

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

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

For the quarterly period ended March 31, 1996

OR

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

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

Commission file number 1-9210

OCCIDENTAL PETROLEUM CORPORATION

(Exact name of registrant as specified in its charter)

DELAWARE

95-4035997

(State or other jurisdiction of  
incorporation or organization)

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

10889 WILSHIRE BOULEVARD, LOS ANGELES, CALIFORNIA 90024  
(Address of principal executive offices) (Zip Code)

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

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

Yes X No

-----

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

Class	Outstanding at March 31, 1996
-----	-----
Common stock \$.20 par value	319,354,354 shares

OCCIDENTAL PETROLEUM CORPORATION AND SUBSIDIARIES

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PART I FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

OCCIDENTAL PETROLEUM CORPORATION AND SUBSIDIARIES  
CONSOLIDATED CONDENSED BALANCE SHEETS  
MARCH 31, 1996 AND DECEMBER 31, 1995  
(Amounts in millions)

	1996	1995
=====	=====	=====
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents (Note 4)	\$ 118	\$ 520
Receivables, net	987	891
Inventories (Note 5)	588	647
Prepaid expenses and other	419	461
	-----	-----
Total current assets	2,112	2,519
LONG-TERM RECEIVABLES, net	158	158
EQUITY INVESTMENTS (Note 11)	928	927
PROPERTY, PLANT AND EQUIPMENT, at cost, net of accumulated depreciation, depletion and amortization of \$8,967 at March 31, 1996 and \$8,837 at December 31, 1995 (Note 6)	13,872	13,867
OTHER ASSETS	399	344
	-----	-----
	\$ 17,469	\$ 17,815
=====	=====	=====

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

OCCIDENTAL PETROLEUM CORPORATION AND SUBSIDIARIES  
CONSOLIDATED CONDENSED BALANCE SHEETS  
MARCH 31, 1996 AND DECEMBER 31, 1995  
(Amounts in millions)

	1996	1995
=====	=====	=====
LIABILITIES AND EQUITY		
CURRENT LIABILITIES		
Current maturities of senior funded debt and capital lease liabilities	\$ 50	\$ 522
Notes payable	18	16
Accounts payable	869	859
Accrued liabilities	1,061	1,168
Domestic and foreign income taxes	138	92
Total current liabilities	----- 2,136	----- 2,657
SENIOR FUNDED DEBT, net of current maturities and unamortized discount	----- 4,964	----- 4,819
DEFERRED CREDITS AND OTHER LIABILITIES		
Deferred and other domestic and foreign income taxes	2,619	2,620
Other	3,081	3,089
	----- 5,700	----- 5,709
NONREDEEMABLE PREFERRED STOCK, COMMON STOCK AND OTHER STOCKHOLDERS' EQUITY		
Nonredeemable preferred stock, stated at liquidation value	1,325	1,325
Common stock, at par value	64	64
Other stockholders' equity		
Additional paid-in capital	4,539	4,631
Retained earnings(deficit)	(1,269)	(1,402)
Cumulative foreign currency translation adjustments	10	12
	----- 4,669	----- 4,630
	----- \$ 17,469	----- \$ 17,815
=====	=====	=====

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

OCCIDENTAL PETROLEUM CORPORATION AND SUBSIDIARIES  
CONSOLIDATED CONDENSED STATEMENTS OF OPERATIONS  
FOR THE THREE MONTHS ENDED MARCH 31, 1996 AND 1995  
(Amounts in millions, except per-share amounts)

	Three Months Ended March 31	
	1996	1995
=====	=====	=====
REVENUES		
Net sales and operating revenues		
Oil and gas operations	\$ 754	\$ 705
Natural gas transmission operations	702	538
Chemical operations	1,068	1,472
Other	(2)	(1)
	-----	-----
	2,522	2,714
Interest, dividends and other income	25	26
Gains on asset dispositions, net	5	6
Income from equity investments (Note 11)	20	25
	-----	-----
	2,572	2,771
	-----	-----
COSTS AND OTHER DEDUCTIONS		
Cost of sales	1,874	2,027
Selling, general and administrative and other operating expenses	234	245
Exploration expense	16	18
Interest and debt expense, net	140	149
	-----	-----
	2,264	2,439
	-----	-----
Income(loss) before taxes	308	332
Provision for domestic and foreign income and other taxes (Note 10)	144	154
	-----	-----
Income before extraordinary gain(loss), net	164	178
Extraordinary gain(loss), net (Note 2)	(30)	--
	-----	-----
NET INCOME(LOSS)	134	178
Preferred dividends	(23)	(23)
	-----	-----
EARNINGS(LOSS) APPLICABLE TO COMMON STOCK	\$ 111	\$ 155
	=====	=====
PRIMARY EARNINGS PER COMMON SHARE		
Income before extraordinary gain(loss), net	\$ .44	\$ .49
Extraordinary gain(loss), net	(.09)	--
	-----	-----
Primary earnings(loss) per common share	\$ .35	\$ .49
	=====	=====
FULLY DILUTED EARNINGS PER COMMON SHARE		
Income before extraordinary gain(loss), net	\$ .43	\$ .47
Extraordinary gain(loss), net	(.09)	--
	-----	-----
Fully diluted earnings(loss) per common share	\$ .34	\$ .47
	=====	=====
DIVIDENDS PER SHARE OF COMMON STOCK	\$ .25	\$ .25
	=====	=====
WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING	319.4	317.3
	=====	=====

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

OCCIDENTAL PETROLEUM CORPORATION AND SUBSIDIARIES  
CONSOLIDATED CONDENSED STATEMENTS OF CASH FLOWS  
FOR THE THREE MONTHS ENDED MARCH 31, 1996 AND 1995  
(Amounts in millions)

	1996	1995
	=====	=====
CASH FLOW FROM OPERATING ACTIVITIES		
Net income(loss)	\$ 134	\$ 178
Adjustments to reconcile income to net cash provided by operating activities		
Extraordinary (gain)loss, net	30	--
Depreciation, depletion and amortization of assets	224	238
Deferred income tax provision	40	12
Other noncash charges to income	49	87
Gains on asset dispositions, net	(5)	(6)
Income from equity investments	(20)	(25)
Exploration expense	16	18
Changes in operating assets and liabilities	(137)	(188)
Other operating, net	(39)	(29)
	-----	-----
Net cash provided by operating activities	292	285
	-----	-----
CASH FLOW FROM INVESTING ACTIVITIES		
Capital expenditures	(233)	(160)
Proceeds from disposal of property, plant and equipment, net	6	15
Purchase of businesses	--	(5)
Sale of businesses, net	--	56
Other investing, net	3	15
	-----	-----
Net cash used by investing activities	(224)	(79)
	-----	-----
CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from senior funded debt	--	62
Net proceeds from commercial paper and revolving credit agreements	632	(182)
Payments on senior funded debt and capital lease liabilities	(1,012)	(8)
Proceeds from issuance of common stock	6	8
Proceeds(payments) of notes payable	3	1
Cash dividends paid	(103)	(98)
Other financing, net	4	--
	-----	-----
Net cash provided(used) by financing activities	(470)	(217)
	-----	-----
Increase(decrease) in cash and cash equivalents	(402)	(11)
Cash and cash equivalents--beginning of period	520	129
	-----	-----
Cash and cash equivalents--end of period	\$ 118	\$ 118
	=====	=====

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

OCCIDENTAL PETROLEUM CORPORATION AND SUBSIDIARIES  
NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS

March 31, 1996

1. General

The accompanying unaudited consolidated condensed financial statements have been prepared by Occidental Petroleum Corporation (Occidental) pursuant to the rules and regulations of the Securities and Exchange Commission. Certain information and disclosures normally included in notes to consolidated financial statements have been condensed or omitted pursuant to such rules and regulations, but resultant disclosures are in accordance with generally accepted accounting principles as they apply to interim reporting. The consolidated condensed financial statements should be read in conjunction with the consolidated financial statements and the notes thereto incorporated by reference in Occidental's Annual Report on Form 10-K for the year ended December 31, 1995 (1995 Form 10-K).

In the opinion of Occidental's management, the accompanying consolidated condensed financial statements contain all adjustments (consisting only of normal recurring adjustments) necessary to present fairly Occidental's consolidated financial position as of March 31, 1996 and the consolidated results of operations and cash flows for the three months then ended. The results of operations and cash flows for the period ended March 31, 1996 are not necessarily indicative of the results of operations or cash flows to be expected for the full year.

Certain financial statements and notes for the prior year have been changed to conform to the 1996 presentation.

Reference is made to Note 1 to the consolidated financial statements incorporated by reference in the 1995 Form 10-K for a summary of significant accounting policies.

2. Extraordinary Gain(Loss)

The 1996 first quarter results included a net extraordinary loss of \$30 million, which resulted from the early retirement of high-coupon debt.

3. Supplemental Cash Flow Information

Cash payments during each of the three month periods ended March 31, 1996 and 1995 included federal, foreign and state income taxes of approximately \$17 million. Interest paid (net of interest capitalized) totaled approximately \$164 million and \$171 million for the three month periods ended March 31, 1996 and 1995, respectively.

4. Cash and Cash Equivalents

Cash equivalents consist of highly liquid money-market mutual funds and bank deposits with maturities of three months or less when purchased. Cash equivalents totaled \$146 million and \$620 million at March 31, 1996 and December 31, 1995, respectively. The reduction in cash equivalents reflected the use of cash for the redemption of the 11.75% Senior Debentures in March 1996.

A cash-management system is utilized to minimize the cash balances required for operations and to invest the surplus cash in liquid short-term money-market instruments and/or to pay down short-term

borrowings. This can result in the balance of short-term money-market instruments temporarily exceeding cash and cash equivalents.

## 5. Inventories

A portion of inventories is valued under the LIFO method. The valuation of LIFO inventory for interim periods is based on management's estimates of year-end inventory levels and costs. Inventories consist of the following (in millions):

Balance at =====	March 31, 1996 =====	December 31, 1995 =====
Raw materials	\$ 106	\$ 116
Materials and supplies	184	180
Work in progress	18	17
Finished goods	331	363
	-----	-----
	639	676
LIFO reserve	(51)	(29)
	-----	-----
Total	\$ 588	\$ 647
	=====	=====

## 6. Property, Plant and Equipment

Reference is made to the consolidated balance sheets and Note 1 thereto incorporated by reference in the 1995 Form 10-K for a description of investments in property, plant and equipment.

## 7. Retirement Plans and Postretirement Benefits

Reference is made to Note 14 to the consolidated financial statements incorporated by reference in the 1995 Form 10-K for a description of the retirement plans and postretirement benefits of Occidental and its subsidiaries.

## 8. Lawsuits, Claims and Related Matters

Occidental and certain of its subsidiaries have been named in a substantial number of governmental proceedings as defendants or potentially responsible parties under the Comprehensive Environmental Response, Compensation and Liability Act (CERCLA) and corresponding state acts. These proceedings seek funding, remediation and, in some cases, compensation for alleged property damage, punitive damages and civil penalties, aggregating substantial amounts. 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. Occidental has accrued reserves at the most likely cost to be incurred in those proceedings where it is probable that Occidental will incur remediation costs which can be reasonably estimated. As to those proceedings, for which Occidental does not have sufficient information to determine a range of liability, Occidental does have sufficient information on which to base the opinion below.

It is impossible at this time to determine the ultimate legal liabilities that may arise from various lawsuits, claims and proceedings, including environmental proceedings described above, pending against Occidental and its subsidiaries, some of which involve substantial amounts. However, in management's



opinion, after taking into account reserves, none of such pending lawsuits, claims and proceedings should have a material adverse effect upon Occidental's consolidated financial position or results of operations in any given year.

#### 9. Other Commitments and Contingencies

Occidental has certain other commitments under contracts, guarantees and joint ventures, as well as certain other contingent liabilities. Additionally, Occidental has agreed to participate in the development of certain natural gas reserves and construction of a liquefied natural gas plant in Malaysia; however, Occidental has not yet entered into any material development or construction contracts.

Reference is made to Note 11 to the consolidated financial statements incorporated by reference in the 1995 Form 10-K for information concerning Occidental's long-term purchase obligations for certain products and services.

In management's opinion, none of such commitments and contingencies discussed above should have a material adverse effect upon Occidental's consolidated financial position or results of operations in any given year.

#### 10. Income Taxes

The provision for taxes based on income for the 1996 and 1995 interim periods was computed in accordance with Interpretation No. 18 of APB Opinion No. 28 on reporting taxes for interim periods and was based on projections of total year pretax income.

At December 31, 1995, Occidental had, for U.S. federal income tax return purposes, a capital loss carryforward of approximately \$21 million, a business tax credit carryforward of \$20 million and an alternative minimum tax credit carryforward of \$270 million available to reduce future income taxes. To the extent not used, the capital loss carryforward expires in 2000 and the business tax credit expires in varying amounts during the years 2000 and 2001. The alternative minimum tax credit carryforward does not expire.

Occidental is subject to audit by taxing authorities for varying periods in various tax jurisdictions. Management believes that any required adjustments to Occidental's tax liabilities will not have a material adverse impact on Occidental's financial position or results of operations in any given year.

#### 11. Investments

Investments in companies in which Occidental has a voting stock interest of at least 20 percent, but not more than 50 percent, and certain partnerships are accounted for on the equity method. At March 31, 1996, Occidental's equity investments consisted primarily of joint-interest pipelines, including a pipeline in the Dutch sector of the North Sea, a 30 percent investment in the common shares of Canadian

Occidental Petroleum Ltd. and various chemical partnerships. The following table presents Occidental's proportionate interest in the summarized financial information of its equity method investments (in millions):

Three Months Ended March 31, =====	1996 =====	1995 =====
Revenues	\$ 192	\$ 192
Costs and expenses	172	167
	-----	-----
Net income	\$ 20	\$ 25
	=====	=====

#### 12. Summarized Financial Information of Wholly Owned Subsidiary

Occidental has guaranteed the payments of principal of, and interest on, certain publicly traded debt securities of its subsidiary, OXY USA Inc. (OXY USA). The following tables present summarized financial information for OXY USA (in millions):

Three Months Ended March 31, =====	1996 =====	1995 =====
Revenues	\$ 234	\$ 176
Costs and expenses	211	190
	-----	-----
Net income(loss)	\$ 23	\$ (14)
	=====	=====

Balance at =====	March 31, 1996 =====	December 31, 1995 =====
Current assets	\$ 142	\$ 206
Intercompany receivable	\$ 416	\$ 323
Noncurrent assets	\$ 2,041	\$ 2,057
Current liabilities	\$ 248	\$ 244
Interest bearing note to parent	\$ 113	\$ 121
Noncurrent liabilities	\$ 1,278	\$ 1,283
Stockholders' equity	\$ 960	\$ 938
-----	-----	-----

#### 13. Subsequent Events

In April 1996, Occidental completed the sale of its subsidiary which engages in on-shore drilling and servicing of oil and gas wells for approximately \$32 million. In addition, certain assets of its international phosphate fertilizer trading operation were sold for approximately \$20 million. These transactions will not result in a material gain or loss. Also in April, Occidental completed the acquisition of a 64 percent equity interest in INDSPEC Holding Corporation (INDSPEC) for approximately \$87 million in common stock. Under the terms of the transaction, INDSPEC's management and employees retained voting control of INDSPEC.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

RESULTS OF OPERATIONS

Occidental's net income for the first quarter of 1996 was \$134 million, on net sales and operating revenues of \$2.5 billion, compared with \$178 million, on net sales and operating revenues of \$2.7 billion, for the same period of 1995. Primary earnings per common share were \$.35 for the first quarter of 1996, compared with \$.49 for the same period of 1995.

The decrease in net sales and operating revenues and net income for the first quarter of 1996, compared with the same period of 1995, primarily reflected the impact of reduced chemical prices, primarily for petrochemicals and PVC resins, partially offset by higher worldwide crude oil prices, increased international crude oil production and higher domestic natural gas prices. The 1996 first quarter earnings were also negatively impacted by a net extraordinary loss of \$30 million (\$.09 per share), which resulted from the early retirement of high-coupon debt.

Income from equity investments decreased for the first quarter of 1996, compared with the similar period of 1995. The decrease in 1996 primarily reflected lower equity earnings from chemical investments, partially offset by higher equity earnings from oil and gas investments.

The following table sets forth the sales and earnings of each operating division and corporate items (in millions):

	First Quarter	
	1996	1995
	=====	=====
DIVISIONAL NET SALES		
Oil and gas	\$ 754	\$ 705
Natural gas transmission	702	538
Chemical	1,068	1,472
Other	(2)	(1)
	-----	-----
NET SALES	\$ 2,522	\$ 2,714
	=====	=====
DIVISIONAL EARNINGS		
Oil and gas	\$ 161	\$ 60
Natural gas transmission	121	75
Chemical	118	307
	-----	-----
	400	442
UNALLOCATED CORPORATE ITEMS		
Interest expense, net	(130)	(144)
Income taxes, administration and other	(106)	(120)
	-----	-----
INCOME BEFORE EXTRAORDINARY GAIN(LOSS), NET	164	178
Extraordinary gain(loss), net	(30)	--
	-----	-----
NET INCOME(LOSS)	\$ 134	\$ 178
	=====	=====

Oil and gas earnings for the first quarter of 1996 were \$161 million, compared with \$60 million for the same period of 1995. The increase in earnings in 1996, compared with 1995, reflected higher worldwide crude oil prices, increased international crude oil production, higher domestic natural gas prices and reduced costs. Oil and gas prices are sensitive to complex factors, which are outside the control of Occidental. Accordingly, Occidental is unable to predict with certainty the direction, magnitude or impact of future trends in sales prices for oil and gas.

Natural gas transmission earnings for the first quarter of 1996 were \$121 million, compared with \$75 million for the same period of 1995. The improvement in earnings and revenues for the first quarter of 1996, compared with the same period of 1995, resulted primarily from higher sales and transportation margins and volumes largely related to the colder than normal weather in the Midwest and Eastern United States.

Chemical earnings for the first quarter of 1996 were \$118 million, compared with \$307 million for the same period of 1995. The decrease in 1996 earnings reflected the impact of decreased profit margins for petrochemicals and PVC resins and the absence of income applicable to assets divested in 1995. Most of Occidental's chemical products are commodity in nature, the prices of which are sensitive to a number of complex factors. Occidental is unable to accurately forecast the trend of sales prices for its commodity chemical products. However, PVC and certain petrochemical prices recently have increased slightly, while others, particularly chlor-alkali, remained firm during the first quarter of 1996.

Divisional earnings include credits in lieu of U.S. federal income taxes. In the first quarter of 1996, divisional earnings benefited by \$22 million from credits allocated. This included credits of \$4 million, \$12 million and \$6 million at oil and gas, natural gas transmission and chemical, respectively. In the first quarter of 1995, divisional earnings benefited by \$23 million. The comparable amounts allocated to the divisions were credits of \$4 million, \$12 million and \$7 million at oil and gas, natural gas transmission and chemical, respectively.

Occidental and certain of its subsidiaries are parties to various lawsuits, environmental and other proceedings and claims, some of which involve substantial amounts. See Note 8 to the consolidated condensed financial statements. Occidental also has commitments under contracts, guarantees and joint ventures and certain other contingent liabilities. See Note 9 to the consolidated condensed financial statements. In management's opinion, after taking into account reserves, none of these matters should have a material adverse effect upon Occidental's consolidated financial position or results of operations in any given year.

#### FINANCIAL CONDITION, LIQUIDITY AND CAPITAL RESOURCES

Occidental's net cash provided by operating activities was \$292 million for the first quarter of 1996, compared with \$285 million for the same period of 1995. The 1996 and 1995 noncash charges included employee benefit plans expense and various other charges.

Occidental's net cash used by investing activities was \$224 million for the first quarter of 1996, compared with \$79 million for the same period of 1995. Capital expenditures were \$233 million in 1996, including \$160 million in oil and gas, \$33 million in natural gas transmission and \$34 million in chemical. Capital expenditures were \$160 million in 1995, including \$119 million in oil and gas, \$13 million in natural gas transmission and \$28 million in chemical. The increase in 1996 from 1995 reflected higher spending in oil and gas, primarily in Yemen. Net proceeds from the sale of businesses and disposal of property, plant and equipment for the first quarter of 1995 totaled \$71 million, which primarily reflected the proceeds from the sale of a portion of Occidental's oil and gas operations in Pakistan.

Financing activities used net cash of \$470 million in the first quarter of 1996, compared with \$217 million for the same period of 1995. The 1996 amount reflected net cash used of \$377 million to reduce short-term and long-term debt, net of proceeds from borrowings, primarily for the redemption of the 11.75% Senior Debentures, and the payment of dividends of \$103 million. In 1995, repayments of debt, net of proceeds from

borrowings, resulted in net cash used of \$127 million to reduce long-term debt. Additionally, dividend payments were \$98 million.

For 1996, Occidental expects that cash generated from operations and asset sales, if any, will be more than adequate to meet its operating requirements, capital spending and dividend payments. Excess cash generated will be applied to debt and liability reduction. Occidental also has substantial borrowing capacity to meet unanticipated cash requirements.

At March 31, 1996, Occidental's working capital was a negative \$24 million, compared with a negative \$138 million at December 31, 1995. Available but unused lines of committed bank credit totaled approximately \$2.0 billion at March 31, 1996, compared with \$2.6 billion at December 31, 1995.

Current maturities of senior funded debt and capital lease liabilities decreased as a result of the redemption of the 11.75% Senior Debentures in March 1996.

In October 1995, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards (SFAS) No. 123, "Accounting for Stock-Based Compensation." As permitted by SFAS No. 123, Occidental will not recognize compensation expense for stock-based compensation arrangements, but rather will disclose in the notes to the financial statements the impact on annual net income and earnings per share as if the fair value based compensation cost had been recognized commencing in 1996.

In April 1996, Occidental completed the sale of its subsidiary which engages in on-shore drilling and servicing of oil and gas wells for approximately \$32 million. In addition, certain assets of its international phosphate fertilizer trading operation were sold for approximately \$20 million. These transactions will not result in a material gain or loss. Also in April, Occidental completed the acquisition of a 64 percent equity interest in INDSPEC Holding Corporation (INDSPEC) for approximately \$87 million in common stock. Under the terms of the transaction, INDSPEC's management and employees retained voting control of INDSPEC.

#### ENVIRONMENTAL MATTERS

Occidental's operations in the United States are subject to increasingly stringent federal, state and local laws and regulations relating to improving or maintaining the quality of the environment. Foreign operations also are subject to varied environmental protection laws. Costs associated with environmental compliance have increased over time and are expected to continue to rise in the future.

The laws which require or address remediation apply retroactively to previous waste disposal practices. And, in many cases, the laws apply regardless of fault, legality of the original activities or ownership or control of sites. Occidental is 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.

Occidental does not consider the number of Superfund and comparable state sites at which it has been notified that it has been identified as being involved as a relevant measure of exposure. Although the liability of a potentially responsible party (PRP), and in many cases its equivalent under state law, is joint and several, Occidental is usually one of many companies cited as a PRP at these sites and has, to date, been successful in sharing cleanup costs with other financially sound companies.

As of March 31, 1996, Occidental had been notified by the Environmental Protection Agency (EPA) or equivalent state agencies or otherwise had become aware that it had been identified as being involved at 291 Superfund or comparable state sites. (This number does not include 59 sites where Occidental has been successful in resolving its involvement.) The 291 sites include 81 former Diamond Shamrock Chemical sites

as to which Maxus Energy Corporation has retained all liability, and two sites at which the extent of such retained liability is disputed. Of the remaining 208 sites, Occidental has had no communication or activity with government agencies or other PRPs in four years at 38 sites, has denied involvement at 30 sites and has yet to determine involvement in 24 sites. With respect to the remaining 116 of these sites, Occidental is in various stages of evaluation. For 106 of these sites, where environmental remediation efforts are probable and the costs can be reasonably estimated, Occidental has accrued reserves at the most likely cost to be incurred. The 106 sites include 40 sites as to which present information indicates that it is probable that Occidental's aggregate exposure is immaterial. In determining the reserves, Occidental uses the most current information available, including similar past experiences, available technology, regulations in effect, the timing of remediation and cost-sharing arrangements. For the remaining 10 of the 116 sites being evaluated, Occidental does not have sufficient information to determine a range of liability, but Occidental does have sufficient information on which to base the opinion expressed above under the caption "Results of Operations."

## PART II OTHER INFORMATION

### ITEM 1. LEGAL PROCEEDINGS

#### GENERAL

There is incorporated by reference herein the information regarding legal proceedings in Item 3 of Part I of Occidental's 1995 Annual Report on Form 10-K and Note 8 to the consolidated condensed financial statements in Part I hereof.

### ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY-HOLDERS

Occidental's 1996 Annual Meeting of Stockholders (the Annual Meeting) was held on April 26, 1996. The following actions were taken at the Annual Meeting, for which proxies were solicited pursuant to Regulation 14 under the Securities Exchange Act of 1934, as amended:

1. The six nominees proposed by the Board of Directors were elected as directors by the following votes:

Name -----	For -----	Withheld -----
Edward P. Djerejian	275,933,306	4,078,308
Senator Albert Gore, Sr.	274,732,633	5,278,981
David R. Martin	275,892,214	4,119,400
George O. Nolley	275,262,800	4,748,814
John F. Riordan	275,893,417	4,118,197
Rosemary Tomich	275,963,597	4,048,017

2. A proposal to ratify the selection of Arthur Andersen LLP as Occidental's independent public accountants for 1996 was approved by a vote of 275,933,599 for versus 2,417,738 against. There were 1,660,277 abstentions and no broker non-votes.
3. A proposal to approve the adoption of the Occidental Petroleum Corporation 1996 Restricted Stock Plan for Non-Employee Directors was approved by a vote of 254,492,573 for versus 20,224,255 against. There were 5,294,786 abstentions and no broker non-votes.

### ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

#### (a) Exhibits

- 10.1 Occidental Petroleum Corporation 1996 Restricted Stock Plan for Non-Employee Directors, effective April 26, 1996 (filed as Exhibit 99.1 to the Registration Statement on Form S-8, File No. 333-02901)
- 10.2 Form of Restricted Stock Option Agreement 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, File No. 333-02901)
- 11 Statement regarding the computation of earnings per share for the three months ended March 31, 1996 and 1995

- 12 Statement regarding the computation of total enterprise ratios of earnings to fixed charges for the three months ended March 31, 1996 and 1995 and the five years ended December 31, 1995
- 27 Financial data schedule for the three month period ended March 31, 1996 (included only in the copy of this report filed electronically with the Securities and Exchange Commission)

(b) Reports on Form 8-K

During the quarter ended March 31, 1996, Occidental filed the following Current Report on Form 8-K:

1. Current Report on Form 8-K dated January 24, 1996 (date of earliest event reported), filed on January 25, 1996, for the purpose of reporting, under Item 5, Occidental's results of operations for the quarter ended December 31, 1995

From March 31, 1996 to the date hereof, Occidental filed the following Current Reports on Form 8-K:

1. Current Report on Form 8-K dated April 17, 1996 (date of earliest event reported), filed on April 19, 1996, for the purpose of reporting, under Item 5, Occidental's results of operations for the quarter ended March 31, 1996
2. Current Report on Form 8-K dated April 19, 1996 (date of earliest event reported), filed on April 22, 1996, for the purpose of reporting, among other things, under Item 5, the price of Occidental's common stock determined for the approximately 3.4 million shares to be issued in the exchange offers for INDSPEC Holding Corporation



SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

OCCIDENTAL PETROLEUM CORPORATION

DATE: May 14, 1996

S. P. Dominick, Jr.

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

## EXHIBIT INDEX

### EXHIBITS

- - - - -

- 10.1 Occidental Petroleum Corporation 1996 Restricted Stock Plan for Non-Employee Directors, effective April 26, 1996 (filed as Exhibit 99.1 to the Registration Statement on Form S-8, File No. 333-02901)
- 10.2 Form of Restricted Stock Option Agreement 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, File No. 333-02901)
- 11 Statement regarding the computation of earnings per share for the three months ended March 31, 1996 and 1995
- 12 Statement regarding the computation of total enterprise ratios of earnings to fixed charges for the three months ended March 31, 1996 and 1995 and the five years ended December 31, 1995
- 27 Financial data schedule for the three month period ended March 31, 1996 (included only in the copy of this report filed electronically with the Securities and Exchange Commission)

## OCCIDENTAL PETROLEUM CORPORATION AND SUBSIDIARIES

COMPUTATION OF EARNINGS PER SHARE  
FOR THE THREE MONTHS ENDED MARCH 31, 1996 AND 1995  
(Amounts in thousands, except per-share amounts)

	Three Months Ended March 31	
	1996	1995
-----		
EARNINGS PER COMMON AND COMMON EQUIVALENT SHARE		
-----		
Earnings(loss) applicable to common stock	\$ 110,454	\$ 154,845
	=====	=====
Common shares outstanding at beginning of period	318,711	316,853
Issuance of common shares, weighted average	401	492
Conversions, weighted average options exercised and other	62	5
Repurchase/cancellation of common shares	(69)	(51)
Effect of assumed exercises		
Dilutive effect of exercise of options outstanding and other	249	18
	-----	-----
Weighted average common stock and common stock equivalents	319,354	317,317
	=====	=====
Primary earnings per share:		
Income before extraordinary gain(loss), net	\$ .44	\$ .49
Extraordinary gain(loss), net	(.09)	--
	-----	-----
Earnings(loss) per common and common equivalent share	\$ .35	\$ .49
	=====	=====
FULLY DILUTED EARNINGS PER SHARE		
-----		
Earnings(loss) applicable to common stock	\$ 110,454	\$ 154,845
Dividends applicable to dilutive preferred stock:		
\$3.875 preferred stock(a)	--	14,635
\$3.00 preferred stock(a)	8,541	8,541
	-----	-----
	\$ 118,995	\$ 178,021
	=====	=====
Common shares outstanding at beginning of period	318,711	316,853
Issuance of common shares, weighted average	401	492
Conversions, weighted average options exercised and other	62	5
Repurchase/cancellation of common shares	(69)	(51)
Effect of assumed conversions and exercises		
Dilutive effect of assumed conversion of preferred stock:		
\$3.875 preferred stock(a)	--	33,186
\$3.00 preferred stock(a)	25,806	25,202
Dilutive effect of exercise of options outstanding and other	483	153
	-----	-----
Total for computation of fully diluted earnings per share	345,394	375,840
	=====	=====
Fully diluted earnings per common share:		
Income before extraordinary gain(loss), net	\$ .43	\$ .47
Extraordinary gain(loss), net	(.09)	--
	-----	-----
Fully diluted earnings(loss) per common share	\$ .34	\$ .47
	=====	=====

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(a) Convertible securities are not considered in the calculations if the effect of the conversion is anti-dilutive.

## OCCIDENTAL PETROLEUM CORPORATION AND SUBSIDIARIES

COMPUTATION OF TOTAL ENTERPRISE RATIOS OF EARNINGS TO FIXED CHARGES  
(Amounts in millions, except ratios)

	Three Months Ended March 31		Year Ended December 31				
	1996	1995	1995	1994	1993	1992	1991
Income(loss) from continuing operations(a)	\$ 162	\$ 170	\$ 478	\$ (46)	\$ 80	\$ 131	\$ 374
Add:							
Provision(credit) for taxes on income (other than foreign oil and gas taxes)	83	115	244	50	204	114	343
Interest and debt expense(b)	143	152	592	594	601	666	880
Portion of lease rentals representative of the interest factor	11	14	48	55	53	56	57
Preferred dividends to minority stockholders of subsidiaries(c)	--	--	--	--	--	7	11
	237	281	884	699	858	843	1,291
Earnings before fixed charges	\$ 399	\$ 451	\$ 1,362	\$ 653	\$ 938	\$ 974	\$ 1,665
Fixed charges							
Interest and debt expense including capitalized interest(b)	\$ 145	\$ 153	\$ 602	\$ 599	\$ 612	\$ 685	\$ 912
Portion of lease rentals representative of the interest factor	11	14	48	55	53	56	57
Preferred dividends to minority stockholders of subsidiaries(c)	--	--	--	--	--	7	11
Total fixed charges	\$ 156	\$ 167	\$ 650	\$ 654	\$ 665	\$ 748	\$ 980
Ratio of earnings to fixed charges	2.56	2.70	2.10	n/a(d)	1.41	1.30	1.70

(a) Includes (1) minority interest in net income of majority-owned subsidiaries having fixed charges and (2) income from less-than-50-percent-owned equity investments adjusted to reflect only dividends received.

(b) Includes proportionate share of interest and debt expense of 50-percent-owned equity investments.

(c) Adjusted to a pretax basis.

(d) Not computed due to less than one-to-one coverage. Earnings were inadequate to cover fixed charges by \$1 million.



THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM THE  
CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED MARCH 31, 1996,  
AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS.

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	3-MOS	
	DEC-31-1996	
	MAR-31-1996	
		118
	0	
	774	
	18	
	588	
	2,112	
		22,839
	8,967	
	17,469	
	2,136	
		5,216
	0	
	1,325	
		64
	3,280	
17,469		
		2,522
	2,572	
		1,874
	2,108	
	16	
	0	
	140	
	288	
		144
	164	
	0	
	(30)	
		0
	134	
	.35	
	.34	