

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, 2001

OR

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

For the transition period from _____ to _____

Commission file number 1-9210

OCCIDENTAL PETROLEUM CORPORATION

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of
incorporation or organization)

95-4035997

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

10889 Wilshire Boulevard

Los Angeles, California

(Address of principal executive offices)

90024

(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 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, 2001
Common stock \$.20 par value	370,482,032 shares

TABLE OF CONTENTS

PART I FINANCIAL INFORMATION

Item 1. Financial Statements

CONSOLIDATED CONDENSED BALANCE SHEETS MARCH 31, 2001 AND DECEMBER 31, 2000

**CONSOLIDATED CONDENSED STATEMENTS OF OPERATIONS FOR THE THREE MONTHS ENDED
MARCH 31, 2001 AND 2000**

**CONSOLIDATED CONDENSED STATEMENTS OF CASH FLOWS FOR THE THREE MONTHS ENDED
MARCH 31, 2001 AND 2000**

NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

[Table of Contents](#)

OCCIDENTAL PETROLEUM CORPORATION AND SUBSIDIARIES

CONTENTS

	PAGE
Part I	
Financial Information	
Item 1. Financial Statements	
Consolidated Condensed Balance Sheets — March 31, 2001 and December 31, 2000	2
Consolidated Condensed Statements of Operations — Three months ended March 31, 2001 and 2000	4
Consolidated Condensed Statements of Cash Flows — Three months ended March 31, 2001 and 2000	5
Notes to Consolidated Condensed Financial Statements	6
Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations	11
Item 3. Quantitative and Qualitative Disclosures About Market Risk	17
Part II	
Other Information	
Item 1. Legal Proceedings	18
Item 4. Submission of Matters to a Vote of Security-Holders	18
Item 6. Exhibits and Reports on Form 8-K	20

[Table of Contents](#)

PART I FINANCIAL INFORMATION

Item 1. Financial Statements

**OCCIDENTAL PETROLEUM CORPORATION AND SUBSIDIARIES
CONSOLIDATED CONDENSED BALANCE SHEETS
MARCH 31, 2001 AND DECEMBER 31, 2000
(Amounts in millions)**

	2001	2000
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 299	\$ 97
Receivables, net	1,404	1,326
Inventories	437	485
Prepaid expenses and other	175	159
Total current assets	2,315	2,067
LONG-TERM RECEIVABLES, net	2,357	2,119
EQUITY INVESTMENTS	1,346	1,327
PROPERTY, PLANT AND EQUIPMENT, at cost, net of accumulated depreciation, depletion and amortization of \$6,139 at March 31, 2001 and \$6,041 at December 31, 2000	13,443	13,471
OTHER ASSETS	422	430

\$19,883

\$19,414

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

2

[Table of Contents](#)

OCCIDENTAL PETROLEUM CORPORATION AND SUBSIDIARIES
CONSOLIDATED CONDENSED BALANCE SHEETS
MARCH 31, 2001 AND DECEMBER 31, 2000
(Amounts in millions)

	2001	2000
LIABILITIES AND EQUITY		
CURRENT LIABILITIES		
Current maturities of long-term debt and capital lease liabilities	\$ 260	\$ 258
Notes payable	—	2
Accounts payable	931	1,091
Accrued liabilities	1,390	1,311
Domestic and foreign income taxes	212	78
	2,793	2,740
LONG-TERM DEBT, net of current maturities and unamortized discount	3,286	3,285
NON-RECOURSE DEBT	1,700	1,900
DEFERRED CREDITS AND OTHER LIABILITIES		
Deferred and other domestic and foreign income taxes	1,356	1,280
Obligation under natural gas delivery commitment	249	282
Other	2,632	2,415
	4,237	3,977
MINORITY INTEREST	2,254	2,265
OCCIDENTAL OBLIGATED MANDATORILY REDEEMABLE TRUST PREFERRED SECURITIES OF A SUBSIDIARY TRUST HOLDING SOLELY SUBORDINATED NOTES OF OCCIDENTAL		
	471	473
STOCKHOLDERS' EQUITY		
Common stock, at par value	74	74
Additional paid-in capital	3,753	3,743
Retained earnings	1,398	1,007
Accumulated other comprehensive income	(83)	(50)
	5,142	4,774
	\$19,883	\$19,414

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

3

[Table of Contents](#)

OCCIDENTAL PETROLEUM CORPORATION AND SUBSIDIARIES
CONSOLIDATED CONDENSED STATEMENTS OF OPERATIONS
FOR THE THREE MONTHS ENDED MARCH 31, 2001 AND 2000
(Amounts in millions, except per-share amounts)

Three Months Ended
March 31

	2001	2000
REVENUES		
Net sales	\$4,475	\$2,574
Interest, dividends and other income	81	37
Gains on disposition of assets, net	3	4
Income (loss) from equity investments	(35)	33
	<u>4,524</u>	<u>2,648</u>
COSTS AND OTHER DEDUCTIONS		
Cost of sales	3,289	1,787
Selling, general and administrative and other operating expenses	198	154
Exploration expense	21	6
Environmental remediation	49	—
Minority interest	32	30
Interest and debt expense, net	116	104
	<u>3,705</u>	<u>2,081</u>
Income before taxes	819	567
Provision for domestic and foreign income and other taxes	308	296
	<u>511</u>	<u>271</u>
Income before extraordinary item and effect of changes in accounting principles	511	271
Extraordinary loss, net	(3)	—
Cumulative effect of changes in accounting principles, net	(24)	—
	<u>484</u>	<u>271</u>
NET INCOME	484	271
Effect of repurchase of Trust Preferred Securities	—	1
	<u>—</u>	<u>1</u>
EARNINGS APPLICABLE TO COMMON STOCK	<u>\$ 484</u>	<u>\$ 272</u>
BASIC EARNINGS PER COMMON SHARE		
Income before extraordinary item and effect of changes in accounting principles	\$ 1.38	\$.74
Extraordinary loss, net	(.01)	—
Cumulative effect of changes in accounting principles, net	(.06)	—
	<u>1.31</u>	<u>.74</u>
Basic earnings per common share	\$ 1.31	\$.74
DILUTED EARNINGS PER COMMON SHARE		
Income before extraordinary item and effect of changes in accounting principles	\$ 1.37	\$.74
Extraordinary loss, net	(.01)	—
Cumulative effect of changes in accounting principles, net	(.06)	—
	<u>1.30</u>	<u>.74</u>
Diluted earnings per common share	\$ 1.30	\$.74
DIVIDENDS PER COMMON SHARE	<u>\$.25</u>	<u>\$.25</u>
WEIGHTED AVERAGE COMMON SHARES OUTSTANDING	<u>370.2</u>	<u>368.1</u>

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

[Table of Contents](#)

**OCCIDENTAL PETROLEUM CORPORATION AND SUBSIDIARIES
CONSOLIDATED CONDENSED STATEMENTS OF CASH FLOWS
FOR THE THREE MONTHS ENDED MARCH 31, 2001 AND 2000
(Amounts in millions)**

	2001	2000
CASH FLOW FROM OPERATING ACTIVITIES		
Income before extraordinary items and effect of changes in accounting principles	\$ 511	\$ 271
Adjustments to reconcile income to net cash provided by operating activities:		
Depreciation, depletion and amortization of assets	245	185
Deferred income tax provision	40	67
Other noncash charges to income	50	19

Gains on disposition of assets, net	(3)	(4)
Loss (income) from equity investments	35	(33)
Exploration expense	21	6
Changes in operating assets and liabilities	(36)	(116)
Other operating, net	(42)	(47)
	<hr/>	<hr/>
Net cash provided by operating activities	821	348
	<hr/>	<hr/>
CASH FLOW FROM INVESTING ACTIVITIES		
Capital expenditures	(238)	(122)
Sale of businesses and disposal of property, plant and equipment, net	—	23
Purchase of businesses, net (including deposits)	—	(375)
Other investing, net	(61)	(13)
	<hr/>	<hr/>
Net cash used by investing activities	(299)	(487)
	<hr/>	<hr/>
CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from long-term debt	33	—
Net proceeds from commercial paper and revolving credit agreements	—	156
Repurchase of trust preferred securities	(2)	(6)
Purchases for natural gas delivery commitment	(29)	(28)
Payments on long-term debt, non-recourse debt and capital lease liabilities	(238)	(1)
Proceeds from issuance of common stock	6	16
(Payments) proceeds of notes payable	(2)	9
Cash dividends paid	(92)	(92)
Other financing, net	4	(1)
	<hr/>	<hr/>
Net cash (used) provided by financing activities	(320)	53
	<hr/>	<hr/>
Increase (decrease) in cash and cash equivalents	202	(86)
Cash and cash equivalents—beginning of period	97	214
	<hr/>	<hr/>
Cash and cash equivalents—end of period	\$ 299	\$ 128
	<hr/>	<hr/>

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

[Table of Contents](#)

OCCEIDENTAL PETROLEUM CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS

March 31, 2001

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 in Occidental's Annual Report on Form 10-K for the year ended December 31, 2000 (2000 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, 2001, 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, 2001, 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 2001 presentation.

Reference is made to Note 1 to the consolidated financial statements in the 2000 Form 10-K for a summary of significant accounting policies.

2. Extraordinary Items and Accounting Changes

On March 5, 2001, Occidental retired \$20.5 million of 7.8 percent pollution control revenue bonds due on December 1,

2005. As a result of this transaction, Occidental recognized an after-tax extraordinary loss of \$3 million.

In the fourth quarter of 2000, Occidental adopted the provisions of EITF Issue No. 00-10, "Accounting for Shipping and Handling Fees and Costs", which establishes accounting and reporting standards for the treatment of shipping and handling costs. Among its provisions, EITF Issue No. 00-10 requires that transportation costs that had been accounted for as deductions from revenues should now be recorded as an expense. The implementation of EITF Issue No. 00-10 had no effect on net income. All prior year balances have been adjusted to reflect this accounting change. Transportation costs in the amount of \$66 million have been removed as deductions from revenues and included in cost of sales for the three months ended March 31, 2000.

See Note 10 regarding accounting changes related to derivatives.

[Table of Contents](#)

3. Comprehensive Income

The following table presents Occidental's comprehensive income items (in millions):

Three Months Ended March 31,	2001	2000
Net income	\$484	\$271
Other comprehensive income items		
Foreign currency translation adjustments	(8)	4
Cumulative effect of change in accounting principle	(27)	—
Other	2	—
Other comprehensive income, net of tax	(33)	4
Comprehensive income	\$451	\$275

4. Asset Acquisitions and Dispositions

Reference is made to Note 3 to the consolidated financial statements in the 2000 Form 10-K for a description of asset acquisitions and dispositions.

On April 19, 2000, Occidental completed its acquisition of all of the common limited partnership interest in Altura Energy Ltd. (now "Occidental Permian Ltd.") ("Altura"), the largest oil producer in Texas. Occidental, through its subsidiaries, paid approximately \$1.2 billion to the sellers, affiliates of BP Amoco plc and Shell Oil Company, to acquire the common limited partnership interest and control of the general partner that manages, operates and controls Altura. Altura borrowed approximately \$2.4 billion, with recourse only to the Altura assets. Altura also loaned approximately \$2.0 billion to affiliates of the sellers, evidenced by two notes recorded as long-term receivables, which provide credit support to the partnership. The sellers retained a preferred limited partnership interest of approximately \$2.0 billion and are entitled to certain distributions from Altura. The acquisition was valued at approximately \$3.6 billion. Occidental's results of operations include the operations of Altura from the date of acquisition. For the three months ended March 31, 2000, pro forma net income, including historical Altura results as if the acquisition had occurred on January 1, 2000, would have been \$342 million (\$.93 earnings per share) and pro forma revenues would have been \$3.0 billion. The pro forma calculations were made utilizing the historical operating results of Altura prior to ownership by Occidental and give effect to certain adjustments, including increased depreciation, depletion and amortization to reflect the value assigned to the Altura property, plant and equipment, increased interest expense, and income tax effects. However, the pro forma results are not necessarily indicative of the results of operations that would have occurred if the acquisition had been made at the beginning of the periods presented or that may be obtained in the future and do not reflect anticipated cost savings, synergies, changes in realized prices and certain other adjustments that are expected to result from the acquisition and operation of Altura.

5. Supplemental Cash Flow Information

Cash payments during the three months ended March 31, 2001 and 2000 included federal, foreign and state income taxes of approximately \$26 million and \$109 million, respectively. Interest paid (net of interest capitalized) totaled approximately \$125 million and \$96 million for the three months ended March 31, 2001 and 2000, respectively.

6. 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 \$250 million and \$46 million at March 31, 2001, and December 31, 2000, respectively.

7. 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, 2001	December 31, 2000
Raw materials	\$ 62	\$ 68
Materials and supplies	128	125
Work in process	2	3
Finished goods	281	343
	473	539
LIFO adjustment	(36)	(54)
Total	\$437	\$485

8. Property, Plant and Equipment

Reference is made to the consolidated balance sheets and Note 1 thereto in the 2000 Form 10-K for a description of investments in property, plant and equipment.

9. Trust Preferred Securities

Reference is made to Note 12 to the consolidated financial statements in the 2000 Form 10-K for a description of the Trust Preferred Securities. The Trust Preferred Securities amounts reflected in the consolidated condensed balance sheets at March 31, 2001, and December 31, 2000, are net of issue costs and also reflect amortization of a portion of the issue costs, and the repurchase during 2001 and 2000 of 87,900 shares and 555,760 shares with liquidation values of \$2.2 million and \$13.9 million, respectively.

10. Derivative Activities

Effective January 1, 2001, Occidental implemented SFAS No. 133, "Accounting for Derivative Instruments and Hedging," as amended by SFAS No. 137, "Accounting for Derivative Instruments and Hedging Activities—Deferral of the Effective Date of FASB Statement No. 133," and SFAS No. 138, "Accounting for Certain Derivative Instruments and Certain Hedging Activities." These statements establish accounting and reporting standards for derivative instruments, including derivative instruments embedded in other contracts, and hedging activities and require an entity to recognize all derivatives in the statement of financial position and measure those instruments at fair value, and classify them as either assets or liabilities on the condensed consolidated balance sheet. Changes in the derivative instruments' fair value must be recognized in earnings unless specific hedge accounting criteria are met. Occidental's initial adoption of SFAS No. 133 resulted in (i) a first quarter after-tax reduction in net income of \$24 million recorded as a cumulative effect of a change in accounting principles and (ii) an after-tax reduction in other comprehensive income (OCI) of approximately \$27 million.

[Table of Contents](#)

Occidental uses commodity futures contracts, options and swaps to hedge the impact of oil and natural gas price fluctuations and to engage in trading activities. Occidental also uses forward rate locks and interest rate swaps to hedge changes in interest rates. Gains and losses from derivatives that qualify for cash flow hedge accounting are deferred until recognized as an adjustment to earnings when the hedged transaction is finalized. For cash flow hedges, the portion of the change in the value of the derivative that is not offset by an equal change in the value of the underlying transaction is referred to as hedge ineffectiveness and is recorded in earnings. Gains or losses on derivatives that do not qualify for hedge accounting are recognized in earnings. At March 31, 2001, Occidental had no derivatives that qualified as fair value hedges.

For the three months ended March 31, 2001, the results of operations included a net gain of \$13 million related to derivative mark-to-market adjustments. During the three months ended March 31, 2001, a \$6 million loss was reclassified from OCI to income resulting from the expiration of cash flow hedges. A net unrealized loss of \$6 million related to changes in current cash flow hedges was recorded to OCI during the three months ended March 31, 2001. During the next twelve months, Occidental expects that \$12 million of net derivative losses included in OCI, based on their valuation at March 31, 2001, will

be reclassified into earnings. Hedge ineffectiveness did not have a significant impact on earnings for the three months ended March 31, 2001.

11. Retirement Plans and Postretirement Benefits

Reference is made to Note 14 to the consolidated financial statements in the 2000 Form 10-K for a description of the retirement plans and postretirement benefits of Occidental and its subsidiaries.

12. Lawsuits, Claims, Commitments, Contingencies and Related Matters

Occidental and certain of its subsidiaries have been named as defendants or as potentially responsible parties in a substantial number of lawsuits, claims and proceedings, including governmental proceedings under the Comprehensive Environmental Response, Compensation and Liability Act (CERCLA) and corresponding state acts. These governmental 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.

During the course of its operations, Occidental is subject to audit by taxing authorities for varying periods in various tax jurisdictions. Occidental has certain other commitments under contracts, guarantees and joint ventures, and certain other contingent liabilities.

It is impossible at this time to determine the ultimate liabilities that Occidental and its subsidiaries may incur resulting from the foregoing lawsuits, claims and proceedings, audits, commitments, contingencies and related matters. Several of these matters may involve substantial amounts, and if these were to be ultimately resolved unfavorably to the full amount of their maximum potential exposure, an event not currently anticipated, it is possible that such event could have a material adverse effect upon Occidental's consolidated financial position or results of operations. However, in management's opinion, after taking into account reserves, it is unlikely that any of the foregoing matters will have a material adverse effect upon Occidental's consolidated financial position or results of operations.

Reference is made to Note 9 to the consolidated financial statements in the 2000 Form 10-K for information concerning Occidental's long-term purchase obligations for certain products and services.

[Table of Contents](#)

13. Income Taxes

The provision for taxes based on income for the 2001 and 2000 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. The provision for taxes for the three months ended March 31, 2001, includes an after-tax benefit of \$45 million (pre-federal tax benefit of \$70 million) related to a settlement of a state tax issue.

14. Investments

Investments in entities, other than oil and gas exploration and production 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, 2001, Occidental's equity investments consisted of a 29.5 percent interest in Equistar acquired in May 1998, and various chemical partnerships and joint ventures. 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	2001	2000
Revenues	\$662	\$689
Costs and expenses	697	656
Net income (loss)	\$ (35)	\$ 33

15. Industry Segments

The following table presents Occidental's interim industry segment disclosures (in millions):

Oil and Gas	Chemical	Corporate	Total
-------------	----------	-----------	-------

Quarter ended March 31, 2001				
Net sales	\$3,612	\$ 863	\$ —	\$4,475
Pretax operating profit (loss)	\$1,082	\$ (77)(c)	\$(186)(a), (d)	\$ 819
Income taxes	(136)	(2)	(170)(b), (e)	(308)
Extraordinary loss, net	—	—	(3)	(3)
Cumulative effect of changes in accounting principles, net	—	—	(24)	(24)
Net income (loss)	\$ 946	\$ (79)	\$(383)	\$ 484
Quarter ended March 31, 2000				
Net sales	\$1,534	\$1,040	\$ —	\$2,574
Pretax operating profit (loss)	\$ 542	\$ 149	\$(124)(a), (f)	\$ 567
Income taxes	(148)	(6)	(142)(b)	(296)
Net income (loss)	\$ 394	\$ 143	\$(266)	\$ 271

(a) Includes unallocated net interest expense, administration expense and other items.

(b) Includes unallocated income taxes.

(c) Includes a pre-tax charge of \$26 million related to severance and plant shut-down costs.

(d) Includes a pre-tax charge of \$49 million related to environmental remediation costs and an insurance dividend of \$6 million.

(e) Includes an after-tax benefit of \$45 million (pre-federal tax benefit of \$70 million) related to a settlement of a state tax issue.

(f) Includes an insurance dividend of \$11 million.

[Table of Contents](#)

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

Results of Operations

Occidental Petroleum Corporation (Occidental) reported net income for the first quarter of 2001 of \$484 million, on net sales of \$4.5 billion, compared with net income of \$271 million, on net sales of \$2.6 billion, for the same period of 2000. Basic earnings per common share were \$1.31 for the first quarter of 2001, compared with earnings per share of \$.74 for the same period of 2000.

Earnings before special items were \$510 million for the first quarter of 2001, compared with earnings before special items of \$264 million for the first quarter of 2000. See the Special Item table below for a description of special items. The increase in earnings before special items for the three months ended March 31, 2001, compared with the same period in 2000, reflected higher domestic gas prices and higher domestic crude oil production from acquisitions, partially offset by lower crude oil and chemical prices, higher exploration expense, lower chemical product demand and higher energy and feedstock costs.

The increase in net sales in the first quarter of 2001, compared with the same period in 2000, primarily reflected higher domestic gas prices, higher domestic crude oil production from acquisitions and higher oil and gas trading activities, partially offset by lower international oil production, lower chemical product demand and lower chemical prices.

Interest, dividends and other income for the three months ended March 31, 2001 included interest income on notes receivable from affiliates of the Altura partners of \$33 million. The loss from equity investments for the three months ended March 31, 2001, compared with income from equity investments for the same period in 2000, was primarily the result of a 2001 loss from operations in the Equistar and OxyMar equity investments. The increase in cost of sales for the three months ended March 31, 2001, compared with the same period in 2000, primarily reflected the higher oil and gas trading activity, higher domestic oil production volumes and higher raw material costs, primarily energy-driven, in the chemical segment. The increase in selling, general and administrative and other operating costs for the three months ended March 31, 2001, compared to the same period in 2000, reflected severance charges for the chemical segment and higher oil and gas production taxes and other operating costs as a result of the acquisition of Altura. Minority interest includes distributions on the Trust Preferred Securities, the minority interest in the net income (loss) of subsidiaries and partnerships and, for the three months ended March 31, 2001, also included a preferred distribution to the Altura partners totaling \$34 million. The provision for income taxes for the three months ended March 31, 2001 included a \$45 million after-tax benefit (\$70 million pre-federal tax benefit) for the settlement of a state tax issue.

Although energy prices remain at historically high levels, increasing the costs of electricity and impacting Occidental's chemical segment adversely, Occidental does not generally perceive that its business has been or will be impacted adversely by changing prices or inflation in other areas. Although Occidental expects its THUMS operations may be interrupted from time to time by the

rolling curtailments of electricity supply predicted by California officials during the peak demand summer months, Occidental does not expect these interruptions to have a material effect on its operations. Occidental does not expect that interruptions in the electric grid will adversely impact its operations at Elk Hills because of the extensive electrical co-generation capabilities at the site.

[Table of Contents](#)

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

	Three Months Ended March 31	
	2001	2000
Segment Net Sales		
Oil and gas	\$3,612	\$1,534
Chemical	863	1,040
Net Sales	\$4,475	\$2,574
Segment Earnings (Loss)		
Oil and gas	\$ 946	\$ 394
Chemical	(79)	143
	867	537
Unallocated corporate items		
Interest expense, net	(76)	(99)
Income taxes	(175)	(150)
Trust preferred distributions and other	(16)	(17)
Other	(89)	—
Income before extraordinary item and effect of changes in accounting principles	511	271
Extraordinary loss, net	(3)	—
Cumulative effect of changes in accounting principles, net	(24)	—
Net Income	\$ 484	\$ 271

The following table sets forth the special items for each operating segment, if applicable, and corporate:

Benefit (Charge) (in millions)	Three Months Ended March 31	
	2001	2000
Chemical		
Severance, plant shutdown and plant writedown costs	\$(26)	\$—
Corporate		
Settlement of state tax issue	\$ 70	\$—
Environmental remediation	(49)	—
Insurance dividend	6	11
Changes in accounting principles, net *	(24)	—
Extraordinary loss on debt redemption, net *	(3)	—

* These amounts are shown after-tax.

[Table of Contents](#)

Oil and Gas Segment

Summary of Operating Statistics	2001	2000
Net Production per Day:		
Crude Oil and Natural Gas Liquids (MBL)		
United States	207	70
Latin America	34	52
Eastern Hemisphere	123	117
Natural Gas (MMCF)		
United States	632	630
Eastern Hemisphere	50	50
Barrels of Oil Equivalent — thousands (MBOE)	478	352
Average Sales Price:		
Crude Oil (\$/BBL)		
United States	\$24.32	\$23.96
Latin America	\$22.69	\$26.40
Eastern Hemisphere	\$22.04	\$24.24
Natural Gas (\$/MCF)		
United States	\$10.01	\$ 2.42
Eastern Hemisphere	\$ 2.20	\$ 1.73

Oil and gas earnings for the first quarter of 2001 were \$946 million, compared with \$394 million for the same period of 2000. The increase in earnings for the first quarter of 2001, compared to the first quarter of 2000, reflected the impact of higher domestic natural gas prices and higher domestic oil production volumes as a result of acquisitions completed in the second quarter of 2000, partially offset by lower crude oil prices and higher exploration expense.

The first quarter 2001 results also benefited by approximately \$200 million from a California gas market price premium above NYMEX prices at Occidental's Elk Hills operations. The California operations produced over 300 million cubic feet per day of natural gas in the first quarter and Occidental expects its second quarter California production to remain at or near that level. Most of Occidental's California gas sales are based on the Southern California border price at the end of the prior month, with smaller amounts being sold into Northern California and spot markets, where prices are significantly lower than Southern California prices. Although the second quarter historically has the weakest gas prices, Occidental continues to expect to receive higher gas price realizations in the second quarter of 2001 than in 2000. The current California supply-demand imbalance that caused the pricing premium is expected to continue for the next two to three years.

Oil liftings in Colombia continued to be significantly limited by disruptions at the Caño Limón pipeline. Occidental expects to recover the reserves attributable to its contract, which amount to less than 3 percent of its proved worldwide oil and gas reserves.

The increase in revenues for the first quarter of 2001, compared to the first quarter of 2000, reflected higher domestic natural gas prices, higher domestic oil production from acquisitions and higher oil and gas trading activity, partially offset by lower crude oil prices. Approximately 55 percent and 45 percent of oil and gas net sales were attributable to oil and gas trading activities in the first quarter of 2001 and 2000, respectively. The results of oil and gas trading activity were not significant.

[Table of Contents](#)

Chemical Segment

Summary of Operating Statistics	Three Months Ended March 31	
	2001	2000
Major Product Volumes (M Tons)		
Chlorine	705	853
Caustic	669	803
Ethylene Dichloride	222	304
PVC Resins	501	450
Major Product Price Index (Base 1987-1990 = 1.0)		
Chlorine	0.92	1.40
Caustic	1.31	0.72
Ethylene Dichloride	0.81	1.64
PVC Resins	0.72	0.94

Chemical results for the first quarter of 2001 were a loss of \$79 million, compared with income of \$143 million for the same period of 2000. The chemical segment had a loss before special items of \$53 million for the first quarter of 2001. See Special Item table for a description of special items. The decrease in results before special items reflected higher energy and feedstock costs, lower sales prices and volumes for chlorine and ethylene dichloride (EDC), lower sales prices for polyvinyl chloride (PVC) and vinyl chloride monomer (VCM) and lower results from equity investments, partially offset by higher prices for caustic soda. The decrease in revenues from the first quarter of 2001, compared to the first quarter of 2000, reflected lower sales prices and volumes for chlorine and EDC and lower sales prices for PVC and VCM) partially offset by higher prices for caustic soda.

With the slowdown in the economy, the chemical segment experienced a worsening of market conditions beginning in July 2000 and continuing through January 2001. This was followed by improvements in February and March 2001, due mainly to lower natural gas prices. Meaningful improvements in the results of the chemical business will depend largely on any improvements in general economic conditions.

Corporate and Other

Segment earnings include credits in lieu of U.S. federal income taxes. In the first quarter of 2001 and 2000, segment earnings benefited by \$5 million from credits allocated. This included credits of \$1 million and \$4 million at oil and gas and chemical, respectively, in the first quarter of 2001 and 2000.

Occidental and certain of its subsidiaries have been named as defendants or as potentially responsible parties in a substantial number of lawsuits, claims and proceedings, including governmental proceedings under the Comprehensive Environmental Response, Compensation and Liability Act (CERCLA) and corresponding state acts. These governmental 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.

During the course of its operations, Occidental is subject to audit by taxing authorities for varying periods in various tax jurisdictions. Occidental has certain other commitments under contracts, guarantees and joint ventures, and certain other contingent liabilities.

It is impossible at this time to determine the ultimate liabilities that Occidental and its subsidiaries may incur resulting from the foregoing lawsuits, claims and proceedings, audits, commitments, contingencies and related matters. Several of these matters may involve substantial amounts, and if these were to be ultimately resolved

[Table of Contents](#)

unfavorably to the full amount of their maximum potential exposure, an event not currently anticipated, it is possible that such event could have a material adverse effect upon Occidental's consolidated financial position or results of operations. However, in management's opinion, after taking into account reserves, it is unlikely that any of the foregoing matters will have a material adverse effect upon Occidental's consolidated financial position or results of operations.

Financial Condition, Liquidity and Capital Resources

Occidental's net cash provided by operating activities was \$821 million for the first quarter of 2001, compared with \$348 million for the same period of 2000. The increase in the 2001 amount is primarily attributed to higher net income.

Occidental's net cash used by investing activities was \$299 million for the first quarter of 2001, compared with \$487 million for the same period of 2000. The 2000 amount included a \$375 million deposit for the Altura Energy Ltd. acquisition.

Occidental's net cash used by financing activities was \$320 million in the first quarter of 2001, compared with net cash provided of \$53 million for the same period of 2000. The 2001 amount includes debt payments of approximately \$238 million. The 2000 amount includes net proceeds from commercial paper and revolving credit agreements of approximately \$156 million.

Occidental expects to generate sufficient cash from operations in 2001 to fund its operating needs, capital expenditure requirements, dividend payments and debt repayments. Occidental currently expects to spend \$1.1 billion on its capital spending program in 2001. Available but unused lines of committed bank credit totaled approximately \$2.1 billion at March 31, 2001 and December 31, 2000. In the first quarter of 2001, Occidental reduced total debt by \$233 million. In addition, Occidental expects to reduce total debt by \$1.0 billion by the end of 2001, thereby strengthening its balance sheet and decreasing interest expense.

Derivative Activities

Effective January 1, 2001, Occidental implemented SFAS No. 133, "Accounting for Derivative Instruments and Hedging," as amended by SFAS No. 137, "Accounting for Derivative Instruments and Hedging Activities—Deferral of the Effective Date of FASB Statement No. 133," and SFAS No. 138, "Accounting for Certain Derivative Instruments and Certain Hedging Activities."

These statements establish accounting and reporting standards for derivative instruments, including derivative instruments embedded in other contracts, and hedging activities and require an entity to recognize all derivatives in the statement of financial position and measure those instruments at fair value, and classify them as either assets or liabilities on the condensed consolidated balance sheet. Changes in the derivative instruments' fair value must be recognized in earnings unless specific hedge accounting criteria are met. Occidental's initial adoption of SFAS No. 133 resulted in (i) a first quarter after-tax reduction in net income of \$24 million recorded as a cumulative effect of a change in accounting principles and (ii) an after-tax reduction in other comprehensive income (OCI) of approximately \$27 million.

Occidental uses commodity futures contracts, options and swaps to hedge the impact of oil and natural gas price fluctuations and to engage in trading activities. Occidental also uses forward rate locks and interest rate swaps to hedge changes in interest rates. Gains and losses from derivatives that qualify for cash flow hedge accounting are deferred until recognized as an adjustment to earnings when the hedged transaction is finalized. For cash flow hedges, the portion of the change in the value of the derivative that is not offset by an equal change in the value of the underlying transaction is referred to as hedge ineffectiveness and is recorded in earnings. Gains or losses on derivatives that do not qualify for hedge accounting are recognized in earnings. At March 31, 2001, Occidental had no derivatives that qualified as fair value hedges.

For the three months ended March 31, 2001, the results of operations included a net gain of \$13 million related to derivative mark-to-market adjustments. During the three months ended March 31, 2001, a \$6 million loss was reclassified from OCI to income resulting from the expiration of cash flow hedges. A net unrealized loss of \$6 million related to changes in current cash flow hedges was recorded to OCI during the three months ended March 31,

[Table of Contents](#)

2001. During the next twelve months, Occidental expects that \$12 million of net derivative losses included in OCI, based on their valuation at March 31, 2001, will be reclassified into earnings. Hedge ineffectiveness did not have a significant impact on earnings for the three months ended March 31, 2001.

Environmental Matters

Occidental's operations in the United States are subject to 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 may continue to rise in the future.

The laws that require or address environmental remediation may 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, to be a relevant measure of exposure. Although the liability of a potentially responsible party (PRP), and in many cases its equivalent under state law, may be 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. Also, many of these sites are still under investigation by the Environmental Protection Agency ("EPA") or the equivalent state agencies. Prior to actual cleanup, the parties involved assess site conditions and responsibility and determine the appropriate remedy. The majority of remediation costs are incurred after the parties obtain EPA or other equivalent state agency approval to proceed. The ultimate future cost of remediation of certain of the sites for which Occidental has been notified that it has been identified as being involved cannot reasonably be determined at this time.

As of March 31, 2001, 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 125 Superfund or comparable state sites. (This number does not include those sites where Occidental has been successful in resolving its involvement). The 125 sites include 34 former Diamond Shamrock Chemical sites as to which Maxus Energy Corporation has retained all liability. Of the remaining 91 sites, Occidental has denied involvement at 9 sites and has yet to determine involvement in 20 sites. With respect to the remaining 62 of these sites, Occidental is in various stages of evaluation, and the extent of liability retained by Maxus Energy Corporation is disputed at 2 of these sites. For 54 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 54 sites include 11 sites as to which present information indicates that it is probable that Occidental's aggregate exposure is insignificant. 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 8 of the 62 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."

Accounting Changes

In the fourth quarter of 2000, Occidental adopted the provisions of EITF Issue No. 00-10, "Accounting for Shipping and Handling Fees and Costs", which establishes accounting and reporting standards for the treatment of shipping and handling costs. Among its provisions, EITF Issue No. 00-10 requires that transportation costs that had been accounted for as deductions from revenues should now be recorded as an expense. The implementation of EITF Issue No. 00-10 had no effect on net income. All prior year balances have been adjusted to reflect this accounting change. Transportation costs in the amount of \$66 million have been removed as deductions from revenues and included in cost of sales for the three months ended March 31, 2000.

See "Derivative Activities" for accounting change related to derivatives.

[Table of Contents](#)

Safe Harbor Statement Regarding Outlook and Forward-Looking Information

Portions of this report 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 domestically or internationally; regulatory uncertainties; and not successfully completing, or any material delay of, any development of new fields, expansion, capital expenditure, efficiency improvement, acquisition or disposition. Forward-looking statements are generally accompanied by words such as "estimate", "project", "predict", "believes" or "expect", that convey the uncertainty of future events or outcomes. Occidental undertakes no 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.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

For the three months ended March 31, 2001, there were no material changes in the information required to be provided under Item 305 of Regulation S-X included under the caption "Management's Discussion and Analysis of Financial Condition and Results of Operations (Incorporating Item 7A) — Derivative Activities" in Occidental's 2000 Annual Report on Form 10-K.

[Table of Contents](#)

PART II OTHER INFORMATION

Item 1. Legal Proceedings

General

There is incorporated by reference herein the information regarding legal proceedings in Note 12 to the consolidated condensed financial statements in Part I hereof.

In connection with the class action brought by David Croucher and others, as previously reported in Note 9 to the Consolidated Financial Statements in Occidental's 2000 Annual Report on Form 10-K, the court approved the settlement on March 15, 2001. The time for appeal has expired and Occidental has paid the amounts due.

In April 1998, a civil action was filed on behalf of the U.S. Environmental Protection Agency against OxyChem relating to the Centre County Kepone Superfund Site at State College, Pennsylvania. The lawsuit seeks approximately \$12 million in penalties and governmental response costs, a declaratory judgment that OxyChem is a liable party under CERCLA, and an order requiring OxyChem to carry out the remedy that is being performed by the site owner. In October 1998, the U.S. District Court for the Middle District of Pennsylvania granted OxyChem's motion to dismiss the United States' case. In December 1999, the United States Court of Appeals for the Third Circuit reversed the dismissal and remanded the case to the District Court. The court has stayed all proceedings so the parties can attempt to finalize a resolution to this matter.

Item 4. Submission of Matters to a Vote of Security-Holders

Occidental's 2001 Annual Meeting of Stockholders (the Annual Meeting) was held on April 20, 2001. The following actions were taken at the Annual Meeting, for which proxies were solicited pursuant to Regulation 14A under the Securities Exchange Act of 1934, as amended:

- The eleven nominees proposed by the Board of Directors were elected as directors by the following votes:

Name	For	Withheld
Dr. Ray R. Irani	312,956,039	5,294,648
Dr. Dale R. Laurance	313,473,742	4,776,945
Ronald W. Burkle	313,642,767	4,607,920
John S. Chalsty	307,983,184	10,267,503
Edward P. Djerejian	313,521,233	4,729,454
John E. Feick	313,617,697	4,632,990
J. Roger Hirl	313,338,588	4,912,099
Irvin W. Maloney	313,265,247	4,985,440
Rodolfo Segovia	313,521,365	4,729,322
Aziz D. Syriani	313,479,037	4,771,650
Rosemary Tomich	313,415,271	4,835,416

- A proposal to ratify the selection of Arthur Andersen LLP as Occidental's independent public accountants for 2001 was approved by a vote of 314,066,209 for versus 2,703,724 against. There were 1,480,754 abstentions.
- A proposal to approve Occidental's 2001 Stock Incentive Compensation Plan (the 2001 Plan) was approved by a vote of 261,827,777 for versus 53,876,996 against. There were 2,545,913 abstentions and 1 broker non-vote.

18

[Table of Contents](#)

- A stockholder proposal to have each nominee for director prepare a report was defeated by a vote of 17,207,370 for versus 253,116,621 against. There were 5,011,859 abstentions and 42,914,837 broker non-votes.
- A stockholder proposal to have Occidental prepare and distribute a report on operations in Northeastern Colombia was defeated by a vote of 21,554,122 for versus 236,360,381 against. There were 17,421,346 abstentions and 42,914,838 broker non-votes.

19

[Table of Contents](#)

Item 6. Exhibits and Reports on Form 8-K

(a) Exhibits

- Occidental Petroleum Corporation 2001 Incentive Compensation Plan, as amended.
- Occidental Petroleum Corporation Executive Incentive Compensation Plan.
- Occidental Petroleum Corporation Supplemental Retirement Plan, Amended and Restated effective as of January 1, 1999 [Reflecting Amendments Effective through March 1, 2001]
- Occidental Petroleum Corporation Deferred Compensation Plan (Amended and Restated Effective as of January 1, 1999)
- Statement regarding the computation of earnings per share for the three months ended March 31, 2001 and 2000.
- Statement regarding the computation of total enterprise ratios of earnings to fixed charges for the three months ended March 31, 2001 and 2000 and the five years ended December 31, 2000.

(b) Reports on Form 8-K

During the quarter ended March 31, 2001, Occidental filed the following Current Reports on Form 8-K:

- Current Report on Form 8-K dated January 24, 2001 (date of earliest event reported), filed on January 24, 2001, for the purpose of reporting, under Item 5, Occidental's results of operations for the fiscal year ended December 31, 2000, and under Item 9, text and supplemental financial schedules from Occidental's fourth quarter 2000 conference call.
- Current Report on Form 8-K dated March 28, 2001 (date of earliest event reported), filed on March 28, 2001, for the purpose of reporting under Item 9, text and schedules from a presentation by Dr. Dale R. Laurance, President, at the Howard Weil Energy Conference.

- 1 Current report on Form 8-K dated April 18, 2001 (date of earliest event reported), filed on April 18, 2001, for the purpose of reporting, under Item 5, Occidental's results of operations for the first quarter ended March 31, 2001, and under Item 9, text and supplemental financial schedules from Occidental's first quarter 2001 conference call.
- 2 Current report on Form 8-K dated April 20, 2001 (date of earliest event reported), filed on April 20, 2001, for the purpose of reporting, under Item 9, text and schedules from speech made by Dr. Ray R. Irani, Chairman and Chief Executive Officer, at Occidental's 2001 Annual Meeting of Stockholders.

20

[Table of Contents](#)

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, 2001

S. P. Dominick, Jr.

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

21

[Table of Contents](#)

EXHIBIT INDEX

EXHIBITS

- | | |
|------|--|
| 10.1 | Occidental Petroleum Corporation 2001 Incentive Compensation Plan, as amended. |
| 10.2 | Occidental Petroleum Corporation Executive Incentive Compensation Plan. |
| 10.3 | Occidental Petroleum Corporation Supplemental Retirement Plan, Amended and Restated effective as of January 1, 1999 [Reflecting Amendments Effective through March 1, 2001] |
| 10.4 | Occidental Petroleum Corporation Deferred Compensation Plan (Amended and Restated Effective as of January 1, 1999) |
| 11 | Statement regarding the computation of earnings per share for the three months ended March 31, 2001 and 2000. |
| 12 | Statement regarding the computation of total enterprise ratios of earnings to fixed charges for the three months ended March 31, 2001 and 2000 and the five years ended December 31, 2000. |

2001 INCENTIVE COMPENSATION PLAN

1. PURPOSE OF PLAN. The purpose of this Plan is to provide incentives and stock-based awards to promote the success of the Company and the interests of its stockholders and to align the interests of the Company's stockholders, officers and employees.

2. SHARE LIMITS. Subject to the provisions of Section 6, the capital stock that may be delivered under this Plan will be Common Shares. Subject to adjustment as provided in or pursuant to this Section 2 or Section 6:

2.1 AGGREGATE SHARE LIMITS. The maximum number of Common Shares that may be delivered pursuant to all awards granted under this Plan shall equal 17,000,000 shares. The maximum number of Common Shares that may be delivered pursuant to all awards other than stock options granted under this Plan shall equal 8,500,000 shares. The maximum number of Common Shares that may be delivered pursuant to all awards for which payment or vesting is not based upon the passage of time, stock price appreciation or the satisfaction of Performance Goals shall equal 850,000 shares.

2.2 INDIVIDUAL LIMITS. The aggregate number of Common Shares subject to all awards granted under this Plan to any one individual during any three consecutive calendar years shall be limited to 4,000,000 shares. Awards payable only in cash and not related to shares made to any one individual during any calendar year shall be limited to \$10,000,000. Awards that are cancelled during the fiscal year shall be counted against these limits only to the extent required by Section 162(m).

2.3 REISSUE OF AWARDS AND SHARES. Awards payable in cash or payable in cash or Common Shares, including restricted shares, that are forfeited, cancelled, or for any reason do not vest or are not paid under this Plan, and Common Shares that are subject to awards that expire or for any reason are terminated, cancelled, fail to vest or are otherwise settled and are not issued, as well as Common Shares reacquired pursuant to the terms of an award, shall be available for subsequent awards under this Plan. If an award under this Plan is or may be settled only in cash, such award need not be counted against any of the share limits under this Section 2, except as may be required by Section 162(m) to the extent required to preserve the status of an award as "performance-based compensation" under Section 162(m).

3. ADMINISTRATOR OF PLAN. This Plan shall be administered by the Administrator.

3.1 POWERS OF THE ADMINISTRATOR. Subject to the express provisions of this Plan, the Administrator shall be authorized and empowered to do all things necessary or desirable in connection with the authorization of awards and the administration of this Plan within its delegated authority, including, without limitation, the authority to:

(a) adopt, amend and rescind rules, regulations and procedures relating to this Plan and its administration or the awards granted under this Plan and determine the forms of awards;

(b) determine who is an Eligible Person and to which Eligible Persons, if any, awards will be granted under this Plan;

(c) grant awards to Eligible Persons and determine the terms and conditions of such awards, including but not limited to the number and value of Common Shares issuable pursuant thereto, the times (subject to Section 4.6) at which and conditions upon which awards become exercisable or vest or shall expire or terminate, and (subject to applicable law) the consideration, if any, to be paid upon receipt, exercise or vesting of awards;

(d) determine the date of grant of an award, which may be a designated date after but not before the date of the Administrator's action;

(e) determine whether, and the extent to which, adjustments are required pursuant to Section 6 hereof;

(f) interpret and construe this Plan and the terms and conditions of any award granted hereunder, whether before or after the date set forth in Section 5;

(g) determine the circumstances under which, consistent with the provisions of Section 7.2, any outstanding award may be amended and make any amendments thereto that the Administrator determines are necessary or appropriate; and

(h) acquire or settle rights under options, stock appreciation rights or other awards in cash, stock of equivalent value, or other consideration.

All authority granted herein (except as provided in Section 5) shall remain in effect so long as any award remains outstanding under this Plan.

3.2 SPECIFIC ADMINISTRATOR RESPONSIBILITY AND DISCRETION REGARDING AWARDS. Subject to the express provisions of this Plan, the Administrator, in its sole and absolute discretion, shall determine all of the terms and conditions

of each award granted under this Plan, which terms and conditions may include, subject to such limitations as the Administrator may from time to time impose, among other things, provisions that:

(a) permit the recipient of such award to pay the purchase price of the Common Shares or other property issuable pursuant to such award, or any applicable tax withholding obligation upon such issuance or in respect of such award or Common Shares, in whole or in part, by any one or more of the following:

(i) cash, cash equivalent, or electronic funds transfer,

(ii) the delivery of previously owned shares of capital stock of the Company (including shares acquired as or pursuant to awards) or other property,

(iii) a reduction in the amount of Common Shares or other property otherwise issuable pursuant to such award,

(iv) a cashless exercise, or

(v) any other legal consideration the Administrator deems appropriate.

(b) accelerate the receipt and/or vesting of benefits pursuant to the award upon or in connection with (whether before, at the time of or after) the occurrence of a specified event or events, including, without limitation, a termination of employment, an event of a personal nature, an event referenced in Section 6 (in which case the Administrator's discretion shall be exercised in a manner consistent with Section 6), or otherwise, in any case as deemed appropriate by the Administrator;

(c) qualify such award as an ISO;

(d) adjust the exercisability, term (subject to other limits) or vesting schedule of any or all outstanding awards, adjust the number of Common Shares subject to any award, adjust the price of any or all outstanding awards or otherwise change previously imposed terms and conditions, in the circumstances referenced in clause (b) above or in other circumstances or upon the occurrence of other events (including events of a personal nature) as deemed appropriate by the Administrator, by amendment of an outstanding award, by substitution of an outstanding award, by waiver or by other legally valid means (which may result, among other changes, in a greater or lesser number of shares subject to the award, a shorter or longer vesting or exercise period, or, except as provided below, an exercise or purchase price that is higher or lower than the original or prior award), in each case subject to Sections 2 and 7.2; provided, however, that in no case (other than an adjustment contemplated by Section 6.2) shall the exercise price of any option or related stock appreciation right be reduced by an amendment to the award or a cancellation and re-grant of the award to effect a repricing of the award to a price below the Fair Market Value of the underlying Common Shares on the grant date of the original option or stock appreciation right unless specific stockholder consent is obtained;

(e) authorize (subject to Sections 6, 7, and 9) the conversion, succession or substitution of one or more outstanding awards upon the occurrence of an event of the type described in Section 6 or in other circumstances or upon the occurrence of other events as deemed appropriate by the Administrator; and/or

(f) determine the value of and acquire or otherwise settle awards upon termination of employment, upon such terms as the Administrator (subject to Sections 6, 7 and 9) deems appropriate.

3.3 DECISIONS IN GOOD FAITH; RELIANCE ON EXPERTS. In making any determination or in taking or not taking any action under this Plan, the Administrator may obtain and may rely upon the advice of experts, including employees of and professional advisors to the Company. No director, officer or agent of the Company shall be liable for any such action or determination taken or made or omitted under this Plan in good faith. Any action taken by, or inaction of, the Administrator relating to or pursuant to this Plan shall be within the absolute discretion of that entity or body and shall be conclusive and binding on all persons.

3.4 DELEGATION. The Board may delegate different levels of authority to different committees with administrative and grant authority under this Plan, provided that each designated committee granting any awards hereunder shall consist exclusively of a member or members of the Board. A majority of the

members of the acting committee shall constitute a quorum. The vote of a majority of the members present assuming the presence of a quorum or the unanimous written consent of the committee shall constitute action by the committee. The Administrator may delegate authority to grant awards under this Plan for new employees to an officer of the Company who is also a director and may delegate ministerial, non-discretionary functions to individuals who are officers or employees of the Company or a subsidiary or to third parties.

3.5 BIFURCATION. Notwithstanding anything to the contrary in this Plan, the provisions of this Plan may at any time be bifurcated by the Board or the Administrator in any manner so that provisions of any award agreement (or this Plan)

intended or required in order to satisfy the applicable requirements of Rule 16b-3 or Section 162(m), to the extent permitted thereby, are applicable only to persons subject to those provisions and to those awards to those persons intended to satisfy the requirements of the applicable legal restriction.

4. AWARDS.

4.1 TYPE AND FORM OF AWARDS. All awards shall be evidenced in writing (including electronic form), substantially in the form approved by the Administrator, and executed on behalf of the Company and, if required by the Administrator, by the recipient of the award. The Administrator may authorize any officer (other than the particular recipient) to execute any or all agreements memorializing any grant of an award by the Administrator under this Plan. The types of awards that the Administrator may grant include, but are not limited to, any of the following, on an immediate or deferred basis, either singly, or in tandem or in combination with or in substitution for, other awards of the same or another type: (i) Common Shares, (ii) options, stock appreciation rights (including limited stock appreciation rights), restricted stock (which shall vest over a period of not less than 3 years), stock units, or similar rights to purchase or acquire shares, whether at a fixed or variable price or ratio related to the Common Shares, upon the passage of time, the occurrence of one or more events, or the satisfaction of Performance Goals or other conditions, or any combination thereof, (iii) any similar securities with a value derived from the value of or related to the Common Shares or other securities of the Company and/or returns thereon, or (iv) cash. Share-based awards may include (without limitation) stock options, stock purchase rights, stock bonuses, stock units (or deferred compensation accounts), stock appreciation rights, limited stock appreciation rights, phantom stock, dividend equivalents (independently or in tandem with any form of stock grant), dividend rights (independently or in tandem with any form of stock grant), Common Shares, any of which may be payable in Common Shares or cash, and may consist of one or more of such features in any combination.

4.2 PERFORMANCE-BASED AWARDS. Any of the types of awards listed in Section 4.1 may be granted as Performance-Based Awards.

4.2.1 SECTION 162(m) AWARDS. The Administrator has discretion to determine if any Performance-Based Award is intended to be a Section 162(m) Award. Section 162(m) Awards shall be subject to the following rules and restrictions:

(a) Performance Goals. The specific Performance Goals in respect of Section 162(m) Awards, other than Qualifying Options, must be approved by the Administrator in advance of any applicable deadlines under Section 162(m) and while the performance relating to those goals remains substantially uncertain within the meaning thereof;

(b) Class. The eligible class of persons for Section 162(m) Awards shall be executive officers of the Company and its subsidiaries and, in the discretion of the Administrator, other employees of the Company or its subsidiaries who are designated by the Administrator to receive a Section 162(m) Award because they may be executive officers of the Company or its subsidiaries by the time their awards are exercised, vested or paid.

(c) Certification of Payment. Except as otherwise permitted under Section 162(m), before any Section 162(m) Award is paid, the Administrator must certify that the Performance Goal and any other material terms of the Section 162(m) Award were in fact satisfied.

4.2.2 RESERVATION OF DISCRETION. The Administrator shall have discretion to determine the conditions, restrictions or other limitations, in accordance with the terms of this Plan and, in the case of Section 162(m) Awards, the limitations of Section 162(m), on the payment of individual Performance-Based Awards under this Section 4.2. The Administrator may reserve by express provision in any award agreement the right to reduce the amount payable in accordance with any standards or on any other basis (including the Administrator's discretion), as the Administrator may impose.

4.2.3 ADJUSTMENTS. Performance Goals or other features of an award under this Section 4.2 may be (i) adjusted to reflect a change in corporate capitalization, a corporate transaction (such as a reorganization, combination, separation, merger, acquisition, or any combination of the foregoing) or a complete or partial corporate liquidation, or (ii) calculated either without regard for or to reflect any change in accounting policies or practices affecting the Company and/or the Performance Objectives or Performance Goals, or (iii) adjusted for any other circumstances or event, or (iv) any combination of (i) through (iii), but only to the extent in each case that such adjustment or determination in respect of Section 162(m) Awards would be

consistent with the requirements of Section 162(m) to qualify as performance-based compensation.

4.3 CONSIDERATION FOR SHARES. Common Shares may be issued pursuant to an award for any lawful consideration as determined by the Administrator, including, without limitation, services rendered by the recipient of such award, but shall not be issued for less than the minimum lawful consideration. Awards may be payable in cash, stock or other consideration or any combination thereof, as the Administrator shall designate in or (except as required by Section 4.2) by amendment to the award agreement.

4.4 LIMITED RIGHTS. Except as otherwise expressly authorized by the Administrator or this Plan or in the applicable award agreement, a participant will not be entitled to any privilege of stock ownership as to any Common Shares not actually delivered to and held of record by the participant. No adjustment will be made for dividends or other rights as a stockholder for which a record date is prior to such date of delivery.

4.5 OPTION/STOCK APPRECIATION RIGHT PRICING LIMITS. The purchase price per share of the Common Shares covered by any option or the base price of any stock appreciation right shall be determined by the Administrator at the time of the grant, but shall not be less than 100% of the Fair Market Value of the Common Shares on the date of grant.

4.6 TERM LIMITS. Any option, stock appreciation right, warrant or similar right shall expire and any other award shall vest not more than 10 years after the date of grant. An award may be converted or convertible, notwithstanding the foregoing limits, into or payable in, Common Shares or another award that otherwise satisfies the requirements of this Plan.

4.7 TRANSFER RESTRICTIONS. Unless otherwise expressly provided in or permitted by this Section 4.7, by applicable law or by the award agreement, as the same may be amended, (i) all awards are non-transferable and shall not be subject in any manner to sale, transfer, anticipation, alienation, assignment, pledge, encumbrance or charge; (ii) awards shall be exercised only by the holder; and (iii) amounts payable or shares issuable pursuant to an award shall be delivered only to (or for the account of) the holder.

4.7.1 EXCEPTIONS BY ADMINISTRATOR ACTION. The Administrator, in its sole discretion, may permit an award to be transferred to, exercised by and paid to certain persons or entities related to the participant, including but not limited to members of the participant's family, or trusts or other entities whose beneficiaries or beneficial owners are members of the participant's family, or to such other persons or entities as may be expressly approved by the Administrator, pursuant to such conditions and procedures as the Administrator may establish. Any permitted transfer shall be subject to the condition that the Administrator receive evidence satisfactory to it that the transfer is being made for estate and/or tax planning purposes and on a basis consistent with the Company's lawful issue of securities and the incentive purposes of the award and this Plan. Notwithstanding the foregoing, awards intended as ISOs or restricted stock awards for purposes of the Code shall be subject to any and all additional transfer restrictions necessary to preserve their status as ISOs or restricted shares, as the case may be, under the Code.

4.7.2 EXCLUSIONS. The exercise and transfer restrictions in this Section 4.7 shall not apply to:

- (a) transfers to the Company,
- (b) the designation of a beneficiary to receive benefits in the event of the participant's death or, if the participant has died, transfers to or exercise by the participant's beneficiary, or, in the absence of a validly designated beneficiary, transfers by will or the laws of descent and distribution,
- (c) transfers pursuant to a domestic relations order (if approved or ratified by the Administrator), if (in the case of ISOs) permitted by the Code,
- (d) if the participant has suffered a disability, permitted transfers to or exercises on behalf of the holder by his or her legal representative, or
- (e) the authorization by the Administrator of "cashless exercise" procedures with third parties who finance or who otherwise facilitate the exercise of awards consistent with applicable laws and the express authorization of the Administrator.

4.8 TAX WITHHOLDING. Upon any exercise, vesting, or payment of any award, the Company shall:

- (a) require the recipient (or his or her heirs, personal representatives or beneficiaries, as the case may be) to pay or provide for payment of the amount of any taxes which the Company or any subsidiary may be required to withhold with respect to such transaction; or
- (b) deduct from any amount payable in cash the amount of any taxes that the Company or any subsidiary may be required to withhold with respect to such cash amount.

4.8.1 POSSIBLE SHARE OFFSET. In any case where a tax is required to be withheld in connection with the delivery of Common Shares under this Plan, the Administrator may require or may permit (either at the time of the award or thereafter) the holder the right to offset, pursuant to such rules and subject to such conditions as the Administrator may establish, the number of shares to be delivered by (or otherwise reacquire) the appropriate number of shares valued at their then Fair Market Value, to satisfy such withholding obligation.

4.9 CASH AWARDS. The Administrator shall have the express authority to pay awards in cash under this Plan, whether in lieu of, in addition to or as part of another award.

5. TERM OF PLAN. No award shall be granted under this Plan after the tenth anniversary of the Effective Date of this Plan. After that date, this Plan shall continue in effect as to then outstanding awards. Any then outstanding award may be amended thereafter in any manner that would have been permitted earlier, except that no such amendment shall increase the number of shares subject to, comprising or referenced in the award or reduce the exercise or base price of an option or stock appreciation right or permit cash payments in an amount that exceeds the limits of Section 2 (as adjusted pursuant to Section 6.2

6. ADJUSTMENTS; CHANGE IN CONTROL.

6.1 CHANGE IN CONTROL; ACCELERATION AND TERMINATION OF AWARDS. Unless prior to a Change in Control Event, the Administrator determines that, upon its occurrence, benefits under any or all awards will not accelerate or determines that only certain or limited benefits under any or all awards will be accelerated and the extent to which they will be accelerated, and/or establishes a different time in respect of such Change in Control Event for such acceleration, then upon the occurrence of a Change in Control Event:

(a) each option and stock appreciation right shall become immediately exercisable,

(b) restricted stock shall immediately vest free of restrictions,

(c) each award under Section 4.2 shall become payable to the participant,

(d) the number of shares covered by each stock unit account shall be issued to the participant, and

(e) any other rights of a participant under any other award will be accelerated to give the participant the benefit intended under any such award.

In the case of a transaction intended to be accounted for as a pooling of interests transaction, the Administrator will have no discretion with respect to these events if the exercise of such discretion would cause the transaction to no longer be accounted for as a pooling of interests transaction.

The Administrator may override the limitations on acceleration in this Section 6.1 by express provision in the award agreement and may accord any Eligible Person a right to refuse any acceleration, whether pursuant to the award agreement or otherwise, in such circumstances as the Administrator may approve. Any acceleration of awards shall comply with applicable legal and regulatory requirements. Without limiting the generality of the foregoing, the Administrator may deem an acceleration to occur immediately prior to or up to 30 days before the applicable event and/or reinstate the original terms of an award if an event giving rise to an acceleration does not occur.

If any option or other right to acquire Common Shares under this Plan has been fully accelerated as required or permitted by this Plan but is not exercised prior to (i) a dissolution of the Company, or (ii) an event described in this Section 6.1 that the Company does not survive, or (iii) the consummation of an event described in Section 6.2 involving a Change in Control Event approved by the Board, such option or right will terminate, subject to any provision that has been expressly made by the Administrator or the Board through a plan of reorganization approved by the Board or otherwise for the survival, substitution, assumption, exchange or other settlement of such option or right.

6.2 ADJUSTMENTS. The following provisions will apply if any extraordinary dividend or other extraordinary distribution occurs in respect of the Common Shares (whether in the form of cash, Common Shares, other securities, or other property), or any reclassification, recapitalization, stock split (including a stock split in the form of a stock dividend), reverse stock split, reorganization, merger, combination, consolidation, split-up, spin-off, repurchase, or exchange of Common Shares or other securities of the Company, or any similar, unusual or extraordinary corporate transaction (or event in respect of the Common Shares) or a sale of substantially all the assets of the Company as an entirety occurs. The Administrator will, in such manner and to such extent (if any) as it deems appropriate and equitable:

(a) proportionately adjust any or all of (i) the number and type of shares of Common Shares (or other securities) that thereafter may be made the subject of awards (including the specific maxima and numbers of shares set forth elsewhere in this Plan), (ii) the number, amount and type of shares of Common Shares (or other securities or property) subject to any or all outstanding awards, (iii) the grant, purchase, or exercise price of any or all outstanding

awards, (iv) the securities, cash or other property deliverable upon exercise of any outstanding awards, or (v) the Performance Goals or Performance Objectives appropriate to any outstanding awards, or

(b) in the case of an extraordinary dividend or other distribution, recapitalization, reclassification, merger, reorganization, consolidation, combination, sale of assets, split up, exchange, or spin off, make provision for a cash payment or for the substitution or exchange of any or all outstanding awards or the cash, securities or property deliverable to the holder of any or all outstanding awards based upon the distribution or consideration payable to holders of the Common Shares of the Company upon or in respect of such event.

In each case, with respect to awards of ISOs, no such adjustment will be made that would cause this Plan to violate Section 422 or 424 of the Code or any successor provisions without the written consent of holders materially adversely affected thereby. In any of such events, the Administrator may take such action sufficiently prior to such event if necessary or deemed appropriate to permit the participant to realize the benefits intended to be conveyed with respect to the underlying shares in the same manner as is available to stockholders generally.

7. PLAN AMENDMENT AND TERMINATION.

7.1 AUTHORITY OF THE BOARD. Subject to Sections 7.2 and 7.3, the Board may amend or terminate this Plan at any time and in any manner.

7.2 RESTRICTIONS. No amendment or termination of this Plan or change in or affecting any outstanding award shall deprive in any material respect the holder, without the consent of the holder, of any of his or her rights or benefits under or with respect to the award. Adjustments contemplated by Section 6 shall not be deemed to constitute a change requiring such consent.

7.3 STOCKHOLDER APPROVAL. Stockholder approval shall be required for any amendment to this Plan that would:

(a) materially increase the benefits accruing to participants under this Plan,

(b) materially increase the number of securities which may be issued under this Plan, or

(c) materially modify the requirements as to eligibility for participation in this Plan.

8. EFFECTIVE DATE. This Plan shall be effective as of the date of the Company's 2001 annual meeting of stockholders, subject to the approval of this Plan by the requisite vote of stockholders at that meeting.

9. LEGAL MATTERS.

9.1 COMPLIANCE AND CHOICE OF LAW; SEVERABILITY. This Plan, the granting and vesting of awards under this Plan and the issuance and delivery of Common Shares and/or the payment of money under this Plan or under awards granted hereunder are subject to compliance with all applicable federal and state laws, rules and regulations (including but not limited to state and federal securities and banking laws) and to such approvals by any listing, regulatory or governmental authority as may, in the opinion of counsel for the Company, be necessary or advisable in connection therewith. Any securities delivered under this Plan shall be subject to such restrictions as the Company may deem necessary or desirable to assure compliance with all applicable legal requirements. This Plan, the awards, all documents evidencing awards and all other related documents shall be governed by, and construed in accordance with the laws of the state of Delaware. If any provision shall be held by a court of competent jurisdiction to be invalid and unenforceable, the remaining provisions of this Plan shall continue in effect.

9.2 NON-EXCLUSIVITY OF PLAN. Nothing in this Plan shall limit or be deemed to limit the authority of the Board or the Administrator to grant awards or authorize any other compensation, with or without reference to the Common Shares, under any other plan or authority.

9.3 NO EMPLOYMENT CONTRACT. Nothing contained in this Plan (or in any other documents relating to this Plan or to any award) shall confer upon any Eligible Person or other participant any right to continue in the employ or other service of the Company or any subsidiary or constitute any contract or agreement of employment or other service, nor shall interfere in any way with the right of the Company or any subsidiary to change such person's compensation or other benefits or to terminate the employment of such person, with or without cause.

10. MISCELLANEOUS.

10.1 UNFUNDED PLAN. Unless otherwise determined by the Administrator, this Plan shall be unfunded and shall not create (or be construed to create) a trust or a separate fund or funds. This Plan shall not establish any fiduciary relationship between the Company or any subsidiary and any participant or other person. To the extent any person holds any rights by virtue of awards granted under this Plan, such rights (unless otherwise determined by the Administrator) shall be no greater than the rights of an unsecured general creditor of the Company.

10.2 AWARDS NOT COMPENSATION. Unless otherwise determined by the Administrator, settlements of awards received by participants under this Plan shall not be deemed a part of a participant's regular, recurring compensation for purposes of calculating payments or benefits from any Company benefit plan, severance program or severance pay law of any country. Further, the Company may adopt other compensation programs, plans or arrangements as it deems appropriate or necessary.

10.3 FRACTIONAL SHARES. The Company shall not be required to issue any fractional Common Shares pursuant to this Plan. The Administrator may provide for the elimination of fractions or for the settlement thereof in cash.

10.4 FOREIGN PARTICIPANTS. No award shall be made to a participant who is a foreign national or who is employed by the Company or any subsidiary outside the United States of America if such award would violate applicable local law. In order to facilitate the making of an award, the Administrator may provide for such special terms for awards to participants who are foreign nationals, or who are employed by the Company or any subsidiary outside of the United States of America, as the Administrator may consider necessary or appropriate to accommodate differences in local law, tax policy or custom. Moreover, the Administrator may approve such supplements to or amendments to this Plan as it may consider necessary or appropriate for such purposes unless stockholder approval for any such change would be required in accordance with the provisions of Section 7.

10.5 DEFERRAL. The Administrator may authorize, subject to such requirements or restrictions as it may impose, the deferral of any payment of cash or delivery of Common Shares or other property that may become due or payable under this Plan.

11. DEFINITIONS.

"ADMINISTRATOR" means the Compensation Committee of the Board or its successor, which shall be composed of not less than two members of the Board, each of whom shall be a "disinterested person" within the meaning of Rule 16b-3 and an "outside director" within the meaning of Section 162(m).

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

"BUSINESS COMBINATION" means 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.

"CHANGE IN CONTROL 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 Change in Control Event under clause (b) below;

(b) Consummation of a Business Combination, unless (1) as a result of the Business Combination, more than 50% of the outstanding voting power of the Successor Entity immediately after the reorganization is, or will be, owned, directly or indirectly, by holders of the Company's voting securities immediately before the Business Combination; (2) no "person" (as such term is used in Sections 13(d) and 14(d) of the Exchange Act), excluding the Successor Entity or 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 (3) 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 (1) an acquisition directly from the Company; (2) an acquisition by the Company; or (3) 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.

"CODE" means the Internal Revenue Code of 1986, as amended from time to time.

"COMMON SHARES" mean the Company's Common Stock, par value \$0.20 per share.

"COMPANY" means Occidental Petroleum Corporation, a Delaware corporation.

"EFFECTIVE DATE" means the date this Plan shall become effective, as set forth in Section 9 herein.

"ELIGIBLE PERSON" means any person who is an officer or employee of the Company or any of its subsidiaries.

"EXCHANGE ACT" means the Securities Exchange Act of 1934, as amended from time to time.

"EXCLUDED PERSON" means 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.

"FAIR MARKET VALUE" means the last reported sales price of a share of Common Share on the New York Stock Exchange -- Composite Transactions on the relevant date or, if there are no reported sales on such date, then the last reported sales price on the next preceding day on which such a sale is transacted.

"ISO" means an incentive stock option qualified under Section 422 of the Code.

"PERFORMANCE-BASED AWARD" means an award whose grant, vesting, exercisability or payment depends upon on any one or more of the Performance Objectives, in each case relative to Performance Goals, on an absolute or relative basis (including comparisons to peer companies) or ratio with other Performance Objectives, either as reported currency or constant currency, pre-tax or after-tax, before or after special charges, for the Company on a consolidated basis or for one or more subsidiaries, segments, divisions or business units, or any combination of the foregoing. The applicable performance period may range from one to five years.

"PERFORMANCE GOAL" means a preestablished targeted level or levels of any one or more Performance Objectives.

"PERFORMANCE OBJECTIVES" mean any one or more of the following business criteria: A/R day sales outstanding, A/R to sales, debt, debt to debt plus stockholder equity, debt to EBIT or EBITDA, EBIT, EBITDA, EPS, EVA, expense reduction, interest coverage, inventory to sales, inventory turns, net income, operating cash flow, pre-tax margin, return on assets, return on capital employed, return on equity, sales, stock price appreciation, and total stockholder return (TSR), as defined further in Appendix A. These terms are used as applied under generally accepted accounting principles (if applicable) and in the Company's financial reporting.

"PLAN" means this Occidental Petroleum Corporation 2001 Incentive Compensation Plan, as it may hereafter be amended from time to time.

"QUALIFYING OPTIONS" mean options and stock appreciation rights granted with an exercise price not less than Fair Market Value on the date of grant. Qualifying Options are Performance Based-Awards.

"RULE 16B-3" means Rule 16b-3 under Section 16 of the Exchange Act.

"SECTION 162(m)" means Section 162(m) of the Code and the applicable regulations and interpretations thereunder.

"SECTION 162(m) AWARD" means a Performance-Based Award intended to satisfy the requirements for "performance-based compensation" within the meaning of Section 162(m).

"SHARE LIMIT" means the maximum number of Common Shares, as adjusted, that may be delivered pursuant to all awards granted under this Plan.

"SUCCESSOR ENTITY" means the surviving or resulting entity or a parent thereof of a Business Combination.

APPENDIX A TO 2001 INCENTIVE COMPENSATION PLAN
PERFORMANCE OBJECTIVES

The Performance Objectives shall have the meanings set forth below, in each case as reported in the financial statements of the Company or applicable subsidiary, division, segment, or unit ("financial statements").

A/R DAY SALES OUTSTANDING means trade accounts receivable (A/R)(net of reserves) divided by latest historical day Sales.

A/R TO SALES means the ratio of accounts receivable to Sales.

DEBT means all accounts classified as such in the financial statements.

DEBT TO DEBT PLUS STOCKHOLDER EQUITY means the ratio of Debt to Debt plus stockholder equity.

DEBT TO EBIT OR EBITDA means the ratio of Debt to EBIT or EBITDA.

EBIT means Net Income before interest expense and taxes, which may be adjusted for special charges, if any.

EBITDA means Net Income before interest expense, taxes, depreciation and amortization, which may be adjusted for special charges, if any.

EPS means Net Income divided by the weighted average number of Common Shares outstanding. The shares outstanding may be adjusted to include the dilutive effect of stock options, restricted stock and other dilutive financial instruments as required by generally accepted accounting principles.

EVA means operating profit after tax (OPAT) (which is defined as Net Income after tax but before tax adjusted interest income and expense and goodwill amortization), less a charge for the use of capital (average total capital as such term is used below under "Return on Capital Employed"). Net Income may be adjusted for special charges and acquisition activity costs, if any. The charge for capital is the percentage cost of capital times the average total capital. The cost of capital is the weighted average cost of capital as calculated for the Company.

EXPENSE REDUCTION means reduction in actual expense or an improvement in the expense to Sales ratio compared to a target or prior year actual expense to Sales ratio, which may be adjusted for special charges, if any.

INTEREST COVERAGE means the ratio of EBIT or EBITDA to interest expense. Net Income may be adjusted for special charges.

INVENTORY TO SALES means the ratio of total inventory to Sales.

INVENTORY TURNS means the ratio of total cost of goods sold on a historical basis to average net inventory. This ratio may be adjusted for special charges, if any.

NET INCOME means the difference between total Sales plus other revenues and net total costs and expenses, including income taxes.

OPERATING CASH FLOW means the net cash provided by operating activities less net cash used by operations and investing activities as shown on the statement of cash flows. The numbers relating to the foregoing may be adjusted for special charges, if any.

PRE-TAX MARGIN means the ratio of earnings before income taxes to Sales. Earnings may be adjusted for special charges, if any.

RETURN ON ASSETS means the ratio of Net Income to total average assets including goodwill. Earnings may be adjusted for special charges and goodwill amortization for comparative purposes.

RETURN ON CAPITAL EMPLOYED means the ratio of Net Income plus tax-effected interest expense to long-term Debt plus stockholder equity.

RETURN ON EQUITY means the ratio of Net Income to stockholder equity.

SALES means sales, service and rental income from third parties net of discounts, returns and allowances.

STOCK PRICE APPRECIATION means an increase, or an average annualized increase, in the stock price or market value of the Common Shares of the Company after purchase of, or the date of grant of, an award or above a specified stock

price.

TOTAL STOCKHOLDER RETURN OR TSR means the appreciation in the price of a Common Share plus reinvested dividends over a specified period of time.

EXECUTIVE INCENTIVE COMPENSATION PLAN
PLAN DOCUMENT

PURPOSE

This Plan is designed to provide selected employees with annual cash incentive opportunities. Awards are based on the achievement of specific objectives that reflect business success and generate stockholder value. The Plan directly links Participants' incentive compensation with the performance of the Subsidiary where they have personal accountability and also promotes the Company's results-oriented management style.

ELIGIBILITY/PARTICIPATION

All Senior Management employees are eligible for participation in the Plan. Participants are selected by management.

PERFORMANCE MEASURES/OBJECTIVES

During the first quarter of each year, Financial Objectives and Personal Objectives for the year shall be established. The Financial Objectives and Personal Objectives shall be weighted to reflect the significance of business and individual performance (e.g. Financial Objectives weighted 60% and Personal Objectives weighted 40%).

Subsidiary heads shall recommend, and the CEO shall approve, the specific Financial Objectives to be used by each respective Subsidiary for the year, as well as the specific weighting of each Financial Objective (e.g. 50% Segment Earnings and 50% Cash Flow). The specific objectives selected, and their weightings, may vary by Subsidiary and may be changed from year to year in response to changes in business priorities.

A Participant's manager shall recommend the Participant's Personal Objectives for the Plan year. Subsidiary heads shall approve the Personal Objectives for each eligible Participant in their Subsidiary. The CEO shall approve the Personal Objectives of all corporate officers and the Compensation Committee shall approve the Personal Objectives of the CEO. A targeted performance level shall be established which represents

the desired performance for the year. A minimum and maximum level of performance shall also be established.

Early in each Plan year, Participants shall be advised by their management of the Financial Objectives that will be used to determine their Awards for the Plan year, the weighting allocation of the various Financial Objectives, as well as the weighting allocation between Financial Objectives and Personal Objectives.

AWARD LEVELS

A Target Award shall be established at the beginning of every Plan year for each executive grade level. Individual Target Award levels shall reflect variations in job function and scope and the potential impact the Participant has on company business objectives. The more senior the position, the greater the portion of total compensation that shall be placed "at risk". Award minimums and maximums shall also be established for performance levels below and above target performance. Award opportunity levels corresponding to the minimum, target and maximum levels of performance may vary by Subsidiary according to business priorities.

AWARDS

Awards under the Plan shall be determined by evaluating performance against Financial Objectives and Personal Objectives. Actual Awards may be higher or lower than the Target Award. Subsidiary heads shall determine Award recommendations with final approval made by the Compensation Committee.

Awards shall generally be paid in a single cash payment during the first quarter following the end of the Plan year. Awards shall be based on the Participant's December 31st base salary of the Plan year. All applicable taxes and withholdings shall be deducted from Award payments in accordance with federal, state and local regulations. Awards may be deferred under the Company's Deferred Compensation Plan ("DCP") in accordance with the provisions of the DCP.

PLAN CHANGES DUE TO COMPANY ACTIVITY

Acquisitions, divestitures and/or mergers by the Company with outside companies may require changes/amendments to the current year's Plan targets, measures and/or Award opportunities of a specific Subsidiary. In such cases, Plan changes shall be presented for CEO approval.

AWARD PAYMENT UNDER VARIOUS EMPLOYMENT CONDITIONS

The CEO or President may determine, or may delegate the determination of, the eligibility for Target Awards and any payment of Awards to Participants who enter or exit employment, transfer between Subsidiaries, or who are promoted during the Plan year.

PLAN ADMINISTRATION

The Plan shall be administered by the Compensation Committee. The decisions of the Compensation Committee shall be final and binding.

PLAN CONTINUATION

The Company expects and intends to continue this Plan but does not guarantee any specific levels of Award payments or the continuation of any Award payments. Award payments made under this Plan do not create a contract of employment. The Company reserves the right to modify, suspend, change or terminate this Plan at any time by the action of the Compensation Committee in its sole discretion.

DEFINITION OF TERMS

AWARD - A cash incentive based on the achievement of specific financial and individual objectives expressed as a percentage of year-end base salary.

COMPANY -- Occidental Petroleum Corporation, including its Subsidiaries.

COMPENSATION COMMITTEE -- Members of the Company's Board of Directors who are appointed by the Board of Directors to monitor and approve the compensation programs of the Company in order to ensure alignment with company objectives and shareholder interest.

SUBSIDIARY -- Any entity controlled by Occidental Petroleum Corporation that the Compensation Committee determines has employees eligible to participate in the Plan.

FINANCIAL OBJECTIVES -- One or more financial goals established each year which reflect current business priorities and against which Company performance will be measured.

PERSONAL OBJECTIVES -- Predetermined, documented personal goals directly related to an individual's job, including where applicable, management of unanticipated, unpredictable or uncontrollable events, used to assess individual performance.

PARTICIPANT -- A member of Senior Management who is selected to participate in the Plan.

"PLAN" - The Executive Incentive Compensation Plan.

SENIOR MANAGEMENT -- Employees of the Company in executive grade levels EX91 and above.

TARGET AWARD -- An Award that reflects or is contingent upon a specified level of performance.

OCCIDENTAL PETROLEUM CORPORATION

SUPPLEMENTAL RETIREMENT PLAN

Amended and Restated Effective as of January 1, 1999
[Reflecting Amendments Effective through March 1, 2001]

OCCIDENTAL PETROLEUM CORPORATION
 SUPPLEMENTAL RETIREMENT PLAN
 Amended and Restated Effective as of January 1, 1999
 [Reflecting Amendments Effective through March 1, 2001]

TABLE OF CONTENTS

SECTION	PAGE
ARTICLE I ESTABLISHMENT AND PURPOSE	
1.1 Establishment and Purpose	1
1.2 Application of Plan	1
ARTICLE II DEFINITIONS	
2.1 Definitions	2
2.2 Gender and Number	4
ARTICLE III ELIGIBILITY AND PARTICIPATION	
3.1 Participation Prior to 1999	5
3.2 Participation after 1998	5
ARTICLE IV BENEFITS	
4.1 Allocations Relating to the Retirement Plan	7
4.2 Allocations Relating to the Savings Plan	8
4.3 Allocations Relating to the Deferred Compensation Plan	8
4.4 Contributions	9
4.5 Maintenance of Accounts	9
4.6 Vesting and Forfeiture	10
4.7 Payment	10
4.8 Death	12
4.9 Tax Withholding	13
4.10 Termination of Employment	13
ARTICLE V ADMINISTRATION	
5.1 Administrative Committee	14
5.2 Uniform Rules	14
5.3 Notice of Address	15
5.4 Records	15

OCCIDENTAL PETROLEUM CORPORATION
 SUPPLEMENTAL RETIREMENT PLAN
 Amended and Restated Effective as of January 1, 1999
 [Reflecting Amendments Effective through March 1, 2001]

TABLE OF CONTENTS

SECTION	PAGE
ARTICLE VI AMENDMENT AND TERMINATION	
6.1	16
6.2	16
6.3	16
ARTICLE VII CLAIMS PROCEDURE	
7.1	18
ARTICLE VIII GENERAL PROVISIONS	
8.1	21
8.2	21
8.3	21
8.4	21

APPENDIX A

OCCIDENTAL PETROLEUM CORPORATION
SUPPLEMENTAL RETIREMENT PLAN
Amended and Restated Effective as of January 1, 1999
[Reflecting Amendments Effective through March 1, 2001]

ARTICLE I
ESTABLISHMENT AND PURPOSE

1.1 Establishment and Purpose. Occidental Petroleum Corporation (the "Company") hereby amends and restates the OCCIDENTAL PETROLEUM CORPORATION SUPPLEMENTAL RETIREMENT PLAN (the "Plan") effective as of January 1, 1999. The restatement reflects the merger of the Plan with the Occidental Petroleum Corporation Senior Executive Supplemental Retirement Plan (the "SESRP"). The Plan is intended to be exempt from the participation, vesting, funding, and fiduciary requirements of Title I of the Employee Retirement Income Security Act of 1974, as amended ("ERISA"), as an unfunded plan maintained primarily for the purpose of providing deferred compensation for a select group of management or highly compensated employees.

1.2 Application of Plan. The terms of the Plan are applicable to Employees and former Employees who were participants in the Plan and the SESRP on December 31, 1998 and eligible Employees employed by an Employer on or after January 1, 1999. Appendix A to this Plan contains certain provisions that apply only to Participants who were participants in the SESRP prior to January 1, 1999.

ARTICLE II
DEFINITIONS

2.1 Definitions. Whenever the following words and phrases are used in the Plan with the first letter capitalized, they shall have the meanings specified below, unless the context clearly indicates otherwise:

- (a) "ADMINISTRATIVE COMMITTEE" means the committee with authority to administer the Plan as provided under Section 5.1.
- (b) "AFFILIATE" means: (i) any corporation which 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) which 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)).
- (c) "BENEFICIARY" means the person(s) entitled to receive the Participant's benefits under the Retirement Plan in the event of the Participant's death.
- (d) "BOARD OF DIRECTORS" means the Board of Directors of the Company.
- (e) "CODE" means the Internal Revenue Code of 1986, as amended.
- (f) "COMPANY" means Occidental Petroleum Corporation, and any successor thereto.
- (g) "COMPENSATION" means the base salary of an Employee as stated in the payroll records of his Employer, excluding any amounts paid for bonuses, income

realized upon exercise of stock options, and any other special pay which the Employer pays to the Employee during the Plan Year, prior to reduction for any deferral of base salary under the Savings Plan, Deferred Compensation Plan or any other qualified or non-qualified deferred compensation plan or agreement. In the case of a Participant who became disabled prior to October 1, 1995 and who is receiving benefits under the Long-Term Disability Plan, Compensation shall be his base salary as described above in effect at the time he became disabled, as that term is defined in the Long-Term Disability Plan.

- (h) "DEFERRED COMPENSATION PLAN" means the OCCIDENTAL PETROLEUM CORPORATION DEFERRED COMPENSATION PLAN, as amended from time to time.
- (i) "EMPLOYEE" means an employee of an Employer.
- (j) "EMPLOYER" means the Company and any Affiliate which is designated by the Administrative Committee as an Employer and which adopts this Plan.
- (k) "LONG-TERM DISABILITY PLAN" means the OCCIDENTAL PETROLEUM CORPORATION LONG-TERM DISABILITY PLAN, as amended from time to time.
- (l) "PARTICIPANT" means a person meeting the requirements set forth in Article III to participate in the Plan.
- (m) "PLAN YEAR" means the calendar year
- (n) "RETIREMENT PLAN" means the OCCIDENTAL PETROLEUM CORPORATION RETIREMENT PLAN, as amended from time to time.
- (o) "SAVINGS PLAN" means the OCCIDENTAL PETROLEUM CORPORATION SAVINGS PLAN, as amended from time to time.

- (p) "SESRP" means the OCCIDENTAL PETROLEUM CORPORATION SENIOR EXECUTIVE SUPPLEMENTAL RETIREMENT PLAN, as in effect on December 31, 1998.

2.2 Gender and Number. Except when otherwise indicated by the context, any masculine terminology used herein shall also include the feminine, and the use of any term herein in the singular may also include the plural.

ARTICLE III
ELIGIBILITY AND PARTICIPATION

3.1 Participation Prior to 1999. Any Employee who was a Participant as of December 31, 1998 shall continue to be a Participant effective January 1, 1999. Additionally, any Employee who was a participant in the SESRP on December 31, 1998 shall become a Participant on January 1, 1999.

3.2 Participation after 1998. The provisions set forth in this Section 3.2 shall be effective as of January 1, 1999 and shall apply to Employees who are not Participants pursuant to Section 3.1.

Any Employee who (a) either is eligible to participate in the Savings Plan and the Retirement Plan, or is a "Transition Eligible Participant" (as defined in Section 1.34 of the Oxy Permian Cash Balance Retirement Plan, as in effect on December 31, 2000), and (b) for a given plan year of the Savings Plan, would be ineligible to receive the maximum employer matching contribution under Section 5.1 of the Savings Plan due to the limitations imposed by Code Section 401(a)(17) (which limits the amount of compensation which may be taken into account) or Code Section 415 (assuming the second paragraph of Section 4.7 of the Retirement Plan is applicable to the Employee) if he had made the maximum deferral or contribution permitted under Article 4 of the Savings Plan, shall be a Participant.

In addition, any Employee who would be ineligible to receive the maximum employer matching contribution under Section 5.1 of the Savings Plan in a plan year of the Savings Plan, due to the limitations described in the preceding paragraph, on account of deferrals of base salary during the year under any nonqualified pension benefit plan sponsored by the Company or an

Affiliate in which the Participant participates, shall be a Participant in this Plan for that Plan Year.

Any Employee who is eligible to participate in the Deferred Compensation Plan shall be a Participant.

Any Employee who is a participant in, and receiving benefits under the Long-Term Disability Plan and who was a highly-compensated employee (as defined in Code Section 414(q)) in the year of his commencement of benefits under the Long-Term Disability Plan, shall be a Participant for each Plan Year during which he receives benefit payments under the Long-Term Disability Plan, provided that no such Employee who becomes disabled under the terms of the Long-Term Disability Plan subsequent to September 30, 1995 shall be a Participant.

Notwithstanding anything contained herein, any Employee who is entitled to receive supplemental retirement benefits upon his retirement pursuant to a written contract of employment between himself and the Company or an Affiliate shall be ineligible to be a Participant effective January 1 of the year after the effective date of such contractual provision.

ARTICLE IV
BENEFITS

4.1 Allocations Relating to the Retirement Plan. A credit shall be made as of the last day of each month to a contingent account for each Participant. The amount to be allocated shall equal the amount which would be allocated to the account of the Participant for the month under the Retirement Plan, based on the Participant's Compensation, if the Participant were not subject to provisions that withhold allocations until the end of the plan year of the Retirement Plan. For Participants covered under this Plan, allocations under the Retirement Plan are determined at the end of the plan year of the Retirement Plan, to the extent allowable under Code limitations. The amounts contingently credited under this Section 4.1 during the year to a Participant who is an Employee at the end of the Plan Year shall be reduced by the amount actually allocated to his account under the Retirement Plan, and any remaining amount shall be credited permanently to his account under this Plan. In the case of a Participant who is not an Employee at the end of the Plan Year (including Participants described in the fifth paragraph of Section 3.2), the amounts contingently credited under this Section 4.1 during the year shall be credited permanently to his account under this Plan.

The Employer shall also permanently credit to each Participant's account, earnings on contingent monthly allocations under the preceding paragraph for the year as if such contingent allocations shared in earnings at the rate and in the manner described in Section 4.5 Notwithstanding the foregoing, any earnings attributable to the Retirement Plan previously credited to the account of a Participant under the Plan during the current or any preceding plan year shall be reallocated to the account of the Participant under the Retirement Plan in any year when it is permissible to do so under Code limitations.

4.2 Allocations Relating to the Savings Plan. A credit shall be made as of the last day of the Plan Year to the account of each Participant in an amount equal to (A) -- (B), where (A) is the amount of employer matching contributions that could not have been allocated to the Participant under Section 5.1 of the Savings Plan during that Plan Year due to the limitations imposed by Sections 401(a)(17) or 415 of the Code if such Participant had made the maximum deferral or contribution permitted under Article 4 of the Savings Plan, and (B) is any such amount which is credited on behalf of the Participant during that Plan Year under any other nonqualified pension benefit plan sponsored by the Company or an Affiliate. An additional amount equal to five percent (5%) of the amount allocated to the Participant under the preceding sentence shall be allocated to each Participant in lieu of interest on such amount for the Plan Year.

4.3 Allocations Relating to the Deferred Compensation Plan. A credit shall be made to the account of each Participant who, in that Plan Year, is eligible to participate in the Deferred Compensation Plan and the Retirement Plan. Such credit shall be made irrespective of whether such Participant elects to defer under the Deferred Compensation Plan all or any part of any bonus to which he might be entitled. Notwithstanding the preceding sentence, no credit shall be made to the account of a Participant who is not an Employee on the date that any such bonus is awarded. The amount to be allocated in a Plan Year under this Plan with respect to a Participant shall equal that Participant's applicable percentage multiplied by the amount of the bonus he is entitled to elect to defer for that plan year of the Deferred Compensation Plan. For the purpose of this Section 4.3, the term "applicable percentage" shall mean twelve percent (12%) in the case of a Participant who shall have attained age 35 prior to the end of the Plan Year in which such credit is made and eight percent (8%) in the case of a Participant who shall not have attained age 35 prior to the end of the Plan Year in which such credit is made. The credit described in this Section shall be made to the account of each Participant effective as of the date on which he is

awarded the bonus he is entitled to defer under the Deferred Compensation Plan. Notwithstanding the preceding provisions of this Section 4.3, no credit shall be made to the account of any Participant with respect to any bonus that the Participant is entitled to elect to defer under the Deferred Compensation Plan with respect to services performed prior to January 1, 1998.

4.4 Contributions. At the end of each year the Employer by which a Participant is then employed shall contribute to a grantor trust an amount equal to the amounts permanently allocated to the Participant under Sections 4.1, 4.2 and 4.3 for that Plan Year.

4.5 Maintenance of Accounts.

- (a) Each Employer shall establish and maintain, in the name of each Participant employed by that Employer, an individual account which shall consist of all amounts permanently credited to the Participant. As of the end of each month, the Administrative Committee shall increase or decrease the balance, if any, of the Participant's individual account as of the last day of the preceding month, by multiplying such amount by a number equal to one plus .167% plus the monthly yield on 5-Year Treasury Constant Maturities for the monthly processing period. As of December 31st of each year the Administrative Committee shall then add to such account balance, any permanent allocation to which the Participant is entitled for such year.
- (b) The individual account of each Participant shall represent a liability, payable when due under this Plan, out of the general assets of the Employer, or from the assets of any trust, custodial account or escrow arrangement which the Employer may establish for the purpose of

assuring availability of funds sufficient to pay benefits under this Plan. The money and any other assets in any such trust or account shall at all times remain the property of the Employer, and neither this Plan nor any Participant shall have any beneficial ownership interest in the assets thereof. No property or assets of the Employer shall be pledged, encumbered, or otherwise subjected to a lien or security interest for payment of benefits hereunder. Accounting for this Plan shall be based on generally accepted accounting principles.

- (c) If a Participant transfers employment from one Employer to another, the liability for such Participant's benefits under the Plan shall also be transferred to the successor Employer.

4.6 Vesting and Forfeiture. All benefits under this Plan shall be contingent and forfeitable and no Participant shall have a vested interest in any benefit unless, while he is still employed by an Employer, he becomes fully vested in his benefit under the Retirement Plan (or would have become vested if he were a participant in the Retirement Plan). A person who terminates employment with an Employer for any reason prior to becoming vested hereunder shall not receive a benefit, provided that, upon rehire by an Employer, any amounts forfeited by a Participant at the time of his termination of employment shall be restored, without interest, to his account.

4.7 Payment. Every Participant who terminates employment shall, if vested, have his account distributed to him as soon as practicable following his termination of employment under one of the following distribution options elected by the Participant on a form prescribed by the Administrative Committee:

(a) One lump sum payment, provided that, effective as of March 1, 2001, in the case of a Participant whose individual account balance exceeds \$20,000 at the time of his termination of employment, such lump sum payment shall be made during the first quarter of the calendar year following the calendar year of his termination of employment; or

(b) Annual installment payments payable over 5, 10, 15, or 20 years commencing in the first quarter of the calendar year following the calendar year in which he terminates employment. Annual installment payments shall be available only to Participants whose individual account balances exceed \$20,000 at the time of their termination of employment in the case of a termination on or after March 1, 2001, or \$2,000 in the case of a termination prior to March 1, 2001, notwithstanding any contrary elections by the Participant.

The election must be made by the Participant as soon as practicable after his commencement of participation in the Plan, but in no event later than the end of the twelve month period beginning with such commencement. An election form shall be provided to the Participant in non-technical language and shall contain a general description of the distribution options. If a Participant fails to make an election by the close of the twelve month period beginning on the commencement of his participation, he will be deemed to have elected to receive his benefits in the form of a lump sum payment.

The Administrative Committee, in its sole discretion, may permit a Participant to change his election as to the form of payment upon written petition of the Participant. In order to be effective, a Participant's election (or modification or revocation of prior election) of the form of payment must be made not later than twelve months before the Participant's retirement or

termination of employment, unless otherwise permitted by the Administrative Committee. Subject to the foregoing limitation, 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) which is made later than twelve months prior to the Participant's retirement or termination of employment will be considered void and shall have no force or effect, except as otherwise determined by the Administrative Committee.

If benefits are to be paid in installments, the Participant's account will continue to be adjusted until any series of installments has been completed. The amount of each annual installment shall equal the amount credited to the account as of January 31 of the year in which the installment is to be paid, multiplied by a fraction, the numerator of which is 1, and the denominator of which is the number of installments (including the current one) which remain to be paid. Each installment shall be paid as soon as administratively possible after January 31 of the calendar year.

Notwithstanding anything else contained in this Section 4.7, no Participant who is eligible for Employer-provided long-term disability benefits and who became disabled prior to October 1, 1995, shall be entitled to a distribution of benefits hereunder prior to the time long-term disability payments cease.

4.8 Death. The account of a Participant who dies prior to termination of employment shall be paid in a single sum to the Participant's Beneficiary as soon as administratively possible following the date of the Participant's death. If a Participant dies after termination of employment, then his surviving Beneficiary shall be paid the amount in the Participant's account in a single sum as soon as administratively possible following the date of the Participant's death.

4.9 Tax Withholding. To the extent required by the law in effect at the time payments are made, the Employer shall withhold from payments made hereunder, the taxes required to be withheld by federal, state and local governments.

4.10 Termination of Employment. For the purposes of the termination of employment provisions of the Plan, a Participant will be deemed to have terminated employment if the Participant ceases to be an employee of any of the following:

- (a) an Employer;
- (b) an Affiliate, regardless of whether the Affiliate is an Employer; or
- (c) any other entity, whether or not incorporated, in which the Company has an ownership interest, and the Administrative Committee has designated that the Participant's commencement of employment with such entity upon the 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 Administrative Committee and shall be communicated to the Participant prior to his commencement of employment with the entity so designated.

For 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.

ARTICLE V
ADMINISTRATION

5.1 Administrative Committee. The Plan shall be administered by the committee appointed to administer the Retirement Plan (the "Administrative Committee").

The interpretation and construction by the Administrative Committee of any provisions of the Plan shall be final unless otherwise determined by the Board of Directors. Subject to directions from the Board of Directors, the Administrative Committee is authorized to construe and interpret the Plan, to supply all omissions from, correct deficiencies in, and resolve ambiguities in the language of the Plan, to decide all questions of eligibility and determine the amount, manner and time of payment of benefits, to prescribe, amend and rescind rules and regulations relating to the Plan, and to make all other determinations necessary for its administration.

Without limiting the generality of the foregoing, the Administrative Committee shall have the authority to calculate amounts allocable to Participants, and to maintain and adjust accounts. The Administrative Committee shall have authority to delegate responsibility for performance of ministerial functions necessary for administration of the Plan to such officers of the Employer, including Participants, as the Administrative Committee shall in its discretion deem appropriate.

5.2 Uniform Rules. In administering the Plan, the Administrative Committee will apply uniform rules to all Participants similarly situated.

5.3 Notice of Address. Any payment to a Participant or Beneficiary, at the last known post office address submitted to the Employer, shall constitute a complete acquittance and discharge of the Employer and any director or officer with respect thereto. Neither the Employer nor any director or officer shall have any duty or obligation to search for or ascertain the whereabouts of any Participant or Beneficiary.

5.4 Records. The records of the Administrative Committee with respect to the Plan shall be conclusive on all Participants, all Beneficiaries, and all other persons whomsoever.

ARTICLE VI
AMENDMENT AND TERMINATION

6.1 Amendment and Termination. The Company expects the Plan to be permanent, but since future conditions affecting the Company cannot be anticipated or foreseen, the Company must necessarily and does hereby reserve the right to amend, modify, or terminate the Plan at any time by action of its Board of Directors, except that no amendment shall reduce the dollar amount credited to a Participant's account and any such termination or amendment shall apply uniformly to all Participants. The Administrative Committee, in its discretion, may amend the Plan if it finds that such amendment does not significantly increase or decrease benefits or costs.

6.2 Reorganization of Employer. In the event of a merger or consolidation of the Employer, or the transfer of substantially all of the assets of the Employer to another corporation, such continuing, resulting or transferee corporation shall have the right to continue and carry on the Plan and to assume all liabilities of the Employer hereunder without obtaining the consent of any Participant or Beneficiary. If such successor shall assume the liabilities of the Employer hereunder, then the Employer shall be relieved of all such liability, and no Participant or Beneficiary shall have the right to assert any claim against the Employer for benefits under or in connection with the Plan.

6.3 Protected Benefits. If the Plan is terminated or amended so as to prevent further earnings adjustments, or if liabilities accrued hereunder up to the date of an event specified in Section 6.2 are not assumed by the successor to the Employer, then the dollar amount in the account of each Participant or Beneficiary (whether or not vested) shall be paid in cash to such

Participant or Beneficiary in a single sum on the last day of the second month following the month in which the amendment or termination occurs.

ARTICLE VII
CLAIMS PROCEDURE

7.1 Claims and Appeals Procedures. All applications for benefits under the Plan shall be submitted to: Occidental Petroleum Corporation, Attention: Pension and Retirement Plan Administrative Committee, 10889 Wilshire Blvd., Los Angeles, CA 90024. Applications for benefits must be in writing on the forms prescribed by the Administrative Committee and must be signed by the Participant, or in the case of a death 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 Administrative Committee. If any application for a benefit is denied, in whole or in part, the Administrative Committee shall notify the applicant in writing of such denial and of his right to a review by the Administrative 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 Administrative Committee for a review of the decision by submitting to the Administrative Committee within 60 days after receiving notice of the denial, a written statement:

- (a) requesting a review of his application for benefits by the Administrative 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 Administrative Committee shall act upon each such application within 60 days after the later of receipt of the applicant's request for review by the Administrative Committee or receipt of any additional materials reasonably requested by the Administrative Committee from such applicant.

The Administrative Committee shall make a full and fair review of each such application and any written materials submitted by the applicant or the Employer in connection therewith, and may require the Employer or the applicant to submit within 30 days of written notice by the Administrative Committee therefor, such additional facts, documents, or other evidence as the Administrative Committee, in its sole discretion, deems necessary or advisable in making such a review. On the basis of its review, the Administrative Committee shall make an independent determination of the applicant's eligibility for benefits under the Plan. The decision of the Administrative Committee on any application for benefits shall be final and conclusive upon all persons if supported by substantial evidence in the record.

If the Administrative Committee denies an application in whole or in part, the Administrative 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 Administrative 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 (i)

180 days after receiving the written response of the Administrative Committee to an appeal, or (ii) 365 days after an applicant's original application for benefits.

ARTICLE VIII
GENERAL PROVISIONS

8.1 Nonassignability. 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 amount, 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.

8.2 Employment Rights. The establishment of the Plan shall not be construed as conferring any legal rights upon any Participant or any other person for a continuation of employment, nor shall it interfere with the rights of the Employer to discharge any person or treat him without regard to the effect which such treatment might have upon him under this Plan.

8.3 Illegality of Particular Provision. If any particular provision of this Plan shall be found to be illegal or unenforceable, such provision shall not affect any other provision, but the Plan shall be construed in all respects as if such invalid provision were omitted.

8.4 Applicable Laws. The Plan shall be governed by and construed according to the laws of the State of California, to the extent such laws are not preempted by ERISA.

IN WITNESS WHEREOF, the Company has executed this document this ____ day
of _____, 2001.

OCCIDENTAL PETROLEUM CORPORATION

By

Richard W. Hallock
Executive Vice-President, Human
Resources

APPENDIX A

SPECIAL PROVISIONS APPLICABLE TO PARTICIPANTS WHO WERE
PARTICIPANTS IN THE OCCIDENTAL PETROLEUM CORPORATION
SENIOR EXECUTIVE SUPPLEMENTAL RETIREMENT
PLAN ON DECEMBER 31, 1998
(EFFECTIVE AS OF JANUARY 1, 1999)

The Plan is the result of the merger of the Occidental Petroleum Corporation Supplemental Retirement Plan as in effect on December 31, 1998, with the Occidental Petroleum Corporation Senior Executive Retirement Plan as in effect on December 31, 1998 (the "SESRP"). The Company has deemed it desirable to continue certain provisions of the SESRP for the benefit of Participants who were participants in the SESRP on December 31, 1998. Therefore, this Appendix A sets forth certain provisions that apply only to Participants who were participants in the SESRP on December 31, 1998 which provisions supersede any contrary provisions in the main body of the Plan document as to such Participants.

1. Beneficiary. Section 2.1(c) of the Plan shall not apply. Instead, each Participant shall have the right, at any time, to designate any person or persons as the Beneficiary to whom payment under the 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 Administrative Committee during the Participant's lifetime on a form prescribed by the Administrative 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 or die prior to complete distribution of the Participant's benefits, such benefits shall be paid in accordance with the Participant's Beneficiary designation under the 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, until directed otherwise by the court that has jurisdiction over the assets belonging to the Participant's

probate estate.

2. Participation. The fifth paragraph of Section 3.2 of the Plan (addressing Plan participation by participants receiving benefits under the Long-Term Disability Plan) shall not apply to Participants.

3. Payment of Benefits. If a Participant terminates employment prior to age 55, the lump sum payment or commencement of installment payments under Section 4.7, whichever is applicable, shall not be made or commence upon termination of employment, but shall be made or commence as soon as administratively feasible following the Participant's attainment of age 55. Further, a Participant may, in his election of a form of payment, elect to have his distribution made or installments commence at the later of (a) termination of employment, or (b) attainment of a specified age between 55 and 70-1/2. Notwithstanding the last sentence of Section 4.7, a Participant who becomes disabled (as defined in the Retirement Plan) may petition the Administrative Committee for approval to receive the distribution payable pursuant to Section 4.7 as modified hereby in a single sum or installment at any time even before the Participant attains age 55.

4. Contributions and Funding. Section 4.4 shall not apply. The Company, in its sole discretion, may provide for the funding of Plan benefits, in full or in part, through a grantor trust or such other means as it deems appropriate.

5. Death. Section 4.8 of the Plan shall not apply to Participants and no benefits shall be paid under the Plan upon a Participant's death if payment of a Participant's account is made under an insurance policy or some other plan or arrangement of the Company for senior executives.

6. Withdrawal of Payments with Penalty. Notwithstanding any other provisions of

the Plan and this Appendix A, a Participant who has commenced receiving installment payments under the Plan, may at any time, in lieu of installment payments in the form previously elected by the Participant, elect to receive an immediate lump sum payment of all or a part of the vested balance of his account, reduced by a penalty equal to ten percent (10%) of the amount of such lump sum withdrawal. Such penalty shall be deducted from the lump sum withdrawal payment and shall be forfeited to the Company permanently.

7. Protected Benefits. Section 6.3 of the Plan shall not apply to Participants. Instead, if the Plan is terminated or amended so as to prevent further earnings adjustments, or if liabilities accrued hereunder up to the date of an event specified in Section 6.2 of the Plan are not assumed by the successor to the Employer, then the dollar amount in the account of each Participant or Beneficiary (whether or not vested) shall be paid in cash to such Participant or Beneficiary in three or fewer annual installments (as determined by the Administrative Committee as constituted immediately before the event that triggers payment under this Section 5.1), commencing as soon as administratively feasible following the event that triggers payment under this Section 5.1.

OCCIDENTAL PETROLEUM CORPORATION
DEFERRED COMPENSATION PLAN
(Amended and Restated Effective as of January 1, 1999)

OCCIDENTAL PETROLEUM CORPORATION
DEFERRED COMPENSATION PLAN

(Amended and Restated Effective as of January 1, 1999)

ARTICLE I
PURPOSE

This OCCIDENTAL PETROLEUM CORPORATION DEFERRED COMPENSATION PLAN (the "Plan") constitutes 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"), effective as of January 1, 1999.

The purpose of the Plan is to provide a tax-deferred opportunity for key management and highly compensated employees of the Occidental Petroleum Corporation (the "Company") 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 which 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) which 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)).

Base Salary. "Base Salary" means a Participant's annual base salary, 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 Internal Revenue Code.

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

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

Bonus. "Bonus" means the bonus awarded to a Participant during the Plan Year in question 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.

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 for amounts deferred under this amended and restated Plan after that date.

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

Declared Rate. "Declared Rate" with respect to any Plan Year means the interest rate which 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 three percent (3%) ("Moody's 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 which 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 eight percent (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) maintained on the books of account of the Company for each Participant pursuant to Article IV.

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

Distribution Election Form. "Distribution Election Form" means an Eligible Employee's written election to receive benefits under the Plan in annual installments in accordance with Article V.

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 5.6.

Early Payment Date. "Early Payment Date" means any date prior to Retirement on which a Participant elects to receive an Early Payment Benefit pursuant to Section 5.6.

Election Form. "Election Form" means an Eligible Employee's written, irrevocable election to defer Base Salary and/or Bonus in accordance with Article IV.

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 5.7.

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

Participant. "Participant" means: (a) each individual who, as of December 31, 1998, was a participant in the 1988 DCP or the SEDCP, and (b) an Eligible Employee who has filed a completed and fully executed Election Form with the Committee and is participating in the Plan in accordance with the provisions of Article IV.

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

Retirement. "Retirement" means: (a) 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, effective January 1, 2001, (b) 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 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.

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 Participant's Deferral Accounts pursuant to Section 5.2 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 to 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 Compensation 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.

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. An Eligible Employee may elect to participate in the Plan and thereafter elect to defer annual Base Salary and/or Bonus under the Plan for any Plan Year by filing a completed and fully executed irrevocable Election Form prior to the beginning of such Plan Year or at such other time as the Committee may permit. Election Forms

must be filed with the individual designated by the Committee to receive such Election Forms, as indicated in the instructions set forth in the 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. Unless otherwise authorized by the Committee, a separate Election Form will be required for each Plan Year, and the irrevocable Election Form will designate the DCP Deferral Amounts as a fixed dollar amount (in increments of \$1,000) of Base Salary and/or (A) a fixed dollar amount (in increments of \$1,000) or a fixed percentage (in increments of 10%) of Bonus, or (B) 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 which 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 which are maintained hereunder.

(a) Minimum Deferral. For each Plan Year, the minimum amount of Base Salary that a Participant may elect to defer is five thousand U.S. dollars (\$5,000) and the minimum amount of Bonus that a Participant may elect to defer is either: (i) five thousand U.S. dollars (\$5000), or (ii) ten percent (10%) of Bonus.

(b) Maximum Deferral. For each Plan Year, the maximum amount of Base Salary that a Participant may elect to defer is seventy-five percent (75%) of Base Salary, and the maximum amount of Bonus that a Participant may elect to defer is one hundred percent (100%) of Bonus.

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 shall remain credited to his DCP Deferral Account under this amended and restated Plan as of January 1, 1999. A DCP Deferral Amount shall be credited by the Company to the Participant's DCP Deferral Account no later than the first day of the month following the month in which 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.

4.3 SEDCP Deferral Accounts. The Committee shall establish and 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 shall remain credited to each such Participant's SEDCP Deferral Account under this amended, restated and merged 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.

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. 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.

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, 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. Interest will be credited on a Participant's Savings Plan Restoration Account at the same rate and in the same manner as if it were a Deferral Account in accordance with Section 4.4.

Upon death, Disability, Retirement or other termination of employment, the vested portion of the Participant's Savings Plan Restoration Account shall be paid to the Participant (or his Beneficiary in the event of the Participant's death) in a single lump sum within the first 90 days of the year following the year in which the Participant terminates employment.

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) and Savings Plan Restoration Account balances.

ARTICLE V BENEFITS

5.1 Retirement Benefit. Upon Retirement, the Company shall pay to the Participant an annual payment for fifteen (15) years beginning in the year following his Retirement, the sum of which payments (the "Retirement Benefit") shall equal (A) plus (B) where (A) is the value of the Participant's Deferral Accounts determined under Section 4.5 as of the end of the Plan Year in which the Participant's Retirement occurs, and (B) is the interest that will accrue on the unpaid balance in the Participant's Deferral Accounts during such fifteen year (15) period pursuant to Section 4.4. For each Plan Year after the initial Retirement Benefit payment is made, the annual Retirement Benefit payment shall be redetermined based upon the value of the Participant's Deferral Accounts at that time, plus the interest that will accrue pursuant to Section 4.4 for the remaining period of annual payments. A Participant may instead

elect in his Distribution Election Form to have the Retirement Benefit paid to him in annual payments for either five (5), ten (10) or twenty (20) years or in a single lump sum payment. The amount of any such annual payments shall be calculated in accordance with the principles stated in the preceding sentences. Annual payments will be made within the first 90 days of the year.

The Committee, in its sole discretion, may permit a Participant to change his election as to the form of payment upon written petition of the Participant. In order to be effective, a Participant's election (or modification or revocation of a prior election) of the form of payment of his Retirement Benefit must be made not later than twelve (12) months before the Participant's Retirement, unless otherwise permitted 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) which is made later than twelve (12) months prior to the Participant's Retirement will be considered void and shall have no force or effect, except as otherwise determined by the Committee.

5.2 Termination Benefit. If a Participant's employment with the Company terminates for any reason other than Retirement, Disability or death, then, except as provided in section 5.6 for Early Payment Benefits, the Company shall pay to the Participant in a single lump sum within the first ninety (90) days of the calendar year following the Participant's termination of employment, an amount (the "Termination Benefit") equal to the value of the Participant's Deferral Accounts as of the end of the calendar year in which the Participant's termination of employment occurs; 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 each year for a period not to exceed three (3) years beginning in the year following the date of termination of employment, the sum of which payments shall equal (A) plus (B) where (A) is the value of the Participant's Deferral Accounts determined under Section 4.5 as of the end of the Plan Year in which the Participant terminates employment, and (B) is the interest that will accrue on the unpaid balance in such Deferral Accounts pursuant to Section 4.4 during the one to three (1-3) year payment period. Annual payments will be made within the first 90 days of the year. Spousal survivor benefits (if any) under Section 5.5 of the Plan shall not be payable to the spouse of a Participant who receives benefits under this Section 5.2. Notwithstanding the foregoing, effective January 1, 2001, Participants who qualify for retiree medical coverage under the Occidental Petroleum Corporation Medical Plan on the date of their termination of employment with the Company for reasons other than Disability or death prior to attainment of age 55 shall receive benefits pursuant to Section 5.1 upon Retirement and this Section 5.2 shall not be applicable to such Participants.

5.3 Disability. If a Participant's employment with the Company terminates prior to Retirement due to a Disability, then, except as provided in Section 5.6 for Early Payment Benefits, the Company shall pay to the Participant in a single lump sum within the first ninety (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 date of the Participant's termination of employment. Spousal survivor benefits (if any) under Section 5.5 of the Plan shall not be payable to the spouse of a Participant who receives benefits under this Section 5.3.

5.4 Survivor 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, except as provided in Section 5.6 for Early Payment Benefits, an amount equal to the value of the Participant's DCP Deferral Account as of the date of the Participant's death. The Company will make such payment within the first ninety (90) days of the calendar year following the Participant's death. If such Participant also has an SEDCP Deferral Account, the Company will pay to the Participant's Beneficiary annual payments over the greater of: (i) ten (10) years, or (ii) until the Participant would have attained age 65, the sum of which payments shall equal the greater of: (i) (A) plus (B) where (A) is the value of the Participant's SEDCP Deferral Account as of the date of the Participant's death, and (B) is the interest that will accrue on the unpaid balance in such SEDCP Deferral Account during the payment period at the rate of eight percent (8%) per annum, compounded annually, or (ii) twenty five percent (25%) of the amount deferred under the SEDCP (excluding any interest on such deferrals) multiplied by the number of annual payments to be made with respect to SEDCP Deferral Accounts in accordance with the first clause of this sentence.

(b) If a Participant dies while employed by the Company after becoming eligible for Retirement, the Company will pay to the Participant's Beneficiary the Retirement Benefit that would have been payable to the Participant over the payment period elected by the Participant. Payments will commence in the year following the year of the Participant's death.

(c) If a Participant dies after the commencement of payment of his Retirement Benefit, the Company will pay to the Participant's Beneficiary the remaining installments of the Retirement Benefit that would have been payable to the Participant for the balance of the payment period elected by the Participant.

5.5 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 ten percent (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 5.5 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 5.2 (Termination Benefit), Section 5.3 (Disability), Section 5.7 (Emergency Benefit), Section 5.8 (Immediate Payment on Termination Event), or Section 5.10 (Lump Sum Payment With Penalty).

5.6 Early Payment. A Participant may elect, in such manner as the Committee may permit in any Distribution Election Form, to receive part or all of the DCP Deferral Amounts covered by such Distribution Election Form in a lump sum payment or in annual installments over one to five (1-5) years ("Early Payment Benefit") commencing on a date prior to Retirement designated in such Distribution Election Form ("Early Payment Date").

The Early Payment Date on any Distribution Election Form may be any date which is at least two (2) years after completion of deferral of the DCP Deferral Amounts covered by such Distribution Election Form. 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 continue in force. However, any such Early Payments Benefits which have not yet commenced shall commence in the year following the Participant's termination of employment. Annual payments will be made within the first 90 days of the year.

5.7 Emergency Benefit. In the event that the Committee, upon written petition of the Participant (or his Beneficiary, in the event of the Participant's death), determines in its sole discretion, that the Participant or Beneficiary 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 which is necessary to meet the emergency ("Emergency Benefit"). For purposes of this Plan, an unforeseeable financial emergency is an unexpected need for cash arising from an illness, casualty loss, divorce, sudden financial reversal, or other such unforeseeable occurrence. 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. Spousal survivor benefits (if any) under Section 5.5 of the Plan shall not be payable to the spouse of a Participant who receives an Emergency Benefit under this Section 5.7.

5.8 Immediate Payment on Termination Event. Upon petition of a Participant within sixty (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 to him immediately in a lump sum as a Termination Benefit pursuant to Section 5.2, irrespective of whether the Participant terminates or continues employment with the Company. Spousal survivor benefits (if any) under Section 5.5 of the Plan shall not be payable to the spouse of a Participant who receives benefits under this Section 5.8.

5.9 Small Benefit. In the event that the Committee determines, in its sole discretion, that the amount of any benefit is too small to make it administratively convenient to pay such benefit over time, the Company may pay the benefit in a lump sum.

5.10 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 ten percent (10%) of the amount withdrawn from the Participant's Deferral Accounts.

Whenever a Participant receives a lump sum payment under this Section 5.10, 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. Spousal survivor benefits (if any) under Section 5.5 of the Plan shall not be payable to the spouse of a Participant who receives a lump sum payment under this Section 5.10.

5.11 Tax Withholding. 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.

5.12 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.

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 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 or die prior to complete distribution of the

Participant's benefits, such benefits 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: Pension and Retirement Plan Administrative 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 death 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 supported by substantial evidence in the record.

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) or Savings Plan Restoration Account of any Participant prior to the date such amendment is adopted, (b) eliminate the spousal survivor benefit under Section 5.5, 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) or Savings Plan Restoration Account of any Participant prior to the date such amendment is adopted, (b) eliminate the spousal survivor benefit under Section 5.5, (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. 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.

9.4 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.

9.5 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.

9.6 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.

9.7 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.

9.8 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, directed to the attention of the Company's Executive Vice President, Human Resources. 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.

9.9 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 _____, 2001.

OCCIDENTAL PETROLEUM CORPORATION

By

Richard W. Hallock
Executive Vice-President, Human
Resources

OCCIDENTAL PETROLEUM CORPORATION AND SUBSIDIARIES
COMPUTATION OF EARNINGS PER SHARE
FOR THE THREE MONTHS ENDED MARCH 31, 2001 AND 2000
(Amounts in thousands, except per-share amounts)

	Three Months Ended March 31	
	2001	2000
BASIC EARNINGS PER SHARE		
Income before extraordinary item and effect of changes in accounting principles	\$509,959	\$271,001
Effect of repurchase of Trust Preferred Securities	29	611
	509,988	271,612
Earnings before extraordinary item and effect of changes in accounting principles	509,988	271,612
Extraordinary loss, net	(2,615)	—
Cumulative effect of changes in accounting principles, net	(23,613)	—
	\$483,760	\$271,612
Earnings applicable to common stock	\$483,760	\$271,612
Weighted average common shares outstanding	370,234	368,125
	370,234	368,125
Basic earnings per share		
Income before extraordinary item and effect of changes in accounting principles	\$ 1.38	\$.74
Extraordinary loss, net	(.01)	—
Cumulative effect of changes in accounting principles, net	(.06)	—
	\$ 1.31	\$.74
Basic earnings per common share	\$ 1.31	\$.74
DILUTED EARNINGS PER SHARE		
Earnings before extraordinary item and effect of changes in accounting principles	\$509,988	\$271,612
Extraordinary loss, net	(2,615)	—
Cumulative effect of changes in accounting principles, net	(23,613)	—
	\$483,760	\$271,612
Earnings applicable to common stock	\$483,760	\$271,612
Weighted average common shares outstanding	370,234	368,125
Dilutive effect of exercise of options outstanding	717	111
	370,951	368,236
	370,951	368,236
Diluted earnings per share		
Income before extraordinary item and effect of changes in accounting principles	\$ 1.37	\$.74
Extraordinary loss, net	(.01)	—
Cumulative effect of changes in accounting principles, net	(.06)	—
	\$ 1.30	\$.74
Diluted earnings per common share	\$ 1.30	\$.74

The following items were not included in the computation of diluted earnings per share because their effect was antidilutive (in thousands, except per-share amounts):

Three Months Ended March 31,	2001	2000
Stock options		
Number of shares	4,124	4,969
Price range per share	\$ 23.875—\$29.438	\$ 19.875—\$29.438
Expiration range	7/10/06—11/10/09	8/18/00—7/8/08

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				
	2001	2000	2000	1999	1998	1997	1996
Income from continuing operations(a)	\$ 567	\$ 276	\$1,785	\$ 699	\$ 400	\$ 245	\$ 486
Add:							
Provision for taxes on income (other than foreign and gas taxes)	194	183	871	306	204	47	99
Interest and debt expense(b)	122	110	540	515	576	446	492
Portion of lease rentals representative of the interest factor	1	2	6	31	36	39	38
	317	295	1,417	852	816	532	629
Earnings (loss) before fixed charges	\$ 884	\$ 571	\$3,202	\$1,551	\$1,216	\$ 777	\$1,115
Fixed charges							
Interest and debt expense including capitalized interest(b)	\$ 123	\$ 110	\$ 543	\$ 522	\$ 594	\$ 462	\$ 499
Portion of lease rentals representative of the interest factor	1	2	6	31	36	39	38
Total fixed charges	\$ 124	\$ 112	\$ 549	\$ 553	\$ 630	\$ 501	\$ 537
Ratio of earnings to fixed charges	7.13	5.10	5.83	2.80	1.93	1.55	2.08

- (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.