determines pursuant to Section 7 of these Terms and Conditions to reflect a change in circumstances with respect to any peer company, then such company will be removed as a peer company and the achievement of the Performance Goal will be determined with respect to the remaining peer companies as set forth on Exhibit 1.

4. VESTING AND FORFEITURE OF COMMON SHARES. (a) The Grantee must remain in the continuous employ of the Company through the last day of the Performance Period to receive

Common Shares. The continuous employment of the Grantee will not be deemed to have been interrupted by reason of the transfer of the Grantee's employment among the Company and its affiliates or an approved leave of absence. However, if, prior to the end of the Performance Period, the Grantee dies or becomes permanently disabled while in the employ of the Company, retires under a Company-sponsored retirement plan or with the consent of the Company, or terminates employment for the convenience of the Company (each of the foregoing, a "Forfeiture Event"), then the number of Target Performance Shares upon which the Grantee's award is based will be reduced on a pro rata basis based upon the number of days remaining in the Performance Period following the date of the Forfeiture Event.

(b) The Grantee's right to receive Common Shares in an amount not to exceed 200% of the Target Performance Shares, rounded up to the nearest whole share, will be based and become nonforfeitable upon, the Administrator's certification of the attainment of the Performance Goals.

(c) For the purposes of Section 4(b), if prior to the end of the Performance Period, the Grantee transfers his employment among the Company and its affiliates, the number of Common Shares attained by the Grantee shall be determined by assessing the level of achievement of the Performance Goals certified by the Administrator for each employing entity and multiplying the number of Target Performance Shares attainable at such level by a fraction equal to the number of months in the Performance Period that the Grantee worked for the entity divided by the total number of months in the Performance Period.

(d) Notwithstanding Section 4(b), if a Change in Control Event occurs prior to the end of the Performance Period, the Grantee's right to receive Common Shares equal to the number of Target Performance Shares (as adjusted for any Forfeiture Event pursuant to Section 4(a)) will become nonforfeitable. The right to receive Common Shares in excess of the number of Target Performance Shares (as adjusted for any Forfeiture Event pursuant to Section 4(a)) will be forfeited.

5. PAYMENT OF AWARDS. The Common Shares covered by these Terms and Conditions or any prorated portion thereof shall be issued to the Grantee as promptly as practicable after the Administrator's certification of the attainment of the Performance Goals or the Change in Control Event, as the case may be.

6. CREDITING AND PAYMENT OF DIVIDEND EQUIVALENTS. With respect to the number of Target Performance Shares listed above, the Grantee will be credited on the books and records of Occidental with an amount (the "Dividend Equivalent") equal to the amount per share of any cash dividends declared by the Board on the outstanding Common Shares during the period beginning on the Date of Grant and ending with respect to any portion of the Target Performance Shares covered by these Terms and Conditions on the date on which the Grantee's right to receive such portion becomes nonforfeitable, or, if earlier, the date on which the Grantee forfeits the right to receive such portion. Occidental will pay in cash to the Grantee an amount equal to the Dividend Equivalents credited to such Grantee as promptly as may be practicable after the Grantee has been credited with a Dividend Equivalent.

7. ADJUSTMENTS. (a) The number or kind of shares of stock covered by these Terms and Conditions may be adjusted as the Administrator determines pursuant to Section 6.2 of the Plan in order to prevent dilution or expansion of the Grantee's rights under these Terms and Conditions as a result of events such as stock dividends, stock splits or other changes in the

capital structure of Occidental, or any merger, consolidation, spin-off, liquidation or other corporate transaction having a similar effect. If any such adjustment occurs, the Company will give the Grantee written notice of the adjustment.

(b) In addition, the Administrator may adjust the Performance Goal or other features of this Grant as permitted by Section 4.2.3 of the Plan.

8. NO EMPLOYMENT CONTRACT. Nothing in these Terms and Conditions confers upon the Grantee any right with respect to continued employment by the Company, nor limits in any manner the right of the Company to terminate the employment or adjust the compensation of the Grantee.

9. TAXES AND WITHHOLDING. The Grantee is responsible for any federal, state, local or foreign tax, including income tax, social insurance, payroll tax, payment on account or other tax-related withholding with respect to the grant of Target Performance Shares (including the grant, the vesting, the receipt of Common Shares, the sale of Common Shares and the receipt of dividends or dividend equivalents, if any). If the Company must withhold any tax in connection with the issuance of any Common Shares or the payment of any other consideration pursuant to the grant of Target Performance Shares (other than the payment of Dividend Equivalents), the Grantee shall satisfy all or any part of any such withholding obligation by surrendering to the Company a portion of the Common Shares (or other securities) that are issued or transferred to the Grantee pursuant to these Terms and Conditions. Any Common Shares (or other securities) so surrendered by the Grantee shall be credited against the Grantee's withholding obligation at their Fair Market Value on the date of surrender to the Company. If the Company must withhold any tax in connection with granting or vesting of Target Performance Shares or the payment of Dividend Equivalents pursuant to this grant of Target Performance Shares, the Grantee by acknowledging these Terms and Conditions agrees that, so long as the Grantee is an employee of the Company for tax purposes, all or any part of any such withholding obligation shall be deducted from the Grantee's wages or other cash compensation (including regular pay). The Grantee shall pay to the Company any amount that cannot be satisfied by the means previously described.

10. COMPLIANCE WITH LAW. The Company will make reasonable efforts to comply with all applicable federal, state and foreign securities laws; however, the Company will not issue any Common Shares or other securities pursuant to these Terms and Conditions if their issuance would result in a violation of any such law.

11. RELATION TO OTHER BENEFITS. The benefits received by the Grantee under these Terms and Conditions will not be taken into account in determining any benefits to which the Grantee may be entitled under any profit sharing, retirement or other benefit or compensation plan maintained by the Company, including the amount of any life insurance coverage available to any beneficiary of the Grantee under any life insurance plan covering employees of the Company. Additionally, the Target Performance Shares are not part of normal or expected compensation or salary for any purposes, including, but not limited to calculation of any severance, resignation, termination, redundancy, end of service payments, bonuses or long-service awards. This grant of Target Performance Shares does not create any contractual or other right to receive future grants of Target Performance Shares, or benefits in lieu of Target Performance Shares, even if Grantee has a history of receiving Target Performance Shares or other stock awards.

12. AMENDMENTS. The Plan may be modified, amended, suspended or terminated by the Company at any time, as provided in the Plan. Any amendment to the Plan will be deemed to be an amendment to these Terms and Conditions to the extent it is applicable to these Terms and Conditions; however, no amendment will adversely affect the rights of the Grantee under these Terms and Conditions without the Grantee's consent.

13. SEVERABILITY. If one or more of the provisions of these Terms and Conditions is invalidated for any reason by a court of competent jurisdiction, the invalidated provisions shall be deemed to be separable from the other provisions of these Terms and Conditions, and the remaining provisions of these Terms and Conditions will continue to be valid and fully enforceable.

14. RELATION TO PLAN; INTERPRETATION. These Terms and Conditions are subject to the terms and conditions of the Plan. In the event of any inconsistent provisions between these Terms and Conditions and the Plan, the provisions of the Plan control. Capitalized terms used in these Terms and Conditions without definition have the meanings assigned to them in the Plan. References to Sections are to Sections of these Terms and Conditions unless otherwise noted.

15. SUCCESSORS AND ASSIGNS. Subject to Sections 2 and 4, the provisions of these Terms and Conditions shall be for the benefit of, and be binding upon, the successors, administrators, heirs, legal representatives and assigns of the Grantee, and the successors and assigns of the Company.

16. GOVERNING LAW. The laws of the State of Delaware govern the interpretation, performance, and enforcement of these Terms and Conditions.

17. PRIVACY RIGHTS. By accepting this award, the Grantee explicitly and unambiguously consents to the collection, use and transfer, in electronic or other form, of the Grantee's personal data as described in these Terms and Conditions by and among, as applicable, the Company and its affiliates for the exclusive purpose of implementing, administering and managing the Grantee's participation in the Plan. The Company holds or may receive from any agent designated by the Company certain personal information about the Grantee, including, but not limited to, the Grantee's name, home address and telephone number, date of birth, social insurance number or other identification number, salary, nationality, job title, any shares of stock or directorships held in Occidental, details of this Target Performance Share award or any other entitlement to shares of stock awarded, canceled, exercised, vested, unvested or outstanding in the Grantee's favor, for the purpose of implementing, administering and managing the Plan, including complying with applicable tax and securities laws ("Data"). Data may be transferred to any third parties assisting in the implementation, administration and management of the Plan. These recipients may be located in the Grantee's country or elsewhere, and may have different data privacy laws and protections than the Grantee's country. By accepting these Terms and Conditions, the Grantee authorizes the recipients to receive, possess, use, retain and transfer the Data, in electronic or other form, for the purposes described above. The Grantee may, at any time, view Data, request additional information about the storage and processing of Data, require any necessary amendments to Data or refuse or withdraw the consents herein, in any case without cost, by contacting the Administrator in writing. Refusing or withdrawing consent may affect the Grantee's ability to participate in the Plan.

18. ELECTRONIC DELIVERY. The Company may, in its sole discretion, decide to deliver any documents related to this Target Performance Share award granted under the Plan or future awards that may be granted under the Plan (if any) by electronic means or to request the Grantee's consent to participate in the Plan by electronic means. The Grantee hereby consents to receive such documents by electronic delivery and, if requested, to participate in the Plan through an on-line or electronic system established and maintained by the Company or another third party designated by the Company.

19. GRANTEE'S REPRESENTATIONS AND RELEASES. By accepting this award, the Grantee acknowledges that the Grantee has read these Terms and Conditions and understands that (i) the grant of this Target Performance Share award is made voluntarily by Occidental in its discretion with no liability on the part of any of its direct or indirect subsidiaries and that, if the Grantee is not an employee of Occidental, the Grantee is not, and will not be considered, an employee of Occidental but the Grantee is a third party (employee of a subsidiary) to whom this Target Performance Share award is granted; (ii) the Grantee's participation in the Plan is voluntary; (iii) the future value of any Common shares issued pursuant to this Target Performance Share award cannot be predicted and Occidental does not assume liability in the event such Common Shares have no value in the future; and, (iv) subject to the terms of any tax equalization agreement between the Grantee and the entity employing the Grantee, the Grantee will be solely responsible for the payment or nonpayment of taxes imposed or threatened to be imposed by any authority of any jurisdiction.

In consideration of the grant of this Target Performance Share award, no claim or entitlement to compensation or damages shall arise from termination of this Target Performance Share award or diminution in value of this Target Performance Share award or Common Shares issued pursuant to this Target Performance Share award resulting from termination of the Grantee's employment by the Company (for any reason whatsoever and whether or not in breach of local labor laws) and the Grantee irrevocably releases the Company from any such claim that may arise; if, notwithstanding the foregoing, any such claim is found by a court of competent jurisdiction to have arisen, then, by accepting these Terms and Conditions, the Grantee shall be deemed irrevocably to have waived his or her entitlement to pursue such claim.

EXHIBIT 1

2004 GRANT TO OPC PARTICIPANTS

(% of Number of Target Shares of Performance Stock that become Nonforfeitable based on Comparison of Total Shareholder Return for the Peer Companies for the Performance Period)

Ranking	8 COS.	7 COS.	6 COS.	5 COS.	4 COS.	3 COS.	2 COS.
1	200%	200%	200%	200%	200%	200%	*
2	167%	167%	150%	150%	133%	100%	0%
3	133%	133%	100%	100%	67%	0%	
4	100%	100%	100%	50%	0%		
5	100%	67%	50%	0%			
6	67%	33%	0%				
7	33%	0%					
8	0%						

* Subject to Committee Discretion.

EXHIBIT 10.47

OCCIDENTAL PETROLEUM CORPORATION
2001 INCENTIVE COMPENSATION PLAN
PERFORMANCE-BASED STOCK AWARD TERMS AND CONDITIONS
(DEFERRED ISSUANCE OF SHARES)

DATE OF GRANT: JANUARY 1, 2004

TARGET PERFORMANCE SHARES: SEE "SHARES GRANTED/AWARDED" (GRANT ACKNOWLEDGMENT SCREEN)

PERFORMANCE PERIOD: JANUARY 1, 2004 THROUGH DECEMBER 31, 2007

These TERMS AND CONDITIONS (these "Terms and Conditions") are set forth as of the Date of Grant between OCCIDENTAL PETROLEUM CORPORATION, a Delaware corporation ("Occidental") and, with its subsidiaries, (the "Company"), and Grantee.

1. GRANT OF TARGET PERFORMANCE SHARES. In accordance with these Terms and Conditions and the Occidental Petroleum Corporation 2001 Incentive Compensation Plan, as amended from time to time (the "Plan"), Occidental grants to the Grantee as of the Date of Grant, the right to receive in Common Shares up to 200% of the number of Target Performance Shares. For the purposes of these Terms and Conditions, "Target Performance Shares" means a bookkeeping entry that records the equivalent of Common Shares awarded pursuant to Section 4.2 of the Plan that is payable upon the achievement of the Performance Goals. Target Performance Shares are not Common Shares and have no voting rights or, except as stated in Section 6, dividend rights.

2. RESTRICTIONS ON TRANSFER. Neither these Terms and Conditions nor any right to receive Common Shares pursuant to these Terms and Conditions may be transferred or assigned by the Grantee other than to a beneficiary designated on a form approved by the Company (if permitted by local law), by will or, if the Grantee dies without designating a beneficiary of a valid will, by the laws of descent and distribution, or (ii) pursuant to a domestic relations order, if applicable, (if approved or ratified by the Administrator).

3. PERFORMANCE GOALS. The Performance Goal for the Performance Period is based on (i) Return on Assets and (ii) a peer company comparison based on Total Shareholder Return, as set forth on Exhibit 1.

For the purposes of these Terms and Conditions, "Return on Assets" means the percentage obtained by (A) multiplying the sum of the before tax earnings for each year in the Performance Period of the division of the Company employing the Grantee by 0.65 and (B) dividing the resulting product by the sum of such division's Assets as of December 31 for each year in the Performance Period. For the purposes of the foregoing sentence, "Assets" will reflect all acquisitions, divestitures and write-downs during the Performance Period. For the purposes of these Terms and Conditions, Total Shareholder Return shall be calculated for each peer company using the average of its last reported sale price per share of common stock on the New York Stock Exchange - Composite Transactions for the last ten trading days of 2003 and the average of its last reported sale price per share of common stock on the New York Stock Exchange - Composite Transactions for the last ten trading days of 2007. In addition to the Company, the peer companies are: Amerada Hess Corporation, Anadarko Petroleum Corporation, Burlington Resources Inc., ChevronTexaco Corp., ConocoPhillips, Kerr-McGee Corporation, and Unocal Corporation. If a peer company ceases to be a publicly-traded

company at any time during the Performance Period or the Administrator determines pursuant to Section 7 of these Terms and Conditions to reflect a change in circumstances with respect to any peer company, then such company will be removed as a peer company, and the achievement of the Performance Goal will be determined with respect to the remaining peer companies as set forth on Exhibit 1.

4. VESTING AND FORFEITURE OF COMMON SHARES. (a) The Grantee must remain in the continuous employ of the Company through the last day of the Performance Period to receive Common Shares. The continuous employment of the Grantee will not be deemed to have been interrupted by reason of the transfer of the Grantee's employment among the Company and its affiliates or an approved leave of absence. However, if, prior to the end of the Performance Period, the Grantee dies or becomes permanently disabled while in the employ of the Company, retires under a Company-sponsored retirement plan or with the consent of the Company, or terminates employment for the convenience of the Company (each of the foregoing, a "Forfeiture Event"), then the number of Target Performance Shares upon which the Grantee's award is based will be reduced on a pro rata basis based upon the number of days remaining in the Performance Period following the date of the Forfeiture Event.

(b) The Grantee's right to receive Common Shares in an amount not to exceed 200% of the Target Performance Shares, rounded up to the nearest whole share, will be based and become nonforfeitable upon, the Administrator's certification of the attainment of the Performance Goals.

(c) For the purposes of Section 4(b), if prior to the end of the Performance Period, the Grantee transfers his employment among the Company and its affiliates, the number of Common Shares attained by the Grantee shall be determined by assessing the level of achievement of the Performance Goals certified by the Administrator for each employing entity and multiplying the number of Target Performance Shares attainable at such level by a fraction equal to the number of months in the Performance Period that the Grantee worked for the entity divided by the total number of months in the Performance Period.

(d) Notwithstanding Section 4(b), if a Change in Control Event occurs prior to the end of the Performance Period, the Grantee's right to receive Common Shares equal to the number of Target Performance Shares (as adjusted for any Forfeiture Event pursuant to Section 4(a)) will become nonforfeitable. The right to receive Common Shares in excess of the number of Target Performance Shares (as adjusted for any Forfeiture Event pursuant to Section 4(a)) will be forfeited.

5. PAYMENT OF AWARDS. The Common Shares covered by these Terms and Conditions or any prorated portion thereof shall be issued to the Grantee as promptly as practicable after the Administrator's certification of the attainment of the Performance Goals or the Change in Control Event, as the case may be.

6. CREDITING AND PAYMENT OF DIVIDEND EQUIVALENTS. With respect to the number of Target Performance Shares listed above, the Grantee will be credited on the books and records of Occidental with an amount (the "Dividend Equivalent") equal to the amount per share of any cash dividends declared by the Board on the outstanding Common Shares during the period beginning on the Date of Grant and ending with respect to any portion of the Target Performance Shares covered by these Terms and Conditions on the date on which the Grantee's right to receive such portion becomes nonforfeitable, or, if earlier, the date on which

the Grantee forfeits the right to receive such portion. Occidental will pay in cash to the Grantee an amount equal to the Dividend Equivalents credited to such Grantee as promptly as may be practicable after the Grantee has been credited with a Dividend Equivalent.

7. ADJUSTMENTS. (a) The number or kind of shares of stock covered by these Terms and Conditions may be adjusted as the Administrator determines pursuant to Section 6.2 of the Plan in order to prevent dilution or expansion of the Grantee's rights under these Terms and Conditions as a result of events such as stock dividends, stock splits or other changes in the capital structure of Occidental, or any merger, consolidation, spin-off, liquidation or other corporate transaction having a similar effect. If any such adjustment occurs, the Company will give the Grantee written notice of the adjustment.

(b) In addition, the Administrator may adjust the Performance Goal or other features of this Grant as permitted by Section 4.2.3 of the Plan.

8. NO EMPLOYMENT CONTRACT. Nothing in these Terms and Conditions confers upon the Grantee any right with respect to continued employment by the Company, nor limits in any manner the right of the Company to terminate the employment or adjust the compensation of the Grantee.

9. TAXES AND WITHHOLDING. The Grantee is responsible for any federal, state, local or foreign tax, including income tax, social insurance, payroll tax, payment on account or other tax-related withholding with respect to the grant of Target Performance Shares (including the grant, the vesting, the receipt of Common Shares, the sale of Common Shares and the receipt of dividends or dividend equivalents, if any). If the Company must withhold any tax in connection with the issuance of any Common Shares or the payment of any other consideration pursuant to the grant of Target Performance Shares (other than the payment of Dividend Equivalents), the Grantee shall satisfy all or any part of any such withholding obligation by surrendering to the Company a portion of the Common Shares (or other securities) that are issued or transferred to the Grantee pursuant to these Terms and Conditions. Any Common Shares (or other securities) so surrendered by the Grantee shall be credited against the Grantee's withholding obligation at their Fair Market Value on the date of surrender to the Company. If the Company must withhold any tax in connection with granting or vesting of Target Performance Shares or the payment of Dividend Equivalents pursuant to this grant of Target Performance Shares the Grantee by acknowledging these Terms and Conditions agrees that, so long as the Grantee is an employee of the Company for tax purposes, all or any part of any such withholding obligation shall be deducted from the Grantee's wages or other cash compensation (including regular pay). The Grantee shall pay to the Company any amount that cannot be satisfied by the means previously described.

10. COMPLIANCE WITH LAW. The Company will make reasonable efforts to comply with all applicable federal, state and foreign securities laws; however, the Company will not issue any Common Shares or other securities pursuant to these Terms and Conditions if their issuance would result in a violation of any such law.

11. RELATION TO OTHER BENEFITS. The benefits received by the Grantee under these Terms and Conditions will not be taken into account in determining any benefits to which the Grantee may be entitled under any profit sharing, retirement or other benefit or compensation plan maintained by the Company, including the amount of any life insurance coverage available to any beneficiary of the Grantee under any life insurance plan covering employees of the

Company. Additionally, the Target Performance Shares are not part of normal or expected compensation or salary for any purposes, including, but not limited to calculation of any severance, resignation, termination, redundancy, end of service payments, bonuses or long-service awards. This grant of Target Performance Shares does not create any contractual or other right to receive future grants of Target Performance Shares, or benefits in lieu of Target Performance Shares, even if Grantee has a history of receiving Target Performance Shares or other stock awards.

12. AMENDMENTS. The Plan may be modified, amended, suspended or terminated by the Company at any time, as provided in the Plan. Any amendment to the Plan will be deemed to be an amendment to these Terms and Conditions to the extent it is applicable to these Terms and Conditions; however, no amendment will adversely affect the rights of the Grantee under these Terms and Conditions without the Grantee's consent.

13. SEVERABILITY. If one or more of the provisions of these Terms and Conditions is invalidated for any reason by a court of competent jurisdiction, the invalidated provisions shall be deemed to be separable from the other provisions of these Terms and Conditions, and the remaining provisions of these Terms and Conditions will continue to be valid and fully enforceable.

14. RELATION TO PLAN; INTERPRETATION. These Terms and Conditions are subject to the terms and conditions of the Plan. In the event of any inconsistent provisions between these Terms and Conditions and the Plan, the provisions of the Plan control. Capitalized terms used in these Terms and Conditions without definition have the meanings assigned to them in the Plan. References to Sections are to Sections of these Terms and Conditions unless otherwise noted.

15. SUCCESSORS AND ASSIGNS. Subject to Sections 2 and 4, the provisions of these Terms and Conditions shall be for the benefit of, and be binding upon, the successors, administrators, heirs, legal representatives and assigns of the Grantee, and the successors and assigns of the Company.

16. GOVERNING LAW. The laws of the State of Delaware govern the interpretation, performance, and enforcement of these Terms and Conditions.

17. PRIVACY RIGHTS. By accepting this award, the Grantee explicitly and unambiguously consents to the collection, use and transfer, in electronic or other form, of the Grantee's personal data as described in these Terms and Conditions by and among, as applicable, the Company and its affiliates for the exclusive purpose of implementing, administering and managing the Grantee's participation in the Plan. The Company holds or may receive from any agent designated by the Company certain personal information about the Grantee, including, but not limited to, the Grantee's name, home address and telephone number, date of birth, social insurance number or other identification number, salary, nationality, job title, any shares of stock or directorships held in Occidental, details of this Target Performance Share award or any other entitlement to shares of stock awarded, canceled, exercised, vested, unvested or outstanding in the Grantee's favor, for the purpose of implementing, administering and managing the Plan, including complying with applicable tax and securities laws ("Data"). Data may be transferred to any third parties assisting in the implementation, administration and management of the Plan. These recipients may be located in the Grantee's country or elsewhere, and may have different data privacy laws and protections than the Grantee's country. By accepting these Terms and

Conditions, the Grantee authorizes the recipients to receive, possess, use, retain and transfer the Data, in electronic or other form, for the purposes described above. The Grantee may, at any time, view Data, request additional information about the storage and processing of Data, require any necessary amendments to Data or refuse or withdraw the consents herein, in any case without cost, by contacting the Administrator in writing. Refusing or withdrawing consent may affect the Grantee's ability to participate in the Plan.

18. ELECTRONIC DELIVERY. The Company may, in its sole discretion, decide to deliver any documents related to this Target Performance Share award granted under the Plan or future awards that may be granted under the Plan (if any) by electronic means or to request the Grantee's consent to participate in the Plan by electronic means. The Grantee hereby consents to receive such documents by electronic delivery and, if requested, to participate in the Plan through an on-line or electronic system established and maintained by the Company or another third party designated by the Company.

19. GRANTEE'S REPRESENTATIONS AND RELEASES. By accepting this award, the Grantee acknowledges that the Grantee has read these Terms and Conditions and understands that (i) the grant of this Target Performance Share award is made voluntarily by Occidental in its discretion with no liability on the part of any of its direct or indirect subsidiaries and that, if the Grantee is not an employee of Occidental, the Grantee is not, and will not be considered, an employee of Occidental but the Grantee is a third party (employee of a subsidiary) to whom this Target Performance Share award is granted; (ii) the Grantee's participation in the Plan is voluntary; (iii) the future value of any Common shares issued pursuant to this Target Performance Share award cannot be predicted and Occidental does not assume liability in the event such Common Shares have no value in the future; and, (iv) subject to the terms of any tax equalization agreement between the Grantee and the entity employing the Grantee, the Grantee will be solely responsible for the payment or nonpayment of taxes imposed or threatened to be imposed by any authority of any jurisdiction.

In consideration of the grant of this Target Performance Share award, no claim or entitlement to compensation or damages shall arise from termination of this Target Performance Share award or diminution in value of this Target Performance Share award or Common Shares issued pursuant to this Target Performance Share award resulting from termination of the Grantee's employment by the Company (for any reason whatsoever and whether or not in breach of local labor laws) and the Grantee irrevocably releases the Company from any such claim that may arise; if, notwithstanding the foregoing, any such claim is found by a court of competent jurisdiction to have arisen, then, by accepting these Terms and Conditions, the Grantee shall be deemed irrevocably to have waived his or her entitlement to pursue such claim.

EXHIBIT 1

2004 GRANT TO OCC PARTICIPANTS

(% of Number of Target Shares of Performance Stock that become Nonforfeitable based on Comparison of Total Shareholder Return for the Peer Companies for the Performance Period)

Ranking	8 COS.	7 COS.	6 COS.	5 COS.	4 COS.	3 COS.	2 COS.
1	100%	100%	100%	100%	100%	100%	*
2	83.5%	83.5%	75%	75%	66.5%	50%	0%
3	66.5%	66.5%	50%	50%	33.5%	0%	
4	50%	50%	50%	25%	0%		
5	50%	33.5%	25%	0%			
6	33.5%	16.5%	0%				
7	16.5%	0%					
8	0%						

* Subject to Committee Discretion

PLUS

(% of Number of Target Shares of Performance Stock that become Nonforfeitable based on Return on Assets for the Performance Period)

Return on Assets	Payout Percentage
10%	100%
9%	75%
8%	50%
7%	25%
6%	0%

If actual ROA falls between stated ROA's, payout percentages will be interpolated.

EXHIBIT 10.50

OCCIDENTAL PETROLEUM CORPORATION
FINANCIAL COUNSELING PROGRAM

Certain executives of Occidental Petroleum Corporation ("Occidental" or the "Company") and its subsidiaries are selected to participate in the Company's Financial Counseling Program (the "Program"). Generally, the selected participants include the Chairman and Chief Executive Officer; the President; Chairman, President and Chief Executive Officer of Occidental Oil and Gas; and the Chief Financial Officer and Executive Vice President Corporate Development and their direct reports. Under the Program, the Company pays for covered financial planning services provided by the financial counselor and/or attorney of the participant's choice or, in some cases, a provider recommended by the Company. Covered financial services may include one or more of the following:

- Income tax planning
- Tax return preparation
- Retirement planning
- Will or trust preparation
- Insurance/risk management advice and planning
- Investment planning
- Company compensation and benefit assessment
- Debt management/cash flow analysis
- Estate and gift tax planning

EXHIBIT 10.51

OCCIDENTAL PETROLEUM CORPORATION
GROUP EXCESS LIABILITY INSURANCE PROGRAM

Certain executives of Occidental Petroleum Corporation and its subsidiaries are selected to participate in Occidental's Group Excess Liability Insurance Program. Occidental pays the premium for the insurance. The insurance is an umbrella policy which provides excess coverage beyond regular liability policies, with required minimum coverage for underlying policies such as auto and home policies. The program provides $10 million of coverage for a small number of executives and $5 million of coverage for certain other executives.

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EXHIBIT 12

OCCIDENTAL PETROLEUM CORPORATION AND SUBSIDIARIES
COMPUTATION OF TOTAL ENTERPRISE RATIOS OF EARNINGS TO FIXED CHARGES
(Amounts in millions, except ratios)

For the years ended December 31,	2003	2002	2001	2000	1999
Income from continuing operations	$ 1,595	$ 1,163	$ 1,179	$ 1,557	$ 461
Add:					
Minority interest (a)	62	77	143	185	58
Adjusted income from equity investments (b)	69	308	89	31	73
	1,726	1,548	1,411	1,773	592
Add:					
Provision (credit) for taxes on income (other than foreign oil and gas taxes)	682	(41)	172	871	306
Interest and debt expense (c)	335	309	411	540	515
Portion of least rentals representative of the interest factor	8	6	7	6	31
	1,025	274	590	1,417	852
Earnings before fixed charges	$ 2,751	$ 1,822	$ 2,001	$ 3,190	$ 1,444
Fixed charges:					
Interest and debt expense including capitalized interest (c)	$ 341	$ 321	$ 417	$ 543	$ 522
Portion of lease rentals representative of the interest factor	8	6	7	6	31
Total fixed charges	$ 349	$ 327	$ 424	$ 549	$ 553
Ratio of earnings to fixed charges	7.88	5.57	4.72	5.81	2.61

(a) Represents minority interests in net income of majority-owned subsidiaries and partnerships having fixed charges.
(b) Represents income from less-than-50-percent-owned equity investments adjusted to reflect only dividends received.
(c) Includes proportionate share of interest and debt expense of 50-percent-owned equity investments.

EXHIBIT 21

LIST OF SUBSIDIARIES

The following is a list of the Registrant's subsidiaries at December 31, 2003, other than certain subsidiaries that did not in the aggregate constitute a significant subsidiary.

Name	Jurisdiction of Formation
D. S. Ventures, Inc.	Texas
Glenn Springs Holdings, Inc.	Delaware
INDSPEC Chemical Corporation	Delaware
Laguna Petroleum Corporation	Texas
La Porte Chemicals Corp.	Delaware
Occidental Andina, LLC	Delaware
Occidental C.O.B. Partners	Delaware
Occidental Chemical Chile Limitada	Chile
Occidental Chemical Corporation	New York
Occidental Chemical Holding Corporation	California
Occidental Chile Investments, LLC	Delaware
Occidental Crude Sales, Inc. (International)	Delaware
Occidental de Colombia, Inc.	Delaware
Occidental del Ecuador, Inc.	Nevis
Occidental Energy Marketing, Inc.	Delaware
Occidental Exploration and Production Company	California
Occidental Gas de Mexico LLC	Delaware
Occidental International Exploration and Production Company	California
Occidental International Holdings Ltd.	Bermuda
Occidental International Oil and Gas Ltd.	Bermuda
Occidental Mexico Holdings, Inc.	Nevis
Occidental of Elk Hills, Inc.	Delaware
Occidental of Oman, Inc.	Nevis
Occidental Oil and Gas Holding Corporation	California
Occidental Oil and Gas Pakistan LLC	Nevis
Occidental OOOI Holder, Inc.	Delaware
Occidental Overseas Operations, Inc.	Delaware
Occidental Peninsula, Inc.	Delaware
Occidental Peninsula II, Inc.	Nevis
Occidental Permian Ltd.	Texas
Occidental Petroleum (Pakistan), Inc.	Delaware
Occidental Petroleum Investment Co.	California
Occidental Petroleum of Qatar Ltd.	Bermuda
Occidental PVC LP, Inc.	Delaware
Occidental Quimica do Brasil Ltda.	Brazil
Occidental Yemen Ltd.	Bermuda
OOG Partner Inc.	Delaware
OOOI Chemical International, LLC	Delaware
OOOI Chemical Management, Inc.	Delaware
OOOI Chile Holder, Inc.	Nevis
OOOI Oil and Gas Management, Inc.	Delaware
OOOI Oil and Gas Sub, LLC	Delaware
OXYMAR	Texas
Oxy CH Corporation	California
Oxy Chemical Corporation	California
OXY Dolphin E&P, LLC	Nevis
OXY Dolphin Pipeline, LLC	Nevis
Oxy Energy Services, Inc.	Delaware
OXY Long Beach, Inc.	Delaware
OXY Oil Partners, Inc.	Delaware
OXY Receivables Corporation	Delaware
OXY USA Inc.	Delaware
Oxy Vinyls Canada Inc.	Canada
Oxy Vinyls, LP	Delaware
Oxy Westwood Corporation	California
Repsol Occidental Corporation	Delaware

EXHIBIT 23

INDEPENDENT AUDITORS' CONSENT

To the Board of Directors, Occidental Petroleum Corporation

We consent to the incorporation by reference in the registration statements (Nos. 33-14662, 33-47636, 33-59395, 33-64719, 333-49207, 333-72719, 333-78031, 333-37970, 333-55404, 333-63444, 333-82246, 333-83124, 333-96951 and 333-104827) on Forms S-3 and S-8 of Occidental Petroleum Corporation of our report dated February 13, 2004, with respect to the consolidated balance sheets of Occidental Petroleum Corporation as of December 31, 2003 and 2002, and the related consolidated statements of operations, stockholders' equity, comprehensive income, and cash flows for each of the years in the three-year period ended December 31, 2003 and the related financial statement schedule, which report appears in the Form 10-K dated March 1, 2004 of Occidental Petroleum Corporation. Our report refers to (i) a change in the method of accounting for inventories purchased from third parties, (ii) a change in the method of accounting for asset retirement obligations, (iii) a change in the method of accounting for the consolidation of variable interest entities, (iv) a change in the method of accounting for certain financial instruments with characteristics of both liabilities and equity, (v) a change in the method of accounting for the impairment of goodwill and other intangibles, and (vi) a change in the method of accounting for derivative instruments and hedging activities.

/s/ KPMG LLP
Los Angeles, California
March 1, 2004

CERTIFICATIONS EXHIBIT 31.1

I, Ray R. Irani, certify that:

1. I have reviewed this annual report on Form 10-K of Occidental Petroleum Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

c) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 1, 2004

/S/ RAY R. IRANI

Ray R. Irani

Chief Executive Officer

I, Stephen I. Chazen, certify that: EXHIBIT 31.2

1. I have reviewed this annual report on Form 10-K of Occidental Petroleum Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

c) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.
Date: March 1, 2004

/S/ STEPHEN I. CHAZEN

Stephen I. Chazen
Chief Financial Officer

EXHIBIT 32.1

CERTIFICATION OF CEO AND CFO PURSUANT TO
18 U.S.C. SECTION 1350
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report on Form 10-K of Occidental Petroleum Corporation (the "Company") for the fiscal period ended December 31, 2003, as filed with the Securities and Exchange Commission on March 1, 2004 (the "Report"), Ray R. Irani, as Chief Executive Officer of the Company, and Stephen I. Chazen, as Chief Financial Officer of the Company, each hereby certifies, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to the best of his knowledge:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ RAY R. IRANI
- ------------------------------
Name: Ray R. Irani
Title: Chairman of the Board of Directors and Chief Executive Officer
Date: March 1, 2004

/s/ STEPHEN I. CHAZEN
- ------------------------------
Name: Stephen I. Chazen
Title: Executive Vice President - Corporate Development and Chief Financial Officer
Date: March 1, 2004

A signed original of this written statement required by Section 906 has been provided to Occidental Petroleum Corporation and will be retained by Occidental Petroleum Corporation and furnished to the Securities and Exchange Commission or its staff upon request.

This certification accompanies the Report pursuant to Section906 of the Sarbanes-Oxley Act of 2002 and shall not, except to the extent required by the Sarbanes-Oxley Act of 2002, be deemed filed by the Company for purposes of Section18 of the Securities Exchange Act of 1934, as amended.