

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

FORM 10-K

Annual Report Pursuant to Section 13 or 15(d)  
of the Securities Exchange Act of 1934  
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2000

Transition Report Pursuant to Section 13 or 15(d)  
of the Securities Exchange Act of 1934  
FOR THE TRANSITION PERIOD FROM TO

COMMISSION FILE NUMBER 1-9210

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

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

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

TITLE OF EACH CLASS	NAME OF EACH EXCHANGE ON WHICH REGISTERED
10 1/8% Senior Notes due 2001	New York Stock Exchange
10 1/8% Senior Debentures due 2009	New York Stock Exchange
9 1/4% Senior Debentures due 2019	New York Stock Exchange
Oxy Capital Trust I 8.16% Trust Originated Preferred Securities	New York Stock Exchange
Common Stock	New York Stock Exchange

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

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements the past 90 days.  
 YES       NO

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

The aggregate market value of the voting stock held by nonaffiliates of the registrant on February 28, 2001, was approximately \$8.8 billion, based on the closing price on the New York Stock Exchange composite tape of \$23.99 per share of Common Stock on February 28, 2001. Shares of Common Stock held by each executive officer and director have been excluded from this computation in that such persons may be deemed to be affiliates. This determination of affiliate status is not a conclusive determination for other purposes.

At February 28, 2001, there were approximately 370,304,584 shares of Common Stock outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the registrant's definitive Proxy Statement, filed in connection with its April 20, 2001, Annual Meeting of Stockholders, are incorporated by reference into Part III.

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GENERAL

Occidental Petroleum Corporation, a Delaware corporation ("Occidental"), explores for, develops, produces and markets crude oil and natural gas. Occidental also manufactures and markets basic chemicals, including chlorine, caustic soda, and ethylene dichloride ("EDC"), vinyls, including polyvinyl chloride ("PVC") resins and vinyl chloride monomer ("VCM"), through its 76 percent interest in Oxy Vinyls, LP ("OxyVinyls"), and specialty chemicals. Occidental conducts its operations through various oil and gas and chemical subsidiaries and affiliates. Occidental also has an interest in petrochemicals through its 29.5 percent ownership in Equistar Chemicals, LP ("Equistar"). Occidental's executive offices are located at 10889 Wilshire Boulevard, Los Angeles, California 90024; telephone (310) 208-8800.

Effective May 21, 1986, Occidental became the successor to a California corporation of the same name organized in 1920. As used herein, the term "Occidental" refers to Occidental alone or together with one or more of its subsidiaries.

During 2000, Occidental continued its program to redeploy assets in its worldwide oil and gas and chemical segments. For additional information regarding these developments, see the information appearing below under the captions "Oil and Gas Operations", "Chemical Operations" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" in this report below.

SEGMENT INFORMATION

Occidental's principal businesses constitute two industry segments, the operations of which are described below. For information with respect to the revenues, net income and assets of Occidental's industry segments and of its operations in various geographic areas for each of the three years in the period ended December 31, 2000, see Note 16 to the Consolidated Financial Statements of Occidental ("Consolidated Financial Statements"), which is included in this report, and the information appearing under the caption "Management's Discussion and Analysis of Financial Condition and Results of Operations" in this report.

OIL AND GAS OPERATIONS  
MAJOR ACQUISITIONS AND DISPOSITIONS IN 2000

On April 18, 2000, Occidental sold its 29.2 percent common stock interest in Canadian Occidental Petroleum Ltd., now renamed Nexen Inc. ("CanadianOxy" or "Nexen") to CanadianOxy and the Ontario Teachers' Pension Plan Board for gross proceeds of approximately \$1.2 billion Canadian. In addition, Occidental acquired CanadianOxy's interest in Occidental's oil producing properties in Ecuador.

On April 19, 2000, Occidental completed its acquisition of all of the common interest in Altura Energy Ltd. from the sellers, BP Amoco plc ("BP") and Shell Oil Company. Altura Energy Ltd. was renamed Occidental Permian Ltd. ("OPL"), and this business was combined operationally with Occidental's existing holdings in the Permian Basin of southwest Texas and southeast New Mexico. The OPL acquisition added over 850 million barrels of proved net oil reserves and about 142,000 barrels per day of net oil production, both on a BOE basis. In December, Occidental obtained a low cost source of carbon dioxide for its floods in the Permian Basin by completing its swap of its Milne Point oil assets in Alaska for BP's interest in the Bravo Dome CO2 unit in New Mexico.

On April 24, 2000, Occidental completed the acquisition of ARCO Long Beach Inc., the owner of the operator of the Long Beach Unit in the Wilmington Field, California, known as THUMS ("THUMS"), for approximately \$68 million in cash. The acquisition added approximately 95 million barrels of proved net oil reserves and approximately 25,000 barrels per day of net oil production.

On August 15, 2000, Occidental completed agreements with respect to two transactions with Apache Corporation involving Occidental's interests in the Continental Shelf of the Gulf of Mexico ("GOM").

On November 1, 2000, Occidental completed a farm-out of a 40 percent economic interest in Block 15 in Ecuador to Alberta Energy Company Ltd. ("AEC"). AEC will earn its 40 percent interest through the payment of certain capital costs through 2004 and Occidental will remain the operator.

EXPLORATION AND PRODUCTION  
GENERAL

Through its subsidiaries, Occidental produces or participates in the production of crude oil, condensate and natural gas in the United States, Colombia, Ecuador, Oman, Pakistan, Qatar, Russia and Yemen. Occidental is also conducting exploration and development activities in several of these countries, as well as in Albania, Indonesia and Peru.

COMPARATIVE OIL AND GAS RESERVES AND PRODUCTION

Oil in millions of barrels; natural gas in billions of cubic feet

	2000			1999			1998		
	OIL	GAS	TOTAL(a)	OIL	GAS	TOTAL(a)	OIL	GAS	TOTAL(a)
U.S. Reserves	1,346	2,094	1,695	464	1,806	765	445	1,898	761
International Reserves	457	116	476	573	86	587	621	251	663
<b>Total</b>	<b>1,803</b>	<b>2,210</b>	<b>2,171</b>	<b>1,037</b>	<b>1,892</b>	<b>1,352</b>	<b>1,066</b>	<b>2,149</b>	<b>1,424</b>
U.S. Production	63	241	104	27	242	67	29	224	66
International Production	62	18	65	85	19	89	88	32	94
<b>Total</b>	<b>125</b>	<b>259</b>	<b>169</b>	<b>112</b>	<b>261</b>	<b>156</b>	<b>117</b>	<b>256</b>	<b>160</b>

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

RESERVES

At December 31, 2000, Occidental's oil and gas reserve base, on a barrels of oil equivalent ("BOE") basis, was 2.171 billion equivalent barrels, compared with 1.352 billion equivalent barrels at December 31, 1999. In 2000, Occidental, excluding the effect of acquisitions and sales, replaced 119 percent of 2000 worldwide combined oil and natural gas production, on a BOE basis, of 169 million barrels. Proved reserve additions from all sources, including the net effect of acquisitions and property sales, replaced 588 percent of 2000 production. Occidental's consolidated worldwide net proved developed and undeveloped reserves of crude oil and condensate were 1.803 billion barrels at year-end 2000, compared with 1.037 billion barrels at year-end 1999. Domestic reserves of crude oil and condensate increased to 1.346 billion barrels at year-end 2000, compared with 464 million barrels at year-end 1999, while international crude oil reserves decreased to 457 million barrels from 573 million barrels at year-end 1999. This calculation of reserve additions does not take into account dispositions of approximately 183 million barrels of oil equivalent of proved reserves in Peru, Ecuador and the GOM during 2000. Worldwide net proved developed and undeveloped reserves of natural gas were approximately 2.2 trillion cubic feet ("Tcf") at year-end 2000, with 2.1 Tcf attributable to domestic operations. Worldwide net proved developed and undeveloped natural gas reserves were about 1.9 Tcf at the end of 1999.

COMPETITION

As a producer of crude oil and natural gas, Occidental competes with numerous other producers, as well as with non-petroleum energy producers. Crude oil and natural gas are commodities that are sensitive to prevailing conditions of supply and demand and generally are sold at "spot", contract prices or on exchange traded futures markets. Occidental competes through the cost-efficient development and production of its worldwide oil and gas reserves and through acquiring contracts for the exploration of blocks in areas with known oil and gas deposits. Occidental also pursues opportunities to increase production through enhanced oil recovery projects and strategic acquisitions. In recent years, Occidental has focused domestic exploration and development efforts on core assets in California, the Permian Basin and Hugoton, and has focused its international exploration and development efforts on core assets in Qatar, Yemen and Colombia.

Occidental's oil and gas operations are affected by international, foreign, federal, state and local laws and regulations relating to, among other things, increases in taxes and royalties, production limits and environmental matters.

Portions of Occidental's oil and gas assets outside North America are exposed to varying degrees of political and economic risk. Occidental conducts its financial affairs so as to mitigate its exposure against such risks. At December 31, 2000, the carrying value of Occidental's oil and gas assets in countries outside North America aggregated approximately \$1.7 billion, or approximately 9 percent of Occidental's total assets at that date. Approximately \$1.2 billion of such assets were located in the Middle East, and approximately \$271 million of such assets were located in Latin America. Substantially all of the remainder was located in Russia and Pakistan.

OIL AND GAS PRODUCTION AND MARKETING

Net daily worldwide oil and condensate production in 2000 averaged 343,000 barrels per day, compared with 306,400 barrels per day in 1999, and net worldwide natural gas production averaged 708 million cubic feet ("MMcf") per day, compared with 714 MMcf per day in 1999. International operations accounted for approximately 54 percent of Occidental's oil production, while approximately 93 percent of gas production came from the United States. On a BOE basis, Occidental produced 461,000 net barrels per day in 2000 from operations in 8 countries, including the United States (but excluding Peru, where producing operations were sold in 2000).

In February 1998, Occidental entered into a fifteen-year contract with Tosco Corporation ("Tosco") through which Tosco purchases the majority of Occidental's interest in the gross oil production of Elk Hills at market-related prices.

Net daily domestic oil and condensate production averaged approximately 172,000 barrels in 2000, compared with 72,800 barrels in 1999. The 2000 production is net of approximately 9,000 barrels per day assigned pursuant to a pre-sale agreement. The main reasons for the increase in domestic oil production are the OPL and THUMS acquisitions. See "Oil and Gas Operations - Major Acquisitions and Dispositions in 2000". Net daily domestic production of natural gas averaged 659 MMcf in 2000, compared with 662 MMcf in 1999.

Occidental's average sales price for domestic crude oil was \$26.66 per barrel in 2000, compared with \$15.81 in the previous year. The average domestic natural gas sales price in 2000 was \$3.66 per Mcf, compared with \$2.09 per Mcf during 1999.

Set forth below are descriptions of the important production areas for Occidental. These producing areas are the United States, the Middle East and Latin America. Following this discussion is a description of other international operations.

#### UNITED STATES

Occidental produces crude oil and natural gas, principally in California, the Permian Basin and the Hugoton area encompassing portions of Kansas, Oklahoma and Texas.

Gross crude oil production at the Elk Hills field in California averaged approximately 59,000 barrels of oil per day in 2000, including natural gas liquids production of 12,500 barrels per day, with gas sales averaging approximately 377 MMcf of gas per day. Occidental is the operator of Elk Hills. Chevron USA is the other unit interest holder, with an approximate 22 percent interest.

The THUMS properties offshore Long Beach, California are currently averaging about 25,000 net barrels of oil production per day.

Including the Elk Hills and THUMS producing properties, Occidental has a very significant acreage position in California, comprising almost 850,000 acres. Additional properties include exploration properties in the southern San Joaquin valley around Elk Hills and Buena Vista Hills. Occidental also has gas production in the Sacramento valley.

Occidental continues to own an interest in the Horn Mountain prospect in the deepwater GOM, with first production expected in 2002. BP is the operator.

The Altura properties have been integrated with Occidental's existing Permian Basin operation so that OPL today operates more than 14,000 wells in Southwest Texas and Southeast New Mexico. During the fourth quarter of 2000, OPL combined production averaged 163,000 BOE per day.

A large number of OPL's fields are CO2 floods, in which CO2 is injected into worked-over fields as a tertiary recovery technique. These fields account for approximately 50% of OPL's production. Through injection of CO2, the recovery of oil and liquids is greatly improved. CO2 flooding is the most common tertiary enhanced oil recovery flooding method used in light oil reservoirs. In this process, CO2 acts as a solvent to overcome forces that trap oil within the rock matrix, helping sweep the immobile oil remaining after primary or secondary recovery. Soluble in crude oil at higher pressure, CO2 swells the oil, thereby reducing viscosity and making it more mobile. Rock and fluid characteristics for most reservoirs in the Permian Basin make them ideal targets for CO2 projects.

Occidental has recently added to its Permian portfolio BP's 75 percent working interest in the Bravo Dome CO2 Unit in northern New Mexico, which encompasses 910,000 net acres and has gross CO2 production of 315 MMcf per day.

Occidental owns a large concentration of gas reserves, production and royalty interests in the Hugoton area. Net production from these fields during 2000 averaged 168 MMcf of gas per day or approximately one-fourth of the domestic total. Occidental has approximately 701 billion cubic feet of gas reserves and 9 million barrels of oil reserves in the Hugoton area.

Occidental has various agreements to supply certain gas marketing companies with volumes ranging from 38,100 million British thermal units ("MMBtu") down to 1,482 MMBtu per day from 2001 through 2010. Prices under the different agreements are based on market-sensitive prices, contract prices, or energy equivalent crude oil prices, some with a yearly escalation provision.

#### MIDDLE EAST

Occidental has implemented a development plan to increase production and reserves from the Idd el Shargi North Dome field ("ISND") in Qatar. Occidental is the operator of the field and is completing development of the field's three main reservoirs. Gross production in 2000 averaged approximately 95,000 barrels per day under OPEC quotas, compared with approximately 98,300 barrels per day for 1999. Occidental has also entered a production sharing agreement to develop and operate, as a satellite, the Idd el Shargi South Dome field ("ISSD"), 15 miles south of the ISND field. Production began in the fourth quarter of 1999 and has increased from under 2,000 gross barrels of oil per day at the end of 1999 to over 10,000 gross barrels per day at the end of 2000. Average net production from the combined assets (ISND and ISSD) decreased to 49,000 gross barrels per day from 57,800 barrels per day in 1999. As is expected with a production sharing arrangement, Occidental's contractual share of production fluctuates as the market price of the crude oil changes, decreasing as the market price of crude oil goes up and increasing as the market price goes down.

Net proved developed and undeveloped reserves for ISND are presently estimated by Occidental to be approximately 131 million barrels, compared with 140 million barrels at December 31, 1999. Net proved developed and undeveloped reserves for ISSD are presently estimated by Occidental to be approximately 23 million barrels, compared with 24 million barrels at the end of 1999. Each year reserve estimates are based

on Occidental's estimated percentage share of remaining production from the field pursuant to the terms of the applicable production sharing agreement.

Occidental owns a 38 percent working interest in the 310,000 acre Masila Block in Yemen. Occidental's net share under the Masila production-sharing contract was 27,000 barrels per day in 2000, compared to 30,000 barrels per day in 1999. The decrease in net production in 2000 was due to the increase in market prices for crude oil, as the contractual net share of production is inversely related to such prices. The impact of higher prices on net share more than offsets the higher share entitlement resulting from increases in gross production in Masila to 217,000 barrels per day in 2000 from 209,000 barrels per day in 1999.

Occidental also owns a 28.6 percent working interest in the East Shabwa Block. Occidental's net share under the East Shabwa production sharing contract averaged 5,000 barrels per day in 2000, compared to 1,850 barrels per day in 1999.

In Yemen, Occidental has added new exploration blocks that complement the existing production operations in Masila and East Shabwa. Occidental recently announced exploration activity in four northern border blocks adjacent to Saudi Arabia and Block 20 in the west central part of the country. In addition, Occidental recently signed production sharing agreements for Block 44 (70 percent participating interest), located just to the north of Masila in the Suyun-Masila Basin, and Block 59 (40 percent participating interest) along the Yemen-Saudi border in northern Yemen. Both of these production sharing agreements are awaiting government ratification, which is expected shortly.

In Oman, Occidental is the operator, with a 65 percent working interest, of Block 9, which contains the Safah field and six small fields along the southern border of the block. Occidental's net share of production from the block in 2000 averaged approximately 9,000 barrels per day of crude oil, compared with 14,650 barrels per day in 1999. As with Occidental's properties in Qatar and Yemen, the contractual net share of production fluctuates inversely with the market prices of oil. Occidental is also pursuing exploration opportunities in Block 27.

#### LATIN AMERICA

Occidental conducts exploration and production operations in Colombia under contracts with Ecopetrol, the Colombian national oil company. These contracts cover the producing Cano Limon area in the Llanos region of northeastern Colombia, one exploration area in the Llanos fold belt and an exploration area in the Llanos Foreland. After giving effect to a government royalty, Occidental's net share of existing production is 35 percent. All of Occidental's share of production is exported through a trans-Andean pipeline system operated by Ecopetrol that carries crude oil to an export terminal at Covenas. Occidental has an approximate 44 percent ownership interest in the pipeline and marine terminal, both of which are operated by Ecopetrol. Gross production from Occidental's Cano Limon area declined to approximately 93,000 barrels per day in 2000, compared with 125,000 barrels per day in 1999. The reduction is due primarily to a natural decline and to pipeline disruptions stemming from insurgent activity. See "Management's Discussion and Analysis of Financial Condition and Results of Operations." Occidental's net share of production decreased to 32,000 barrels per day in 2000, compared with 43,300 barrels per day in 1999, reflecting the lower gross production.

Occidental obtained exploration and exploitation rights to the Siriri (formerly Samore) block in 1992, and is the operator and would have an approximate 33 percent net working interest after determination of commerciality. As a result of concerns raised by a tribe of indigenous people called the U'wa, Occidental voluntarily relinquished the southern 75 percent of the block in 1998. The Colombian government more than tripled the size of the U'wa reservation. The U'wa, who number approximately 4,000 people, now control a territory that is 70 percent of the size of Rhode Island. Occidental's drilling operations are outside the revised U'wa reservation. A Colombian government commission, including a representative of the U'wa, inspected Occidental's drill site and issued a report that concluded that Occidental is in full compliance with all regulations and requirements specified in its environmental license. Drilling began in the Siriri block in November 2000 and was in progress at year-end. Occidental expects to complete drilling of the Gibraltar exploration well later this year.

In Ecuador, Occidental operates the 494,000 acre Block 15, in the Oriente Basin, under a production sharing agreement, converted in 1999 from a risk-service contract. Six oil fields were discovered from 1985 to 1992. Net production was approximately 17,000 barrels per day in 2000, compared with net production of approximately 15,300 barrels per day in 1999. Occidental acquired an additional 15 percent interest from Nexen early in 2000, and farmed out a 40 percent economic interest to AEC in November 2000.

Both Occidental and AEC are members of a consortium of producers that have formed an independent pipeline company to build a new heavy oil pipeline in Ecuador. Ecuador is currently pipeline-capacity constrained, so the new pipeline is expected to foster oil development. The independent pipeline company has signed an agreement with the government to build a 500-kilometer pipeline from the interior Oriente Basin to the coast of Ecuador over a two-year period. The pipeline is expected to make it feasible for Occidental to develop the potentially significant Eden Yuturi field it discovered several years ago in the southeastern edge of Block 15.

## OTHER INTERNATIONAL OPERATIONS

Occidental also has important oil and gas exploration and production assets in other areas of the world. Set forth below are descriptions of Occidental's properties in Pakistan, Russia and Indonesia.

## EXPLORATION

In addition to the exploration activities described above, Occidental is also engaged in active exploration in Albania, Peru and Indonesia.

In Indonesia, Occidental has a 22.9 percent interest in the Berau Block, offshore Irian Jaya, where five major natural gas discoveries have been made by Occidental and BP, the operator. The Berau Block discoveries, together with BP's Wiriagar Block discovery, are expected to contain sufficient natural gas to justify construction of a multi-train liquid natural gas ("LNG") project slated for start-up in the next several years. Certain fields in the Berau and Wiriagar Blocks, together with the Muturi Block operated by British Gas, are expected to be unitized before project approval, and Occidental expects to own an approximate 16 percent interest in the overall project. The partners in this project, led by Pertamina, the Indonesian national oil company, are seeking buyers for the LNG. This project will involve significant expenditures and several years will be required to complete project development.

In addition, Occidental holds exploration rights in the Central Indus Gas Basin of southern Pakistan totaling 2.9 million acres, and contiguous to the producing property described below.

## PRODUCTION

In southern Pakistan, Occidental has working interests in the three Badin Blocks, which vary from 25 to 30 percent. In 2000, the blocks produced a net share of 6,000 barrels of oil per day and 49 MMcf of gas per day, compared to 5,700 barrels of oil per day and 45 MMcf of gas per day in 1999. Development drilling should help maintain production at current rates.

In Russia, Occidental owns a 50 percent interest in a joint venture company, Vanyoganefit, in the western Siberian oil basin. During 2000, gross production averaged 54,000 barrels per day, which was approximately the same level of production as in 1999. Approximately 44 percent of Occidental's share of the oil was exported in 2000.

## RESERVES, PRODUCTION AND RELATED INFORMATION

See Note 17 to the Consolidated Financial Statements and the information under the caption "Supplemental Oil and Gas Information" in Item 8 of this report for information with respect to Occidental's oil and gas reserves, the production from and other changes in such reserves, the discounted present value of estimated future net cash flows therefrom, certain costs and other financial and statistical information regarding Occidental's oil and gas exploration and production operations. Estimates of reserves have been made by Occidental engineers and include reserves under which Occidental holds an economic interest under service contracts and other arrangements. Occidental's crude oil reserves include natural gas liquids and condensate. The reserves are stated after applicable royalties. The definitions used are in accordance with applicable Securities and Exchange Commission regulations. Accordingly, proved oil and gas reserves are those estimated quantities of crude oil, natural gas and natural gas liquids that geological and engineering data demonstrate with reasonable certainty will be recoverable in future years from known reservoirs under existing economic and operating conditions. Proved developed oil and gas reserves are reserves that can be expected to be recovered through existing wells with existing equipment and operating methods. Unless otherwise stated, all references to reserves are made on a net basis. On May 8, 2000, Occidental reported to the U.S. Department of Energy on Form EIA-28 proved oil and gas reserves at December 31, 1999.

## CHEMICAL OPERATIONS

### GENERAL

Occidental conducts its chemical operations through Occidental Chemical Corporation and its various subsidiaries and affiliates (collectively, "OxyChem"). OxyChem is a chemical manufacturer, with interests in basic chemicals, vinyls, petrochemicals and specialty chemicals. OxyChem owns its interest in petrochemicals through its Equistar investment. OxyChem's operations are affected by cyclical economic factors and by specific chemical industry conditions.

OxyChem's products are commodity in nature. They are equivalent to products manufactured by others that are generally available in the marketplace and are produced and sold in large volumes to industrial customers for use as raw materials. Many of OxyChem's products are both sold to others and further processed by OxyChem into other chemical products. OxyChem's operations are affected by environmental regulation and associated costs. See the information appearing under the caption "Environmental Expenditures" in this report.

## ALLIANCES AND STRATEGIC DEVELOPMENTS

In 1998, Occidental acquired an interest in Equistar, a petrochemical partnership. Lyondell Chemical Company owns 41 percent of Equistar, while Millennium Chemicals, Inc. and Occidental Petroleum Corporation each own 29.5 percent. Equistar is one of the largest producers of ethylene, propylene and polyethylene in the world today with an annual capacity of more than 11 billion pounds of ethylene and more than six billion pounds of polyethylene. Its principal worldwide competition includes Exxon Mobil Chemical Company, Dow Chemical Company and Shell. Equistar is the second largest producer of ethylene in North America. Headquartered in Houston, Equistar has 17 manufacturing facilities along the United States Gulf Coast and in the Midwest, including an approximate 1,400 mile ethylene/propylene distribution system which spans the Texas Gulf Coast.

Equistar supplies the ethylene requirements (up to 2.55 billion pounds per year) for OxyChem's chlor-alkali business and OxyVinyls' business.

OxyChem and The Geon Company, now known as PolyOne Corporation ("PolyOne"), formed the OxyVinyls partnership, combining the commodity PVC resin and VCM assets of both companies, and two chlor-alkali and co-generation plants of OxyChem. Ownership is shared between OxyChem and PolyOne on a 76 percent and 24 percent basis, respectively. The partners also formed a smaller partnership, PVC Powder Blends, LP, a powder compounding business in which OxyChem owns a 10 percent interest.

OxyVinyls has annual capacities of 4.4 billion pounds of PVC resin, 4.8 billion pounds of VCM and 0.9 million tons of chlor-alkali electrochemical units. Because chlorine and caustic soda are co-products, the chemical industry uses electrochemical units as a standard metric corresponding to one ton of chlorine and approximately 1.1 tons of caustic soda. The manufacturing plants of OxyVinyls are described on page 9.

In connection with the sale of CanadianOxy shares in April 2000, Occidental transferred to CanadianOxy its interest in two sodium chlorate chemicals partnerships controlled by CanadianOxy.

In June of 2000, OxyChem announced its decision to withdraw from several of its chemical intermediates businesses principally located in Niagara Falls, NY and Ashtabula, Ohio. Most of the Niagara Falls production units have been shut down and discussions are underway concerning the sale or disposal of these assets and the remaining chemical intermediates businesses. As part of the initiative, OxyChem sold its Chlorowax(R) chlorinated paraffins business in October 2000.

Effective July 14, 2000, OxyChem sold its 45 percent interest in Aqua Clear, a manufacturer and re-packager of water treatment chemicals for swimming pools, to a subsidiary of Great Lakes Chemical.

Effective October 31, 2000, OxyChem sold its interest in the Durez phenolic resins and compound business to its joint venture partner Sumitomo Bakelite Co. Ltd. Operations sold included the following plant properties: Niagara Falls, New York; Kenton, Ohio; Fort Erie, Ontario, Canada; and Genk, Belgium. In addition, OxyChem sold its share in joint ventures in Canada, Japan, Singapore and Indonesia.

On November 29, 2000, an OxyChem subsidiary purchased a 28.6 percent interest in OxyMar (representing .7 billion pounds of VCM capacity), a Texas general partnership that owns the Ingleside, Texas VCM facility operated by OxyChem. The interest was purchased from U.S. VCM Corporation, an affiliate of Marubeni Corporation, which continues to own a 21.4 percent interest and remains a 50 percent partner for corporate governance purposes. OxyVinyls owns the remaining 50 percent interest.

#### BASIC CHEMICALS

OxyChem's basic chemicals group manufactures and markets inorganic chemicals, including high-volume commodity products. Chlorine and caustic soda are supplied to a large list of manufacturers, including those in the pulp and paper, plastics, water-purification, bleach and sanitation industries. Major EDC plants at Corpus Christi, Texas, and Convent, Louisiana, use part of the chlorine production from OxyChem's adjacent chlor-alkali facilities and ethylene from Equistar's nearby olefins plants. The principal manufacturing plants of basic chemicals are described in the chart below. EDC is used primarily in making VCM, the raw material used in the production of PVC. Potassium hydroxide, or caustic potash, is used by fertilizer, soap and detergent and rubber manufacturers. It also is used by an OxyChem joint venture with Church & Dwight Co., Inc. to produce potassium carbonate.

#### SPECIALTY CHEMICALS

OxyChem produces organic and inorganic compounds, intermediate chemicals and chlorinated isocyanurates, as well as certain specialty resins and PVC film products that were not contributed to the commodity business of OxyVinyls. Specialty performance chemicals are produced for the plastics, metal-plating, wood, water sanitation and food-service industries. In addition, OxyChem's performance chemical products business and Occidental's INDSPEC Holding Corporation ("INDSPEC") subsidiary focus on smaller-volume specialty and intermediate chemical markets. INDSPEC is a leading manufacturer of resorcinol. Resorcinol is a binding agent principally used in tires and as a flame retardant.



PRINCIPAL PRODUCTS

OxyChem produces the following chemical products:

	Principal Products	Major Uses
Basic Chemicals	Chlor-alkali chemicals: Chlorine	Raw material for vinyl chloride monomer, chemical manufacturing, pulp and paper production, water treatment
	Caustic soda	Chemical manufacturing, pulp and paper production, cleaning products
	Potassium chemicals (including potassium hydroxide and, through its Armand Products joint venture with Church & Dwight, potassium carbonate)	Glass, fertilizers, cleaning products and rubber
Specialty Chemicals	Ethylene dichloride ("EDC")	Raw material for vinyl chloride monomer
	Sodium silicates	Soaps and detergents, catalysts, paint pigments
	Chrome chemicals	Metal and wood treatments, leather tanning
	Chlorinated isocyanurates	Swimming pool, household and industrial disinfecting and sanitizing products
	Polyvinyl chloride ("PVC") resin and films	Resins for flooring, medical gloves and other flexible vinyl applications. Calendered films for automotive, packaging, and consumer products
	Mercaptans	Warning agents for natural gas and propane and raw material for agricultural chemical intermediates
	Antimony oxide	Flame retardant synergist and catalysts
Vinyls (through its 76 percent interest in OxyVinyls)	Resorcinol	Tire manufacture, wood adhesives and flame retardant synergist
	Vinyl chloride monomer ("VCM")	Raw material for polyvinyl chloride
Petrochemicals (through its 29.5 percent interest in Equistar)	Polyvinyl chloride resin	PVC pipe for municipal, plumbing and electrical uses. External construction materials such as window and door profiles, fencing, and decking. Flooring, medical and automotive products, wire and cable insulation, and packaging.
	Ethylene	Raw material for production of polyethylene, EDC (precursor to VCM) and for ethylene oxide and ethylene oxide derivatives such as ethylene glycols
	Benzene	Raw material for production of styrene, phenolic polymers and nylon
	Propylene	Raw material for production of polypropylene and acrylonitrile
	Ethylene glycols, ethylene oxide and ethylene oxide derivatives	Polyester products, antifreeze and brake fluids
	Polyethylene	Grocery and trash bags, food packaging films, plastic bottles and containers
	Polypropylene	Carpet fibers, injection molding applications

Based on internal market assessments, including reviews of statistics in chemical industry publications, Occidental believes that during 2000, it was the largest merchant marketer of chlorine and caustic soda and the largest producer of chrome chemicals in North America. Through its 76 percent interest in OxyVinyls, Occidental is the largest producer of PVC resins and the second-largest producer of VCM in North America, and, through its 29.5 percent interest in Equistar, Occidental is North America's second largest producer of ethylene. In addition, based on these assessments, Occidental believes that it is the world's largest producer of potassium hydroxide, chlorinated isocyanurate products and resorcinol, the world's largest marketer of EDC, the second-largest producer of antimony oxide, the third-largest producer of mercaptan warning agents, and the second-largest producer of sodium silicates in North America.

#### RAW MATERIALS

Nearly all raw materials utilized in OxyChem's operations are readily available from a variety of sources. Most of OxyChem's key raw materials purchases are made through both short and long-term contracts. OxyChem is not dependent on any single nonaffiliated supplier for a material amount of its raw material or energy requirements. Although earnings have been adversely affected by higher natural gas, electricity and feedstock prices for most of the past year, operations have not been curtailed as a result of any supply interruptions.

#### PATENTS, TRADEMARKS AND PROCESSES

OxyChem owns and licenses a large number of patents and trademarks and uses a variety of processes in connection with its operations, some of which are proprietary and some of which are licensed. OxyChem does not regard its business as being materially dependent on any single patent or trademark it owns or licenses or any process it uses.

#### SALES AND MARKETING

OxyChem's products are sold to industrial users or distributors located in the United States, largely by its own sales force. OxyChem sells its products principally at current market or current market-related prices through both short and long-term sales agreements. Except for sales in the export market, OxyChem generally does not use spot markets to sell products.

No significant portion of OxyChem's business is dependent on a single customer. However, Occidental has entered into significant supply arrangements with certain of its affiliates. In 2000, PolyOne purchased goods and services (principally pursuant to PVC resin and VCM sale contracts at market-related prices) from OxyVinyls valued at in excess of \$300 million. Consequently, changes in demand by PolyOne will impact OxyVinyls. In addition, OxyChem and OxyVinyls purchased ethylene at market-related prices from Equistar pursuant to a sales contract valued at approximately \$630 million in 2000. Finally, OxyMar, which is owned in part by OxyChem and OxyVinyls, sold VCM resin at market-related prices valued at approximately \$300 million to Occidental affiliates in 2000. In general, OxyChem does not manufacture its products against a backlog of firm orders.

#### COMPETITION

The chemical business is very competitive. Since most of OxyChem's products are commodity in nature, they compete primarily on the basis of price, quality characteristics and timely delivery. Because OxyChem's products generally do not occupy proprietary positions, OxyChem endeavors to be an efficient, low-cost producer through the employment of modern, high-yield plants, equipment and technology. OxyChem's size and the number and location of its plants also produce competitive advantages, principally in its ability to meet customer specifications and delivery requirements.

#### PROPERTIES

As of December 31, 2000, OxyChem, which is headquartered in Dallas, Texas, operated 28 chemical product-manufacturing facilities in the United States. Many of the larger facilities are located in the Gulf Coast areas of Texas and Louisiana. In addition, OxyChem operates eight chemical product-manufacturing facilities in four foreign countries; its largest investment is in Brazil. A number of additional facilities process, blend and store the chemical products. OxyChem owns or leases an extensive fleet of railroad cars.

All of OxyChem's manufacturing facilities are owned, except for a portion of OxyVinyls' plant at La Porte, Texas, which is leased on a long-term basis. The charts below list the principal facilities and plant capacities of the basic chemicals group, specialty chemicals group and OxyVinyls.

BASIC AND OXYVINYL  
Principal Products and U.S. Production Capacities at December 31, 2000(a)

Plants	Chlorine (Tons)	Caustic Soda (Tons)	Caustic Potash (Tons)	EDC (millions of pounds)
<b>BASIC</b>				
Mobile, Alabama	48,000		75,000	
Muscle Shoals, Alabama	151,000		238,000	
Delaware City, Delaware	146,000	123,000	110,000	
Convent, Louisiana	389,000	435,000		1,500
Taft, Louisiana	750,000	861,000		
Niagara Falls, New York	335,000	371,000		
Ingleside, Texas (b)	604,000	676,000		1,500
<b>Total</b>	<b>2,423,000</b>	<b>2,466,000</b>	<b>423,000</b>	<b>3,000</b>

(a) All of the volumes listed in the table above are based on estimated capacities only. Actual results of production may differ materially from capacities listed.

(b) Plant assets also comprise an interest in an electric power co-generation facility.

Plants	Chlorine (Tons)	Caustic Soda (Tons)	VCM (millions of pounds)	PVC Resins (millions of pounds)
<b>OXYVINYL</b>				
Louisville, Kentucky				585
Pedricktown, New Jersey				360
Deer Park, Texas (b)	377,000	422,000	1,275	555
Ingleside, Texas (c)			2,300	
LaPorte, Texas (b)	525,000	589,000	2,400	
Pasadena, Texas				2,020
<b>Total</b>	<b>902,000</b>	<b>1,011,000</b>	<b>5,975</b>	<b>3,520</b>

(a) All of the volumes listed in the table above are based on estimated capacities only. Actual results of production may differ materially from capacities listed.

(b) Plant assets also comprise an electric power co-generation facility.

(c) OxyMar owns plant (78.6% with OxyChem affiliates; 21.4% with Marubeni affiliate).

SPECIALTY CHEMICALS

Principal Products and U.S. Production Capacities(a)

Plants	Product	Capacity(a) Volumes
ACL; Illinois and Louisiana	Chlorinated Isocyanurates	122 mm lbs
Chrome; North Carolina	Chromic Acid	47,000 tons
Chrome, North Carolina	Sodium Bichromate	114,000 tons
INDSPEC; Pennsylvania	Resorcinol	52 mm lbs
Laurel Industries; Texas	Antimony Oxide	33 mm lbs
Natural Gas Odorizing; Texas	Mercaptans	20 mm lbs
PVC; Pennsylvania	PVC Resins	213 mm lbs
Silicates; Georgia/Ohio/Texas/Illinois/New Jersey/Alabama	Sodium Silicates	730,000 tons

(a) All of the volumes listed in the table above are based on estimated capacities only. Actual results of production may differ materially from capacities listed.

INTERNATIONAL

Principal Products (in metric tons) and Production Capacities(a)

Country	Location	% Oxy Ownership	Chlorine	Caustic Soda	Vinyl Film	EDC	Basic Chrome Sulfate	PVC Resins
Brazil	Cubatao	50%	253,000	284,000		144,000		
Brazil	Rio de Janeiro	100%			34,000			
Canada	Niagara Falls, Ontario	76%						256,000
Canada	Scotford, Alberta	76%						154,000
Chile	Talcahuano	100%	52,000	59,000				
Thailand	Bangkok (b)	49%	46,000	52,000			12,000	
Thailand	Rayong	49%						25,000
<b>Total</b>			<b>351,000</b>	<b>395,000</b>	<b>34,000</b>	<b>144,000</b>	<b>12,000</b>	<b>435,000</b>

(a) All of the volumes listed in the table above are based on estimated capacities only. Actual results of production may differ materially from capacities listed.

(b) The facilities in Bangkok comprise two separate and distinct plants.

## CAPITAL EXPENDITURES

Occidental's oil and gas operations, based on depletable resources, are capital intensive, involving large-scale expenditures. In particular, in the search for and development of new reserves, long lead times are often required. In addition, Occidental's oil and gas and chemical businesses require capital expenditures to remain competitive and to comply with safety and environmental laws. Occidental's capital expenditures for its ongoing businesses totaled approximately \$952 million in 2000, \$601 million in 1999, and \$1.074 billion in 1998, exclusive of the acquisition cost of Elk Hills, OPL, THUMS and the noncash consideration for other acquisitions. The 2000 amount included capital expenditures aggregating \$791 million for oil and gas, \$155 million for chemical and \$6 million for corporate and other. Occidental's total capital expenditures, exclusive of acquisitions, if any, for 2001 are expected to approximate \$1.1 billion, with \$1 billion allocated to oil and gas operations and \$100 million to chemical operations.

## EMPLOYEES

Occidental and its subsidiaries employed 8,791 people at December 31, 2000, of whom 6,761 were located in the United States. Occidental employed 2,494 persons in oil and gas operations and 5,355 persons in chemical operations. An additional 269 people were employed at corporate headquarters and 99 at other Occidental subsidiaries. In addition, 574 people were employed by Oxy Services, Inc., Occidental's shared services subsidiary, and are currently based primarily in Dallas, Houston and Los Angeles. Approximately 771 U.S. based employees are represented by labor unions.

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

## ENVIRONMENTAL REGULATION

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 are also subject to environmental protection laws. Applicable U.S. laws include the Comprehensive Environmental Response, Compensation and Liability Act ("CERCLA"), as amended by the Superfund Amendments and Reauthorization Act ("Superfund"), the Resource Conservation and Recovery Act, as amended by the Hazardous and Solid Waste Amendments, the Clean Air Act, the Federal Water Pollution Control Act, and similar state environmental laws. 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 and certain of its subsidiaries are currently participating in environmental assessments and cleanups under these laws at federal Superfund sites, comparable state sites and other remediation sites, including Occidental facilities and previously owned sites. Also, Occidental and certain of its subsidiaries have been involved in a substantial number of governmental and private proceedings involving historical practices at various sites, including, in some instances, having been named as defendants, as potentially responsible parties ("PRPs"), or as both defendants and PRPs under the federal Superfund law. These proceedings seek remediation, funding for remediation, or both, and, in some cases, compensation for alleged personal injury or property damage, punitive damages and civil penalties, aggregating substantial amounts.

Occidental has accrued reserves for its environmental liabilities. As of December 31, 2000 and 1999, Occidental had environmental reserves of approximately \$402 million and \$454 million, respectively. Occidental made no provision for additional environmental reserves in 1998 or 1999, but in 2000 made a provision for reserves of \$23 million in respect of the OPL acquisition.

Occidental's estimated operating expenses in 2000 relating to compliance with environmental laws and regulations governing ongoing operations were approximately \$74 million, compared with \$64 million in 1999 and \$70 million in 1998. In addition, capital expenditures for environmental compliance were \$38 million in 2000, compared with \$36 million in 1999 and \$56 million in 1998. The 2000 amount included \$20 million in the oil and gas division and \$18 million in the chemical division. Occidental presently estimates that divisional capital expenditures for environmental compliance (including environmental control facilities) will be in the range of \$40 million for each of 2001 and 2002.

## ITEM 3 LEGAL PROCEEDINGS

Incorporated by reference herein is information regarding lawsuits, claims, commitments, contingencies and related matters in Note 9 to the Consolidated Financial Statements.

## ENVIRONMENTAL PROCEEDINGS

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. OxyChem is vigorously contesting the United States' allegations and the proposed penalty.

ITEM 4 SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

No matters were submitted to a vote of Occidental's security holders during the fourth quarter of 2000.

EXECUTIVE OFFICERS OF THE REGISTRANT

Name	Age at February 28, 2001	Positions with Occidental and Subsidiaries and Five-Year Employment History
Dr. Ray R. Irani	66	Chairman of the Board of Directors and Chief Executive Officer since 1990; President from 1984 to 1996; Chief Operating Officer from 1984-1990; Director since 1984; member of Executive Committee.
Dr. Dale R. Laurance	55	President since 1996; Chairman and Chief Executive Officer of Occidental Oil and Gas Corporation since 1999; 1990-1996, Executive Vice President and Senior Operating Officer; 1984-1990, Executive Vice President -- Operations; Director since 1990; member of Executive Committee.
Stephen I. Chazen	54	Chief Financial Officer and Executive Vice President -- Corporate Development since 1999; 1994-1999, Executive Vice President -- Corporate Development.
Donald P. de Brier	60	Executive Vice President, General Counsel and Secretary since 1993.
Richard W. Hallock	56	Executive Vice President -- Human Resources since 1994.
J. Roger Hirl	69	Executive Vice President since 1984; Director since 1988; President and Chief Executive Officer of Occidental Chemical Corporation since 1991.
John W. Morgan	47	Executive Vice President -- Operations since 1998; 1991-1998, Vice President -- Operations.
Howard Collins	57	Vice President -- Public Relations since 1993.
Samuel P. Dominick, Jr.	60	Vice President and Controller since 1991.
James R. Havert	59	Vice President and Treasurer since 1998; 1992-1998, Senior Assistant Treasurer.
Kenneth J. Huffman	56	Vice President -- Investor Relations since 1991.
Anthony R. Leach	61	Vice President Finance since 1999; 1991-1999, Executive Vice President and Chief Financial Officer.
Robert M. McGee	54	Vice President since 1994; President of Occidental International Corporation since 1991.
Lawrence P. Meriage	58	Vice President -- Communications and Public Affairs since 2000; 1995-2000, Vice President -- Executive Services and Public Affairs of Occidental Oil and Gas Corporation.
Richard A. Swan	53	Vice President -- Health, Environment and Safety since 1995; 1991-1995, Director -- Investor Relations.
Aurmond A. Watkins, Jr.	58	Vice President -- Tax since 1991.

The current term of office of each Executive Officer will expire at the April 19, 2001, organizational meeting of the Occidental Board of Directors or at such time as his successor shall be elected.

TRADING PRICE RANGE AND DIVIDENDS

There is hereby incorporated by reference the quarterly financial data appearing under the caption "Quarterly Financial Data" and the information appearing under the caption "Management's Discussion and Analysis of Financial Condition and Results of Operations -- Liquidity and Capital Resources" in this report. Occidental's common stock was held by approximately 74,175 stockholders of record at December 31, 2000, with an estimated 133,000 additional stockholders whose shares were held for them in street name or nominee accounts. The common stock is listed and traded principally on the New York Stock Exchange and also is listed on certain foreign exchanges. The quarterly financial data on pages 62 and 63 of this report set forth the range of trading prices for the common stock as reported on the composite tape of the New York Stock Exchange and quarterly dividend information.

The quarterly dividend rate for the common stock is \$.25 per share. On February 8, 2001, a dividend of \$.25 per share was declared on the common stock, payable on April 15, 2001 to stockholders of record on March 9, 2001. The declaration of future cash dividends is a business decision made by the Board of Directors from time to time, and will depend on Occidental's financial condition and other factors deemed relevant by the Board.

## ITEM 6 SELECTED FINANCIAL DATA

## FIVE-YEAR SUMMARY OF SELECTED FINANCIAL DATA

Occidental Petroleum Corporation  
and Subsidiaries

Dollar amounts in millions, except per-share amounts

For the years ended December 31, =====	2000 =====	1999 =====	1998 =====	1997 =====	1996 =====
<b>RESULTS OF OPERATIONS(a)</b>					
Net sales	\$ 13,574	\$ 7,820	\$ 6,805	\$ 8,325	\$ 8,278
Income from continuing operations	\$ 1,569	\$ 568	\$ 325	\$ 217	\$ 514
Net income(loss)	\$ 1,570	\$ 448	\$ 363	\$ (390)	\$ 668
Earnings(loss) applicable to common stock	\$ 1,571	\$ 442	\$ 346	\$ (478)	\$ 575
Basic earnings per common share from continuing operations	\$ 4.26	\$ 1.58	\$ .88	\$ .39	\$ 1.30
Basic earnings(loss) per common share	\$ 4.26	\$ 1.24	\$ .99	\$ (1.43)	\$ 1.77
Diluted earnings(loss) per common share	\$ 4.26	\$ 1.24	\$ .99	\$ (1.43)	\$ 1.73
Earnings before special items(b)	\$ 1,326	\$ 253	\$ 104	\$ 691	\$ 643
<b>FINANCIAL POSITION(a)</b>					
Total assets	\$ 19,414	\$ 14,125	\$ 15,252	\$ 15,291	\$ 14,981
Long-term debt, net and non-recourse debt	\$ 5,185	\$ 4,368	\$ 5,367	\$ 4,925	\$ 4,511
Trust Preferred Securities and preferred stock	\$ 473	\$ 486	\$ 243	\$ 1,177	\$ 1,331
Common stockholders' equity	\$ 4,774	\$ 3,523	\$ 3,120	\$ 3,109	\$ 3,809
Dividends per common share	\$ 1.00	\$ 1.00	\$ 1.00	\$ 1.00	\$ 1.00
AVERAGE SHARES OUTSTANDING (thousands)	368,973	355,381	350,173	334,341	323,782

- (a) See "Management's Discussion and Analysis of Financial Condition and Results of Operations" and the "Notes to Consolidated Financial Statements" for information regarding accounting changes, asset acquisitions and dispositions, discontinued operations, and charges for asset write-downs, litigation matters, environmental remediation and other costs and other special items affecting comparability.
- (b) Earnings before special items reflect adjustments to net income(loss) to exclude the after-tax effect of certain infrequent transactions that may affect comparability between years. See the "Special Items" table for the specific nature of these items in 2000, 1999 and 1998. Management believes the presentation of earnings before special items provides a meaningful comparison of earnings between years to the readers of the consolidated financial statements. Earnings before special items is not considered to be an alternative to operating income in accordance with generally accepted accounting principles.

## ITEM 7

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

2000 BUSINESS ENVIRONMENT  
OIL AND NATURAL GAS INDUSTRY

During 2000, West Texas Intermediate ("WTI") crude oil traded in a wide range, dipping briefly below \$24/bbl in April and above \$37/bbl in September. The highest prices were seen in the third and fourth quarter, but they slipped considerably in December, ending the year at under \$27/bbl. However, average crude oil prices for the year were slightly above \$30/bbl, the highest annual average since 1983. Overall, the crude oil market continues to indicate uncertainty, both in long-term direction and in short-term price equilibrium.

NYMEX domestic natural gas prices were also volatile in 2000, ranging from approximately \$2.20/thousand cubic feet ("Mcf") to \$10.00/Mcf. Natural gas prices finished the year very strong, with the fourth quarter averaging over \$5/Mcf, more than double the average prices in the first quarter. A supply shortage, depleting inventories and an early winter all combined to raise gas prices to record levels.

## CHEMICAL INDUSTRY

In the first half of 2000, the chemical industry experienced strong product demand and overall economic growth, but in the second half experienced a slowdown in product demand that triggered significant inventory corrections among customers and distributors. In the second half of 2000, the U.S. economy started showing signs of softening in the housing, auto and other consumer products related industries. Also, U.S. exports of major commodities were constrained as Asia and Latin America continued to struggle to improve domestic demand. The combination of high energy and feedstock costs and reduced product demand decreased profit margins significantly.

Domestic chlorine demand increased in 2000 over 1999 due to overall strong chlorine demand in chemicals, other than vinyls. Chlorine pricing improved in the first quarter through the third quarter before falling as fourth quarter demand dropped. Caustic soda prices declined through the first three quarters due to over-supply, but strengthened significantly in the fourth



quarter as supply became limited due to major cutbacks in chlorine production. Polyvinyl chloride ("PVC") prices continued to improve during the first half before reaching a peak in June. Then prices weakened as a combination of poor demand and inventory corrections took hold.

## STRATEGIC OVERVIEW AND REVIEW OF BUSINESS RESULTS - 1998 - 2000

### STRATEGY

Occidental's strategy is unchanged since 1997 and consists of two basic elements:

- o Shift corporate assets to large, long-lived oil and gas assets with growth potential

Occidental will continue to swap or sell marginal assets or assets that are nearing the end of their economic life cycle and replace them with assets such as Altura and Elk Hills that give it critical mass in its core markets.

Occidental also refocused its exploration and enhanced recovery programs to concentrate primarily in the U.S., the Middle East and Latin America.

- o Harvest cash from chemicals

To invest in profitable growth opportunities and support debt reduction, Occidental enhanced its position in core chemical product markets by entering into strategic alliances that have resulted in cost saving synergies.

### SPECIFIC ACTIONS

#### OIL AND GAS

In implementing its strategy, Occidental has significantly strengthened its operations in the U.S., Middle East and Latin America.

By concentrating on large assets in these core areas, Occidental has used economies of scale to reduce operating costs and improve margins.

Occidental has taken a series of steps since 1997 to improve overall domestic oil and gas performance - beginning with the 1998 acquisition of the Elk Hills field in California. Each action is discussed below in the "Business Review." Occidental also consolidated its operations by focusing on 5 states and exiting 11 others. Occidental has interests in California, Kansas, New Mexico, Oklahoma and Texas, with California and Texas being the primary areas of focus. Occidental is no longer active in Alabama, Alaska, Arkansas, Colorado, Louisiana, Mississippi, Montana, North and South Dakota, Utah and Wyoming.

Outside the U.S., Occidental reduced the number of countries in which it was involved from 24 in 1997 to 10 in 2000. Today, Occidental operates in Albania, Colombia, Ecuador, Indonesia, Oman, Pakistan, Peru, Qatar, Russia and Yemen. Occidental sold producing properties in Venezuela, the Dutch North Sea and Peru and exited Angola, China, Egypt, Gabon, Hungary, Ireland and Vietnam, among others. Occidental also completed asset swaps that strengthened its position in its core areas. These are discussed below by individual country.

#### CHEMICALS

In its chemicals business, Occidental focused on the chlorovinyls chain where it takes ethylene and chlorine, which is co-produced with caustic soda, and converts them through a series of intermediate products into PVC. Additionally, to strengthen its position along the chlorovinyls chain, Occidental entered into two major business alliances: in 1999, a vinyls partnership with Geon (now known as "PolyOne") named Oxy Vinyls, LP ("OxyVinyls"); and in 1998 a petrochemicals investment in Equistar Chemicals, LP ("Equistar").

#### CORPORATE

Occidental sold all the shares of MidCon Corp ("MidCon"), its natural gas transmission and marketing business, and exchanged a related note for a total of \$3.5 billion in January 1998. Given the prospects for limited growth in its key markets, Occidental concluded that MidCon was a non-strategic asset.

In addition, Occidental redeemed 15 million preferred shares in March 1998, which saved approximately \$58 million annually in preferred stock dividend costs.

Occidental received \$775 million from Chevron in a litigation settlement in November 1999, which was used mainly to reduce high-cost debt.

In April 2000, Occidental sold its interest in Canadian Occidental Petroleum Ltd., now renamed Nexen Inc. ("CanadianOxy" or "Nexen"). After-tax proceeds, together with tax benefits from the disposition of the Peru producing properties, totaled \$700 million and were used in its debt reduction program following the Altura acquisition.

#### DEBT STRUCTURE

Occidental's total debt comprises three components, as shown in the table below (amounts in millions):

Date	Occidental Public Debt	Other Recourse Debt	Altura Non- Recourse Debt	Total Debt (a)
12/31/97	\$ 4,965	\$ 1,361	\$ --	\$ 6,326
12/31/98	\$ 5,402	\$ 776	\$ --	\$ 6,178
12/31/99	\$ 4,401	\$ 1,047	\$ --	\$ 5,448
April 2000*	\$ 5,766	\$ 1,009	\$ 2,400	\$ 9,175
12/31/00	\$ 3,544	\$ 912	\$ 1,900	\$ 6,356

\* Pro-forma Post Altura Acquisition

(a) Includes Trust Preferred Securities, natural gas delivery commitment, preferred stock and capital lease obligations, but excludes unamortized

discount.

The table above reflects, on a pro-forma basis, the effect of the \$1.2 billion Altura acquisition debt on Occidental's public debt as of April 2000.

Occidental's public debt at year-end 2000 is more than \$1.4 billion below the year-end 1997 level, and more than \$850 million below 1999.

Occidental's other recourse debt, which includes preferred stock and Trust Preferred Securities in the

above table, decreased from \$1.4 billion in 1997 to \$912 million in 2000.

Compared to the pro-forma debt level in April, after the addition of both the Altura recourse and non-recourse debt, year-end 2000 total debt is approximately \$900 million higher than at the end of 1999. For that \$900 million increase, net proved reserves increased 60 percent from 1.35 billion BOE at the end of 1999 to 2.17 billion BOE at the end of 2000.

Total Debt/Capitalization Ratio (%)  
-----

Date =====	Total Debt/Capitalization Ratio =====
12/31/97	67
12/31/98	66
12/31/99	61
April 2000*	71
12/31/00	57
* Pro-forma Post Altura Acquisition	
-----	

Despite reflecting the Altura acquisition during the year, Occidental's year-end 2000 total debt-to-capitalization ratio has declined to approximately 57 percent from the 67 percent level that existed at the end of 1997. The debt-to-capitalization ratio is computed by dividing total debt by total capitalization, excluding minority interest. Occidental intends to achieve additional debt reduction from free cash flow in 2001.

RETURN ON EQUITY

=====	Average Years (a) =====				Annual(b) =====
	10 Years	7 Years	5 Years	3 Years	2000
	-----				-----
Return on Equity (%)	7.7	10.6	12.9	20.8	37.9
	-----				-----

- (a) The return on equity for the multi-year periods was calculated by computing the return on equity for each year, using earnings applicable to common stock and the average equity balance, and then averaging the return over the respective periods.
- (b) The return in 2000 was calculated by dividing Occidental's 2000 earnings applicable to common stock by the average equity balance in 2000.

The table above shows Occidental's return on equity for the most recent 10, 7, 5 and 3-year periods, as well as the return for the year 2000. These results include non-recurring items such as asset sales and asset write-downs.

This table shows significant and steady progress in improving Occidental's returns on equity. The improvement over the last three years reflects the growth of the oil and gas business, higher oil and gas prices and the effect of the special items. These improvements also include an increase in Occidental's equity of over \$1.2 billion during 2000.

BUSINESS REVIEW - OIL AND GAS  
ALTURA ACQUISITION

Occidental completed the acquisition of the Altura properties, valued at \$3.6 billion, on April 19, 2000. Since the acquisition, the Altura properties have generated approximately \$674 million in operating cash flow after capital expenditures.

Net production averaged 142,000 BOE per day - 7,000 barrels per day more than Occidental initially projected.

The Altura properties have been successfully integrated with Occidental's existing Permian operations making Occidental the largest oil producer in Texas.

OCCIDENTAL'S PERMIAN BASIN

Occidental's portfolio of assets in the Permian Basin includes interests in 10 of the 50 largest fields ever discovered in the U.S. and 8 of the 10 largest fields in the Permian Basin. These fields are expected to provide a steady base of long-lived production, as well as an opportunity for expansion through additional enhanced recovery operations.

With the Altura acquisition, Occidental has become a world leader in CO2 flood technology, an enhanced oil recovery technique. Currently, Occidental has more than 50 active CO2 floods which provide about half of Occidental's production in the Permian Basin.

MILNE POINT - BRAVO DOME SWAP

Occidental recently swapped its 9 percent interest in the Milne Point field in Alaska operated by British Petroleum ("BP") for BP's 75 percent working interest in the Bravo Dome CO2 unit in northern New Mexico.

Production of CO2 at Bravo Dome is roughly equal to Occidental's total CO2 requirements in the Permian Basin. Because of third-party sales commitments, Bravo Dome currently meets approximately 50 percent of Occidental Permian's CO2 demand.

This transaction assures Occidental of a long-term, secure supply of CO2 to support the exploitation of its Permian assets and enhances the value of its Altura investment.

THUMS

The purchase of the THUMS oil properties in Long Beach, California essentially offset production from the property Occidental sold in Peru. THUMS

production generates significantly higher price realizations than the Peru operation and it has a much longer life. At year end, net production was averaging 25,000 barrels per day.

#### GULF OF MEXICO

Occidental monetized its interests on the Continental Shelf in the Gulf of Mexico ("GOM"), which would have required significant capital expenditures for future development.

#### ELK HILLS ACQUISITION

Elk Hills has generated total free cash flow, after capital expenditures, of approximately \$1.27 billion since the acquisition. Beginning in 1999, the first full year that Occidental owned the field, production has held steady at approximately 96,000 BOE per day.

Since the date of acquisition, Occidental has replaced 114 percent of its total oil and gas production at Elk Hills.

Additionally, Occidental has succeeded at driving down its costs at Elk Hills. Since gas production in Southern California has been selling at premium prices compared to almost all other domestic markets, the combination of high prices and low costs has resulted in very strong earnings from Elk Hills.

By the end of 2000, Occidental produced a total of 100 million BOE at Elk Hills since its acquisition in 1998, and the property still has an estimated 438 million BOE of proved reserves.

Occidental is currently in the early stages of a three-year exploration program that has already achieved positive results. The first test well was successful - yielding 2.5 million gross proved barrels. Production from this discovery has already begun.

#### MIDDLE EAST OMAN

Occidental is the operator on Block 9 in Oman where it is actively developing six fields. Occidental holds a 65 percent interest under a production-sharing agreement and it operates the Safah field in the northwest part of the block and the Wadi Latham/Al Barakah fields in the south-central part. Current gross production is 39,000 barrels of oil per day with more than 9,000 net to Occidental.

The Safah waterflood is now in its second year. The field remains Occidental's most important development project in Oman and it expects to increase ultimate recovery from the Safah field from 20 percent to 30 percent of the oil in place. Occidental's contract, which runs through 2015, can be extended to 2025 upon completion of the waterflood.

Occidental is also the operator and owner of a 100 percent oil interest and a 65 percent gas interest in Block 27, where it began to drill the first exploration wells in the fourth quarter of 2000.

#### PAKISTAN

Occidental holds interests in the Badin Blocks in Pakistan, which are operated by BP. Current gross production is 58,000 BOE per day. Occidental's net share is approximately 14,000 BOE per day.

Data obtained from a three-dimensional seismic survey on the Badin Blocks in 1996 and 1997 has significantly increased the success rate for both exploration and development while, at the same time, reducing dry hole costs.

Current plans call for drilling 13 to 15 wells per year to develop existing and newly developed fields by the end of 2002, and it is also continuing to evaluate additional exploration opportunities.

#### YEMEN

In 1998, Occidental swapped its holdings in Malaysia and the Philippines, which had long lead times and intensive capital requirements, for Shell's production interests in Colombia and Yemen. In Yemen, the asset swap allowed Occidental to more than double its interest in the Masila Block, which is operated by Nexen, to a 38 percent working interest. Gross production has increased from 120,000 barrels per day early in 1994, when operations began, to 217,000 barrels per day in 2000. Occidental's net share was approximately 27,000 barrels per day in 2000.

The current plan is to continue to exploit identified reserves through a focused drilling program over the next five years. Occidental believes this program will maintain gross production at approximately 230,000 barrels per day through 2002.

In adjacent East Shabwa, production has risen substantially since Occidental acquired its 29 percent interest in 1999 in a swap with Unocal. Current gross production is averaging 28,000 barrels of oil per day from three fields, approximately 6,000 barrels of oil per day net to Occidental, up from 16,000 at the time of the swap. Three-dimensional seismic surveys planned for 2001 will help identify additional exploration objectives in East Shabwa. Occidental is also evaluating exploration acreage.

#### QATAR

In Qatar, Occidental's strategy is to continue development of the offshore North Dome and South Dome fields. Since 1994, it has produced about 190 million gross barrels of oil in Qatar. Total year-end 2000 proved oil reserves net to Occidental for both fields are estimated to be approximately 153 million barrels. Combined production for the two fields in 2000 was approximately 105,000 barrels per day gross and approximately 49,000 barrels per day net to Occidental.

At the North Dome field, Occidental is implementing a waterflood project to develop the Shuaiba reservoir. Occidental expects to complete a water injection plant by the end of the first quarter of 2001 with injection capacity of 160,000 barrels of water per day and it plans to drill 15 wells - 8 producers and 7 injectors - in 2001.

In 2002, Occidental expects to begin further development of non-Shuaiba reserves.

Occidental is also evaluating second-generation enhanced-recovery projects at the North Dome field.

Occidental has completed its evaluation of the South Dome field and has submitted a full field development plan to the government.

#### SAUDI ARABIA

The government of Saudi Arabia has decided to open its natural gas sector to foreign investment to help meet the Kingdom's needs for fuel, electric power and water. Occidental was one of the firms invited by Saudi authorities to submit letters of intent to participate in two of the three core natural gas and infrastructure ventures approved for development. Occidental, jointly with Enron, has submitted proposals that include (1) upstream exploration, development and production, (2) midstream gathering, processing and transmission and (3) downstream distribution.

#### LIBYA

Occidental is also evaluating a series of opportunities in Libya that focus on returning to operate the assets that it operated before the U.S. government imposed sanctions in 1986. Occidental sees significant potential for enhancing production from these older fields as well as applying state-of-the-art technology to its existing exploration prospects. Occidental has a long track record of success in Libya, but its return is contingent upon a shift in U.S. policy permitting U.S. companies to resume operation of their existing Libyan assets.



LATIN AMERICA  
COLOMBIA

In Colombia, Occidental is pursuing an aggressive drilling program to optimize the recovery of reserves from Cano Limon. Occidental completed 16 development wells in 2000, and expects to complete another 20 wells in 2001 and 11 wells in 2002. Production in 2000 was 93,000 gross barrels of oil per day, 32,000 barrels per day net to Occidental.

Although liftings have been significantly reduced since June 2000 due to disruptions of the Cano Limon pipeline, Occidental presently anticipates that it will recover the proved reserves attributable to its contract, which amount to less than 3 percent of its worldwide proved oil and gas reserves.

Occidental began drilling the Gibraltar exploration well in November 2000. The well location is approximately 100 miles west of Cano Limon and less than two miles from a major pipeline that is connected to the export market. The pipeline has a capacity of 250,000 barrels per day and is currently 40 percent full. Occidental expects to complete the well in mid year.

ECUADOR

Gross production from Occidental's Block 15 interests in Ecuador is currently averaging approximately 30,000 barrels of oil per day, net to Occidental of 17,000 barrels per day.

Occidental recently farmed out a 40 percent economic interest in Block 15 to Alberta Energy Company Ltd. ("AEC"). This transaction reduces Occidental's business and political risk in Ecuador and is expected to largely fund its capital program in-country for the next four years.

Both Occidental and AEC are members of a consortium of producers that have formed an independent pipeline company to build a new heavy oil pipeline in Ecuador. Ecuador is currently pipeline-capacity constrained, so the new pipeline is expected to foster oil development. The independent pipeline company has signed an agreement with the government to build a 500-kilometer pipeline from the interior Oriente Basin to the coast of Ecuador over a two-year period. The pipeline is expected to make it feasible for Occidental to develop the potentially significant Eden Yuturi field it discovered several years ago in the southeastern edge of Block 15.

BUSINESS REVIEW - CHEMICALS

The performance of the chemical business is difficult to forecast from year to year, but when the market is strong, these businesses are capable of contributing strong earnings and cash flow.

After a strong first half of 2000 in the PVC business, sales declined in the second half as customers began to draw down inventories that had grown with the expectation of higher prices.

In Occidental's chlor-alkali business, the reduced demand for vinyls in the second half of 2000 has adversely impacted the chlorine market. Chlorine sales and operating rates have declined. Operating rates dropped to 85 percent in the second half - down from 99 percent in the first half of the year.

Feedstock and energy cost increases adversely affected earnings in the third and fourth quarter.

The upside to the reduced demand for chlorine is supply shortages in the caustic soda markets where demand has remained stable and prices are increasing.

Petrochemical prices are expected to remain under increasing pressure with the startup of significant new capacity this year and next from BASF/Fina, Formosa Plastics and Union Carbide/Nova Chemicals. Margins are expected to remain compressed under the pressure of sustained high feedstock costs.

The primary goal of Occidental's chemicals business is to harvest cash that can be used to reduce debt and to fund new opportunities. As shown below, from 1995 through 2000, total cash flow from the chemicals business was \$3.6 billion - with \$2.5 billion in cash after capital expenditures coming from Occidental's core chemical businesses. Asset sales, net of acquisitions, accounted for \$1.1 billion.

Chemicals Cash Flow - 1995 - 2000  
-----

Operating Cash Flow After Capital Expenditures	\$2.5 Billion
Asset Sales, Net of Acquisitions	\$1.1 Billion
	-----
Total	\$3.6 Billion
	=====

SUMMARY OF RESULTS AND PLANS FOR FUTURE GROWTH

In summary, the strategic moves made in the past three years have resulted in significant growth for Occidental.

In oil and gas, Occidental's profitability per barrel has grown significantly. Occidental has increased production by a compound annual growth rate of 6 percent and it has increased its reserves-to-production ratio by 40 percent. Upgrading its portfolio of assets has enabled Occidental to improve both oil and gas price realizations. Operating and administrative costs have been reduced significantly since 1997. These actions contributed to substantial improvements in recurring earnings from Occidental's oil and gas business.

In chemicals, Occidental has delivered the synergies expected from its alliances. When the chemical cycle turns upward, the chemical business will generate more cash flow.

From its pro-forma high debt level in April, Occidental exceeded its \$2 billion debt reduction target for 2000 by an additional \$800 million. It has also improved its return on equity. The growth in Occidental's return on equity over the past three years demonstrates that its strategy for creating value is sound.

Occidental has ongoing growth initiatives within its base assets to achieve the kind of growth necessary to exceed its financial targets. In oil and gas, it will rely on a three-pronged strategy that encompasses enhanced oil recovery, exploration and acquisitions. In enhanced oil recovery, Occidental has focused on two core areas - the Middle East and Latin America - where it has a long

history of success. In exploration, Occidental has a focused program targeting opportunities in its core areas in the U.S., the Middle East and Latin America.

The commodity chemicals industry is currently under the pressure of high energy prices and soft



demand. When the industry begins to recover, Occidental expects its core operations to generate strong cash flow.

Overall, however, higher energy prices are a significant net benefit to Occidental's earnings and cash flow.

## 2001 OUTLOOK

### OIL AND NATURAL GAS

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

While fundamentals are a decisive factor affecting crude oil prices over the long term, day-to-day prices may be more volatile in the futures markets, such as on the NYMEX and other exchanges, which make it difficult to accurately predict oil and natural gas prices. However, weather patterns do have a more immediate effect, particularly on natural gas prices. In the United States, the initially severe 2000-2001 winter season increased demand for natural gas, and tight supply led to very low inventory levels. Inventories at the end of 2000 were at their lowest levels for that time of year since 1993.

Gas production in California of approximately 300 million cubic feet per day accounts for about 45 percent of Occidental's total U.S. gas production. The California border and the Henry Hub prices are usually close in value. In the late fall of 2000, the price differential between Henry Hub and the California border began to increase driving California prices higher than the NYMEX index. The reasons behind the increased differential are complex, but the change is due partially to supply disruptions caused when a major pipeline transporting gas from the southwestern states to California was temporarily out of commission. Subsequently, a myriad of other factors contributed to a further widening in the differential that exceeded \$3.00 in December and remains volatile on a day-to-day basis.

Since there is a time lag of one month between Occidental's gas production and recorded sales, the results from high gas prices in December 2000 will have a significant impact on the company's financial performance in the first quarter of 2001. The combination of high gas prices and low inventory levels, which continue in the first quarter of 2001, and the unique characteristics of the California gas market, is expected to result in higher average gas price realizations for Occidental in 2001 than in 2000.

### CHEMICAL

The widely reported slowdown in the U.S. economy reduced operating rates in petrochemicals and Occidental's chlor-alkali/vinyls business to the low 80 percent level. These low operating rates are continuing in the first quarter. Normally, the chemical industry is profitable when operating rates range from the high 80 to low 90 percent levels. Under current conditions, Occidental is unable to pass through to its customers the full cost of higher electricity and natural gas prices.

Although overall pricing may improve in the chemical segment in the second half of 2001, from the decline experienced in the second half of 2000, higher energy and feedstock costs and lower demand would continue to have a negative effect on chemical margins. Specific comments by sub-segment are given below.

### CHLOR-ALKALI

Domestic demand for chlorine is expected to grow approximately 2 percent in 2001, but industry capacity additions are expected to limit operating rates. Caustic soda markets should remain tight until the vinyls demand for chlorine strengthens.

Chlorine prices peaked early in the third quarter of 2000 due to strong global demand for ethylene dichloride ("EDC") and strong domestic demand for PVC in the first half of the year. Later in the third quarter, reduced demand for chlorine resulted in falling prices and reduced operating rates. Liquid caustic soda demand remained steady and prices increased due to the reduced supply. This trend of increasing prices for liquid caustic and declining prices for chlorine is expected to continue in 2001. Occidental announced February 21, 2001 that it will temporarily suspend production at its Convent, Louisiana, chlor-alkali and EDC plant, effective February 28, 2001. The decision was made in response to sharply higher costs for raw materials, particularly ethylene feedstock and electricity. The facility will remain idle until economic conditions improve.

### VINYLS

For 2001, demand is expected to increase from second half 2000 levels. However, overall growth will remain modest, tempered by higher energy costs and lower consumer confidence. Excess PVC resin is expected to be available, and operating rates constrained, as the marketplace begins to absorb new capacity from the staged startup of the industry's major new PVC plant addition in Louisiana. Overall, vinyls margins are expected to decline.

### PETROCHEMICALS (EQUISTAR)

Industry forecasts project continued pressure on margins due to continued high feedstock costs combined with weak demand and capacity additions in the industry.

### INCOME SUMMARY

Occidental reported net income of \$1.6 billion (\$4.26 per share) in 2000, on net sales of \$13.6 billion, compared with net income of \$448 million (\$1.24 per share) in 1999, on net sales of \$7.8 billion. Earnings before special items were \$1.3 billion in 2000 and \$253 million in 1999.

### SEGMENT OPERATIONS

The following discussion of Occidental's two operating segments and corporate items should be read in conjunction with Note 16 to the Consolidated Financial Statements.

Segment earnings exclude interest income, interest expense, unallocated corporate expenses and extraordinary items, but include gains and losses from dispositions of segment assets and results from equity investments.

Foreign income and other taxes and certain state taxes are included in segment earnings on the basis of operating results. U.S. federal income taxes are not allocated to segments except for amounts in lieu thereof that represent the tax effect of operating charges resulting from purchase accounting adjustments, and the tax effects resulting from major, infrequently occurring transactions such as asset dispositions and legal settlements that relate to segment results. Segment earnings in 2000 were affected by \$25 million from net charges allocated comprising \$32 million of charges and \$7 million in credits in oil and gas and chemical, respectively. Segment earnings in 1999 were affected by \$212 million from net charges allocated comprising \$228 million of charges and \$16 million of credits in oil and gas and chemical, respectively. The oil and gas amount included a charge related to the income on the Chevron litigation settlement and a credit for losses on sales of assets. Segment earnings in 1998 were affected by \$176 million from net charges comprising \$202 million of charges and \$26 million in credits in oil and gas and chemical, respectively.

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

#### SEGMENT OPERATIONS

In millions

For the years ended December 31,	2000	1999	1998
SALES			
Oil and Gas	\$ 9,779	\$ 4,599	\$ 3,650
Chemical	3,795	3,221	3,155
	-----	-----	-----
	\$ 13,574	\$ 7,820	\$ 6,805
	=====	=====	=====
EARNINGS(LOSS)			
Oil and Gas	\$ 2,417	\$ 1,267	\$ 592
Chemical	169	(37)	287
	-----	-----	-----
	2,586	1,230	879
Unallocated corporate items			
Interest expense, net (a)	(380)	(468)	(451)
Income taxes	(861)	(68)	(14)
Trust preferred distributions and other	(67)	(62)	(20)
Other (b)	291	(64)	(69)
	-----	-----	-----
Income from continuing operations	1,569	568	325
Discontinued operations, net	--	--	38
Extraordinary gain(loss), net	1	(107)	--
Cumulative effect of changes in accounting principles, net	--	(13)	--
	-----	-----	-----
Net Income	\$ 1,570	\$ 448	\$ 363
	=====	=====	=====

(a) The 2000 amount is net of \$106 million interest income on notes receivable from Altura partners.

(b) The 2000 amount includes the pre-tax gain on the sale of the CanadianOxy investment of \$493 million, partially offset by preferred distributions to the Altura partners of \$107 million. These preferred distributions are essentially offset by the interest income discussed in (a) above.

#### OIL AND GAS

In millions, except as indicated	2000	1999	1998
SEGMENT SALES	\$ 9,779	\$ 4,599	\$ 3,650
SEGMENT EARNINGS	\$ 2,417	\$ 1,267	\$ 592
EARNINGS BEFORE SPECIAL ITEMS(a)	\$ 2,404	\$ 841	\$ 316
AVERAGE SALES PRICES			
CRUDE OIL PRICES (per barrel)			
U.S.	\$ 26.66	\$ 15.81	\$ 12.06
Latin America	\$ 26.01	\$ 13.20	\$ 8.78
Eastern Hemisphere	\$ 25.14	\$ 15.86	\$ 11.12
GAS PRICES (per thousand cubic feet)			
U.S.	\$ 3.66	\$ 2.09	\$ 2.05
Eastern Hemisphere	\$ 1.99	\$ 1.17	\$ 2.03
EXPENSED EXPLORATION(b)	\$ 94	\$ 75	\$ 128
CAPITAL EXPENDITURES			
Development	\$ 582	\$ 302	\$ 545
Exploration	\$ 132	\$ 103	\$ 140
Acquisitions and other(c, d)	\$ 77	\$ 69	\$ 66

(a) Earnings before special items represents segment earnings adjusted for the effect of certain infrequent transactions that may affect comparability between years. Earnings before special items is not considered to be an alternative to operating income in accordance with generally accepted accounting principles. See "Special Items" table for a list of special

items affecting earnings.

- (b) Includes certain amounts previously shown in exploration capital expenditures.
- (c) Includes mineral acquisitions only but excludes significant acquisitions individually discussed in this report.
- (d) Includes capitalized CO2 of \$44 million in 2000.

Occidental explores for and produces oil and natural gas, domestically and internationally. Occidental seeks long-term growth and improvement in profitability and cash flow through a combination of improved operations in existing fields, enhanced oil recovery projects, selected exploration opportunities and complementary property acquisitions.

Earnings before special items in 2000 were \$2.4 billion, compared with earnings before special items of \$841 million in 1999. The increase in earnings before special items reflected primarily the impact of higher worldwide crude oil and natural gas prices, higher domestic production volumes and lower overhead costs, partially offset by lower international production.

Earnings before special items in 1999 were \$841 million, compared with earnings before special items of \$316 million in 1998. The increase in earnings before special items reflected the impact of higher worldwide crude oil prices, lower operating and exploration costs, and higher natural gas volumes, partially offset by lower crude oil volumes.

Approximately 50 percent of oil and gas sales revenues for 2000 were attributable to oil and gas trading activity, compared with approximately 43 percent in 1999 and 44 percent in 1998. Occidental participates in oil and gas trading to optimize its long-term global marketing efforts. The results were not significant.

## CHEMICAL

In millions, except as indicated	2000	1999	1998
SEGMENT SALES	\$ 3,795	\$ 3,221	\$ 3,155
SEGMENT EARNINGS (LOSS)	\$ 169	\$ (37)	\$ 287
EARNINGS BEFORE SPECIAL ITEMS(a)	\$ 293	\$ 147	\$ 317
KEY PRODUCT INDEXES (1987 through 1990 average price = 1.0)			
Chlorine	1.58	0.79	1.13
Caustic soda	0.69	0.66	1.02
Ethylene Dichloride	1.37	0.97	0.46
PVC commodity resins (c)	0.95	0.70	.60
KEY PRODUCT VOLUMES			
Chlorine (thousands of tons)	2,977	3,230	2,983
Caustic soda (thousands of tons)	3,165	3,223	3,208
Ethylene Dichloride (thousands of tons)	979	1,080	843
PVC commodity resins (millions of pounds)	4,484	3,454	1,755
CAPITAL EXPENDITURES(b)			
Basic chemicals	\$ 49	\$ 35	\$ 126
Vinyls	\$ 61	\$ 25	\$ 34
Specialty businesses	\$ 41	\$ 50	\$ 148
Other	\$ 4	\$ 6	\$ 13

- (a) Earnings before special items represents segment earnings adjusted for the effect of certain infrequent transactions that may affect comparability between years. Earnings before special items is not considered to be an alternative to operating income in accordance with generally accepted accounting principles. See "Special Items" table for a list of special items affecting earnings.
- (b) Excludes the formation of OxyVinyls and the acquisition of the balance of INDSPEC.
- (c) Product volumes produced at PolyOne facilities contributed to OxyVinyls are excluded from the product indexes.

Earnings before special items were \$293 million in 2000, compared with \$147 million in 1999. The increase in earnings before special items reflected the impact of higher average prices for chlorine, EDC and PVC resins, partially offset by higher raw material and feedstock costs.

Earnings before special items were \$147 million in 1999, compared with \$317 million in 1998. The decrease in earnings before special items primarily reflected the impact of lower prices for chlorine and caustic soda, as well as higher costs for ethylene and natural gas.

## SPECIAL ITEMS

Special items are significant, infrequent items reflected in the Consolidated Statements of Operations that may affect comparability between years. The special items included in the 2000, 1999 and 1998 results are detailed below. For further information, see Note 16 to the Consolidated Financial Statements and the discussion above.

## SPECIAL ITEMS

Benefit (Charge) In millions	2000	1999	1998
OIL AND GAS			
Gain on partial sale of Gulf of Mexico assets (a)	\$ 39	\$ --	\$ --
Write-down of various assets, real estate and investments	(53)	(9)	(30)
Loss on sale of office building (a)	(14)	--	--
Chevron litigation settlement (a)	--	488	--
Write-down of Peru producing operations (a)	--	(29)	--
Claims, settlements, reorganization and other	--	(35)	(12)
Gain on buyout of contingency payment (a)	41	--	--
Gain on receipt of contingency payment	--	11	--
Gains on sales of major nonstrategic assets (a)	--	--	317

## CHEMICAL

Write-down of chemical intermediate businesses and various assets	\$ (135)	\$ (159)	\$ --
Gain on sale of Durez business (a)	13	--	--
Loss on foreign investment abandonment (a)	(2)	--	--
Write-downs by Equistar	--	(28)	--
Gain on sale of chemical plant by Equistar	--	12	--
Claims and settlements	--	(9)	--
Reorganization and other	--	--	(30)

## CORPORATE

Gain on sale of CanadianOxy

investment	\$ 493	\$ --	\$ --
Claims and settlements	(17)	--	--
Extraordinary gain(loss) on debt redemption (a)	1	(107)	--
Insurance dividend	11	18	9
Changes in accounting principles (a)	--	(13)	--
Discontinued operations (a)	--	--	38

(a) These amounts are shown after-tax.

CONSOLIDATED OPERATIONS--REVENUES

SELECTED REVENUE ITEMS

In millions	2000	1999	1998
=====	=====	=====	=====
Net sales	\$ 13,574	\$ 7,820	\$ 6,805
Interest, dividends and other income	\$ 263	\$ 913	\$ 261
Gains(losses) on disposition of assets, net	\$ 639	\$ (13)	\$ 546
Income(loss) from equity investments	\$ 67	\$ 41	\$ (22)

The increase in sales in 2000, compared with 1999, primarily reflected higher worldwide crude oil and natural gas prices, higher domestic oil production, mainly from the Altura and THUMS acquisitions, higher oil and gas trading activity and the inclusion of the full year revenues from OxyVinyls, partially offset by lower international oil production.

The increase in sales in 1999, compared with 1998, primarily reflected higher worldwide crude oil prices in the oil and gas segment, and the inclusion of eight months of revenues from OxyVinyls, partially offset by lower prices for chlorine and caustic soda and the absence of revenues related to the petrochemical assets contributed to Equistar in May 1998 in the chemical segment.

Interest, dividends and other income in 2000 included interest income on the notes receivable from the Altura partners of \$106 million. Interest, dividends and other income in 1999 included the favorable litigation settlement of \$775 million. Interest, dividends and other income in 1998 included interest earned on a \$1.4 billion note (the \$1.4 billion note receivable) received in exchange for a note previously issued to Occidental by the MidCon Corp. Employee Stock Ownership Plan ("ESOP") Trust.

Gains on disposition of assets in 2000 included the pre-tax gain of \$493 million on the sale of the CanadianOxy investment, the pre-tax gain of \$61 million on the partial sale of the Gulf of Mexico assets, the pre-tax gain of \$63 million on the receipt of contingency payments related to a prior year sale of a Dutch North Sea subsidiary and the pre-tax gain of \$34 million on the sale of the Durez business. Gains on disposition of assets in 1998 included net pre-tax gains of \$532 million on major nonstrategic assets sold as part of an asset redeployment program.

The increase in income from equity investments in 2000, compared with 1999, was due to higher earnings at Equistar.

The increase in income from equity investments in 1999, compared with 1998, primarily reflected the impact of higher worldwide crude oil prices and improved export prices for vinyl chloride monomer ("VCM").

#### CONSOLIDATED OPERATIONS--EXPENSES

##### SELECTED EXPENSE ITEMS

In millions	2000	1999	1998
=====	=====	=====	=====
Cost of sales	\$ 8,963	\$ 5,269	\$ 4,671
Selling, general and administrative and other operating expenses	\$ 691	\$ 645	\$ 678
Write-downs of assets	\$ 180	\$ 212	\$ 30
Minority interest	\$ 185	\$ 58	\$ 1
Interest and debt expense, net	\$ 518	\$ 498	\$ 559
-----	-----	-----	-----

The increase in cost of sales in 2000, compared with 1999, primarily reflected the higher costs related to oil and gas trading, higher domestic oil production volumes and higher raw material and energy costs in the chemical segment.

The increase in cost of sales in 1999, compared with 1998, primarily reflected higher costs related to oil and gas trading, the inclusion of cost of sales related to the acquired PolyOne facilities and higher raw material and energy costs in the chemical segment. These were partially offset by the absence of costs related to the petrochemical assets contributed to Equistar in May 1998 and cost reductions.

Selling, general and administrative and other operating expenses increased in 2000, compared to 1999, due to the increase in oil and gas production taxes resulting from higher oil and gas prices and the acquisition-related higher production, partially offset by lower other costs.

Selling, general and administrative and other operating expenses decreased in 1999, compared with 1998, due to ongoing cost reduction programs.

The increase in minority interest in 2000, compared with 1999, was due to the preferred distributions to the Altura partners of \$107 million.

The increase in interest and debt expense, net in 2000, compared to 1999, reflected the interest on the Altura non-recourse debt, partially offset by lower outstanding corporate debt levels.

The decrease in interest and debt expense in 1999, compared with 1998, reflected lower outstanding debt levels, partially offset by higher rates.

#### LIQUIDITY AND CAPITAL RESOURCES

##### OPERATING ACTIVITIES

In millions	2000	1999	1998
=====	=====	=====	=====
NET CASH PROVIDED	\$ 2,401	\$ 1,044	\$ 80

The higher operating cash flow in 2000, compared with 1999, resulted from higher earnings before special items. Depreciation, depletion and amortization of assets increased due to the increase in property, plant and equipment from the Altura acquisition.

The higher operating cash flow in 1999, compared with 1998, resulted from higher earnings before special items. Other non-cash charges to income were higher in 1999 compared with 1998, which reflected the non-cash write-downs in the chemical and oil and gas segments. See the "Special Items" table on page 21. Changes in operating assets and liabilities reflected lower net working capital usage in 1999, compared with 1998. Other operating expenses in 1999 reflected lower payments for other operating uses such as litigation and environmental costs. Included in total cash flow from operating activities in 1998 was cash used by discontinued operations of \$244 million, which included the negative effect of \$250 million of receivables repurchased in connection with the sale of MidCon.

Other non-cash charges in 2000 included the write-down of the chemical intermediate businesses and other miscellaneous items. Other non-cash charges in

1999 included the write-down of chemical assets and other miscellaneous items. Other noncash charges in 1998 included a charge for the write off of an investment in certain exploration properties, previously announced reorganization expense accruals and other miscellaneous items. See the "Special Items" table on page 21. Each of the three years also included charges for employee benefit plans and other items.

INVESTING ACTIVITIES

In millions	2000 =====	1999 =====	1998 =====
NET CASH(USED) PROVIDED	\$ (3,097)	\$ 1,591	\$ (1,216)

The 2000 amount includes the gross proceeds of approximately \$800 million from the sale of the CanadianOxy investment, gross proceeds of \$150 million from the sale of the Durez business and

approximately \$342 million from the monetization of the GOM assets. The 2000 amount also includes the purchases of Altura and THUMS.

The 1999 amount included the proceeds from the \$1.4 billion note receivable and the \$775 million proceeds from the Chevron litigation settlement. The 1999 amount reflected lower capital expenditures and also reflected net cash used of \$113 million in connection with the formation of OxyVinyls. The 1998 amount reflected cash used of \$3.5 billion for the purchase of the Elk Hills field. The 1998 amount also included the proceeds of \$3.4 billion, primarily from the sale of MidCon and nonstrategic oil and gas properties. Cash used in investing activities included Occidental's capital expenditure program as discussed below.

Included in investing activities was net cash used by investing activities of discontinued operations of \$6 million in 1998.

#### CAPITAL EXPENDITURES

IN MILLIONS	2000	1999	1998
=====	=====	=====	=====
Oil and Gas	\$ 791	\$ 474	\$ 751
Chemical	155	116	321
Corporate and other	6	11	2
	-----	-----	-----
	\$ 952	\$ 601	\$ 1,074
	=====	=====	=====

Oil and gas capital expenditures were higher in 2000 reflecting higher development spending resulting, in part, from a larger asset base. Amounts from all three years exclude significant acquisitions.

Occidental's capital spending budget for 2001 is \$1.1 billion. Of the total, approximately \$1 billion will be allocated to oil and gas, with the Permian Basin, Elk Hills and Qatar again receiving the highest priority. The remainder will be allocated to chemicals.

As part of the asset redeployment program, Occidental completed the sale in 1998 of various international and domestic nonstrategic oil and gas properties. Net proceeds from all major nonstrategic oil and gas asset sales were \$1.1 billion, and the total net pre-tax gain was \$532 million, which is included in the total gain from disposition of assets of \$546 million. Additionally, Occidental made a cash payment of \$89 million to Shell in connection with the exchange of certain oil and gas interests.

#### FINANCING ACTIVITIES

In millions	2000	1999	1998
=====	=====	=====	=====
NET CASH PROVIDED(USED)	\$ 579	\$ (2,517)	\$ 1,119

The 2000 amount reflected the proceeds from the \$2.4 billion non-recourse debt offset by repayments of \$1.4 billion on the long-term and non-recourse debt. The 2000 amount also includes the first year of purchases made to satisfy delivery commitments under the gas pre-sale commitment that was signed in 1998.

The 1999 amount reflected the repayment of commercial paper and long-term debt.

The 1998 amount reflected net cash provided of \$1.9 billion, primarily from proceeds from borrowings, to fund a portion of the acquisition of the Elk Hills field in February 1998. Cash used for financing activities in 1998 included \$937 million for the common stock repurchase program announced in October 1997. Under the program, Occidental repurchased a total of 39.3 million shares, of which, 35.1 million shares were repurchased in 1998.

Occidental paid common stock dividends of \$369 million in 2000 and paid preferred and common stock dividends of \$363 million in 1999 and \$387 million in 1998. In 1999, a total of 4,847,130 shares of CXY-indexed convertible preferred stock were converted by the holders into 15,708,176 shares of Occidental's common stock. The holders of the \$3.875 preferred stock converted all of the 15.1 million shares into 33.2 million shares of Occidental common stock in March 1998. At the end of 2000 and 1999, Occidental had no preferred stock outstanding. However, the Trust Preferred Securities issued in January 1999 by Oxy Capital Trust I, a wholly-owned subsidiary of Occidental, remain outstanding at December 31, 2000.

Occidental has a centralized cash-management system that funds the working capital and capital expenditure requirements of its various subsidiaries. There are no provisions under existing debt agreements that significantly restrict the ability to move funds among operating entities.

#### ANALYSIS OF FINANCIAL POSITION

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

#### SELECTED BALANCE SHEET COMPONENTS

In millions	2000	1999
=====	=====	=====
Trade receivables, net	\$ 809	\$ 559
Receivables from joint ventures, partnerships and other	\$ 517	\$ 215
Long-term receivables, net	\$ 2,119	\$ 168
Equity investments	\$ 1,327	\$ 1,754
Property, plant and equipment, net	\$ 13,471	\$ 10,029
Current maturities of long-term debt and capital lease liabilities	\$ 258	\$ 5



Accounts payable	\$ 1,091	\$ 812
Current obligation under natural gas delivery commitment	\$ 129	\$ 122
Long-term debt, net	\$ 3,285	\$ 4,368
Non-recourse debt	\$ 1,900	\$ --
Long-term obligation under natural gas delivery commitment	\$ 282	\$ 411
Other deferred credits and liabilities	\$ 2,415	\$ 2,123
Minority interest	\$ 2,265	\$ 252
Trust Preferred Securities	\$ 473	\$ 486
Stockholders' equity	\$ 4,774	\$ 3,523

The higher balance in trade receivables at December 31, 2000, compared with December 31, 1999 reflected additional receivables resulting from higher sales prices and an increase in production during the year. The increase in receivables from joint ventures, partnerships and other was due to higher mark-to-market adjustments in the oil and gas trading group, which are almost entirely offset by higher mark-to-market adjustments included in accounts payable. The increase in long-term receivables was due to the addition of notes receivable from the Altura partners related to the acquisition of Altura. The lower balance in equity investments primarily reflected the sale of the equity investment in CanadianOxy in April 2000. The increase in the net

balance in property, plant and equipment reflected the impact of capital spending and the Altura and THUMS acquisitions, offset in part by depreciation, depletion and amortization.

The increase in accounts payable was due to higher mark-to-market adjustments in the oil and gas trading group that are almost entirely offset by mark-to-market adjustments in accounts receivable. The increase in current maturities of long-term debt reflects debt maturities due in 2001. The decrease in long-term debt primarily reflected debt repaid from the proceeds of the CanadianOxy disposition, the monetization of the GOM assets and free cash flow, as well as the reclassification of debt that matures in 2001 to current maturities. The non-recourse debt was incurred as a result of the Altura acquisition. The original balance of the non-recourse debt was approximately \$2.4 billion but Occidental paid down the debt by approximately \$500 million during the year from Altura's free cash flow. The long-term balance of the obligations under the natural gas delivery commitment decreased from December 31, 1999, which reflected a portion of the obligation that is due within one year and is shown as a current liability. Other deferred credits and liabilities includes deferred compensation, primarily other post-employment benefits related to the adoption of Statement of Financial Accounting Standards ("SFAS") No. 106, environmental reserves, contract advances, deferred revenue and other deferred items. The increase in this account was primarily the result of the increase in deferred revenue from the GOM monetization. The increase in minority interest was the result of the preferred limited interest retained by the Altura partners. The increase in stockholders' equity primarily reflected net income, partially offset by dividends on common stock.

The table below presents principal amounts by currency by year of maturity for Occidental's long-term debt obligations, excluding \$16 million in unamortized discount, at December 31, 2000:

DEBT CURRENCY DENOMINATIONS AND INTEREST RATES  
In millions of U.S. dollars, except rates

Year of Maturity	U.S. Dollar Fixed Rate	U.S. Dollar Variable Rate	Grand Total(a)
2002	\$ 201	\$ 60	\$ 261
2003	514	300	814
2004	325	300	625
2005	177	1,268	1,445
2006	2	0	2
Thereafter	1,939	115	2,054
Total	\$ 3,158	\$ 2,043	\$ 5,201
Average interest rate	7.90%	7.48%	7.74%

(a) Excludes \$16 million of unamortized discounts.

The estimated fair value of Occidental's long-term debt at December 31, 2000 was \$6.1 billion. Occidental has the option to call certain issues of long-term debt prior to their maturity dates.

On December 20, 2000, Occidental redeemed all \$270 million of its outstanding floating rate extendible notes due 2008 at par.

During the third and fourth quarters of 2000, Occidental repurchased some of its outstanding public debt securities in open market transactions, with principal balances totaling \$154 million, at current market prices. Occidental recorded an after-tax extraordinary gain of \$1 million that resulted from these purchases.

On June 1, 2000, Occidental redeemed all of its outstanding 11-1/8 percent senior debentures due June 1, 2019, at a redemption price of 100 percent of the principal amount thereof. The outstanding aggregate principal amount of the debentures, which were issued on May 15, 1989, was \$75 million.

In December 1999, Occidental repurchased for cash, \$240 million principal amount of its 10.125 percent Senior Notes due November 15, 2001, and \$138 million principal amount of its 11.125 percent Senior Notes due August 1, 2010 and redeemed all of OXY USA's \$274 million principal amount of 7 percent debentures due 2011, for a total of \$722 million, including premium, expenses and accrued interest. Occidental recorded an after-tax extraordinary loss of \$104 million in the fourth quarter of 1999 related to these transactions.

In September 1999, Occidental redeemed \$250 million of its 8.5 percent medium-term notes due 2004 at par.

In August 1999, Occidental called for redemption all of the outstanding shares of its \$3.00 cumulative CXY-indexed convertible preferred stock. Holders of 3,125,837 shares of such preferred stock converted their shares into approximately 9.9 million shares of Occidental common stock. Occidental redeemed the remaining outstanding shares in September 1999.

In June 1999, Occidental registered a shelf registration statement for up to \$1 billion of its senior debt securities, subordinated debt securities, preferred stock, depositary shares, preferred securities of two subsidiary trusts and Occidental's guarantees of such preferred securities. Occidental may issue, at its option, the entire \$1 billion under its medium-term notes program, which includes its Medium-Term Senior Notes, Series C and its Medium-Term Subordinated Notes, Series A. At December 31, 2000, no notes were issued and outstanding under the program.

Also in June 1999, Occidental redeemed \$68.7 million of its 11.125 percent senior debentures due June 1, 2019, at a redemption price of 105.563 percent of the principal amount thereof. Occidental recorded an after-tax extraordinary loss of \$3 million in the second quarter of 1999 related to the redemption.

In February 1999, Occidental issued \$450 million of 7.65 percent senior notes due 2006 and \$350 million of 8.45 percent senior notes due 2029 for net proceeds of approximately \$792 million. The net proceeds were used for general corporate purposes, which included the repayment of commercial paper and the

redemption of other debt.

In January 1999, Occidental issued \$525 million of 8.16 percent Trust Preferred Securities due in 2039, and callable in 2004, for net proceeds of \$508 million. The net proceeds were used to repay commercial paper. The Trust Preferred Securities balance reflects the issuance

of preferred securities, net of unamortized issue costs and repurchases.

At December 31, 2000, Occidental had available approximately \$2.1 billion of committed credit lines, which are utilized, as needed, for daily operating and other purposes. These lines of credit are primarily used to back up the issuance of commercial paper.

Occidental expects to have sufficient cash in 2001 for its operating needs, capital expenditure requirements, dividend payments and mandatory debt repayments.

#### ACQUISITIONS, DISPOSITIONS AND COMMITMENTS

2000

##### MILNE POINT ASSET SWAP

On December 4, 2000, Occidental completed an agreement with BP to obtain BP's interest in a carbon dioxide field in New Mexico and related pipelines in exchange for Occidental's interest in the Milne Point oil field in Alaska, together with additional cash consideration. The gain on this transaction was not significant.

##### OXYMAR PURCHASE

On November 29, 2000, an OxyChem subsidiary purchased a 28.6 percent interest in OxyMar, a Texas general partnership that owns the Ingleside, Texas VCM facility operated by OxyChem. The interest was purchased from U.S. VCM Corporation, an affiliate of Marubeni Corporation, which continues to own a 21.4 percent interest and remains a 50 percent partner for corporate governance purposes. OxyVinyls owns the remaining 50 percent interest.

##### ECUADOR FARM OUT TO AEC

On November 1, 2000, Occidental agreed to farm out a partial economic interest in its Block 15 operations in Ecuador to AEC. AEC will earn a 40 percent interest in the block and will assume certain capital costs through 2004. Occidental will remain the operator of Block 15. The gain on this transaction was not significant.

##### SALE OF DUREZ

On November 1, 2000, Occidental completed the sale of its Durez phenolic resins and compounding businesses and assets to Sumitomo Bakelite Co., Ltd. for net after-tax proceeds of approximately \$120 million. There was a \$13 million after-tax gain on this transaction.

##### GULF OF MEXICO ASSETS MONETIZED

On August 15, 2000, Occidental completed agreements with respect to two transactions with Apache Corporation ("Apache") involving Occidental's interests in the Continental Shelf of the GOM. Occidental entered into a transaction to deliver, over four years, substantially all of its share of future gas production from these GOM interests to Apache for approximately \$280 million. Occidental also agreed to sell an interest in the subsidiary that holds the GOM assets for approximately \$62 million, with an option for Apache to purchase additional interests for \$44 million over the next four years. As a result of these transactions, and the consequent elimination of a portion of Occidental's responsibility for abandonment liabilities, Occidental recorded an after-tax gain of \$39 million.

##### SALE OF PERU PROPERTIES

On May 8, 2000, Occidental completed an agreement to sell its producing properties in Peru to Pluspetrol. In connection with this transaction, Occidental recorded an after-tax charge of approximately \$29 million in December 1999 to write-down the properties to their fair values.

##### THUMS ACQUISITION

On April 24, 2000, Occidental completed the acquisition of THUMS, an oil producing entity, for approximately \$68 million. The acquisition added approximately 95 million barrels of net oil reserves and approximately 25,000 barrels per day of net oil production to Occidental's growing California operations.

##### ALTURA ACQUISITION

On April 19, 2000, Occidental completed its acquisition of all of the common interest in 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 which manages, operates and controls 100 percent of the Altura assets. The partnership borrowed approximately \$2.4 billion, which has recourse only to the Altura assets. The partnership also loaned approximately \$2.0 billion to affiliates of the sellers, evidenced by two notes, 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 the partnership. The acquisition is valued at approximately \$3.6 billion. Proved reserves at Altura were 882 million barrels of oil equivalent at December 31, 2000.

##### SALE OF CANADIANOXY INVESTMENT

On April 18, 2000, Occidental completed the sale of its 29.2 percent stake in CanadianOxy for gross proceeds of approximately \$1.2 billion Canadian. Of Occidental's 40.2 million shares of CanadianOxy, 20.2 million were sold to the Ontario Teachers Pension Plan Board and 20 million to CanadianOxy. In addition, Occidental and CanadianOxy exchanged their respective 15 percent interests in joint businesses of approximately equal value, resulting in Occidental owning 100 percent of an oil and gas operation in Ecuador and CanadianOxy owning 100 percent of sodium chlorate operations in Canada and Louisiana. After-tax proceeds from the CanadianOxy disposition together with tax benefits from the disposition of the Peru producing properties totaled approximately \$700 million.

1999

ASSET SWAP WITH EOG

In December 1999, Occidental and EOG Resources, Inc. ("EOG") exchanged certain oil and gas assets. Occidental received producing properties and exploration acreage in its expanding California asset base, as well as producing properties in the western Gulf of Mexico near existing operations, in exchange for oil and gas production and reserves in east Texas. The exchange increased Occidental's exploration acreage in California from approximately 89,000 acres to approximately 850,000 acres.

Occidental also farmed out Oklahoma panhandle properties to EOG, retaining a carried interest, and expects to benefit from EOG's drilling program. Occidental was not planning on drilling this acreage and, under this program, EOG will fund all the capital and Occidental will share in the results.

INDSPEC ACQUISITION

In the third quarter of 1999, Occidental acquired the remaining ownership of INDSPEC through the issuance of approximately 3.2 million shares of Occidental common stock at an estimated value of approximately \$68 million and the assumption of approximately \$80 million of bank debt. As a result of the transactions, Occidental owns 100 percent of the stock of INDSPEC.

YEMEN ASSET SWAP WITH UNOCAL

In the third quarter of 1999, Occidental acquired oil and gas interests in Yemen from Unocal International Corporation ("UNOCAL") and UNOCAL acquired Occidental's properties in Bangladesh. The results, after tax benefits, did not have a significant impact on earnings.

OXYVINYL PARTNERSHIP

Effective April 30, 1999, Occidental and PolyOne formed two partnerships. Occidental has a 76 percent interest in OxyVinyls, the PVC commodity resin partnership, which is the larger of the partnerships, and a 10 percent interest in a PVC powder compounding partnership. OxyVinyls also has entered into long-term agreements to supply PVC resin to PolyOne and VCM to Occidental and PolyOne. In addition, Occidental sold its pellet compounding plant in Pasadena, Texas and its vinyl film assets in Burlington, New Jersey to PolyOne. As part of the transaction, PolyOne received \$104 million through the retention of working capital and the distribution of cash from OxyVinyls, and OxyVinyls undertook approximately \$180 million in obligations, for certain PolyOne plant facilities, which are treated as operating leases for accounting purposes. Occidental did not record a significant gain or loss on the transaction.

1998

GAS PRESALE

In November 1998, Occidental entered into a natural gas delivery commitment for proceeds of \$500 million, which obligates Occidental to deliver 263 billion cubic feet of natural gas over a four-year period beginning in 2000. The imputed interest rate in the transaction is approximately 6 percent. In connection with this transaction, Occidental simultaneously entered into a natural gas price swap with a third party based on identical volumes of natural gas and a delivery schedule that corresponds to the natural gas delivery commitment.

EQUISTAR

In May 1998, Occidental contributed its ethylene, propylene, ethylene oxide ("EO"), ethylene glycol and EO derivatives businesses to Equistar, in return for a 29.5 percent interest in the partnership, receipt of approximately \$420 million in cash and the assumption by Equistar of approximately \$205 million of Occidental capital lease liabilities. Occidental guaranteed \$625 million of Equistar's debt related to these amounts. Lyondell Petrochemical Company ("Lyondell") and Millennium Chemicals, Inc. ("Millennium"), through their respective subsidiaries, were the original partners of Equistar. Lyondell owns 41 percent of Equistar, and Occidental and Millennium each own 29.5 percent.

ELK HILLS ACQUISITION

In February 1998, Occidental acquired the U.S. government's approximate 78 percent interest in the Elk Hills field for approximately \$3.5 billion.

ASSET SALES PROGRAM

In 1998, Occidental completed a number of international and domestic asset sales as part of an asset redeployment program. Net proceeds from all major nonstrategic oil and gas asset sales were \$1.1 billion, and the total net pre-tax gain was \$532 million, which is included in the total gains from disposition of assets of \$546 million.

ROYAL DUTCH/SHELL ASSET SWAP

Additionally in 1998, Occidental and the Royal Dutch/Shell Group ("Shell") exchanged Occidental's oil and gas interests in the Philippines and Malaysia for Shell's oil and gas interests in Yemen and Colombia. Shell also received a cash payment of approximately \$89 million. No gain or loss was recorded on the transaction.

SALE OF MIDCON

Occidental completed the sale of all of the issued and outstanding shares of common stock and a related note of MidCon, its natural gas transmission and marketing business, to KN Energy, Inc. ("KN Energy"), on January 31, 1998 for a cash payment of \$2.1 billion. The estimated net cash proceeds from the transaction were approximately \$1.7 billion. Additionally, KN Energy issued a fixed-rate interest bearing note, which was repaid on January 4, 1999, to Occidental in the amount of \$1.4 billion, in exchange for a note previously issued to Occidental by the MidCon Corp. ESOP Trust. MidCon retained responsibility for certain Texas intrastate gas pipeline lease obligations to an Occidental entity. In connection with the sale, the Cumulative MidCon-Indexed Convertible Preferred Stock was redeemed.

## CAPITAL EXPENDITURES

Commitments at December 31, 2000 for major capital expenditures during 2001 and thereafter were approximately \$73 million. Total capital expenditures for 2001 are estimated to be approximately \$1.1 billion. Occidental will fund these commitments and capital expenditures with cash from operations and proceeds from existing credit facilities as necessary.

## DERIVATIVE ACTIVITIES

Occidental's market risk exposures relate primarily to commodity prices, interest rates and foreign currency. Therefore, Occidental periodically uses commodity futures contracts, options and swaps to hedge the impact of oil and natural gas price fluctuations; uses interest rate swaps and futures contracts to hedge interest rates on debt; and uses forward exchange contracts to hedge the risk associated with fluctuations in foreign currency exchange rates. Emerging Issues Task Force ("EITF") Issue No. 98-10, Accounting for Contracts Involved in Energy Trading and Risk Management Activities, was adopted in the first quarter of 1999. Oil and gas trading contracts are measured at fair value on the balance sheet date. Gains and losses on such contracts are recognized in periodic income. Gains and losses on commodity futures contracts that qualify for hedge accounting, essentially those associated with equity production or purchases, are deferred until recognized as an adjustment to sales revenue or purchase costs when the related transaction being hedged is finalized. Gains and losses on foreign currency forward exchange contracts that hedge identifiable future commitments are deferred until recognized when the related item being hedged is settled. All other contracts are recognized in periodic income.

At December 31, 2000, Occidental was a party to commodity exchange and over-the-counter forward obligations. The financial instruments held for purposes other than trading expire during the period from January 2001 to December 2003, and relate to the hedging of natural gas and crude oil prices. The fair value of these instruments at December 31, 2000 was \$511 million. Offsetting the value of these instruments are related physical positions with a \$528 million loss. The principal components of these instruments and related physical positions are the related natural gas price swap and the natural gas delivery commitment, which is discussed in Note 7 of the accompanying financial statements. At December 31, 2000, the difference between the carrying value and the fair value of these obligations was an unrealized loss of approximately \$17 million, which is currently deferred. Any gain or loss will be recognized when the related transactions are finalized. The financial instruments held or issued for trading purposes mostly expire in 2001, with the exception of a long-term sales contract that expires in 2010. The fair value of these instruments at December 31, 2000 was \$31 million. Offsetting the value of these instruments are related physical positions with a \$12 million loss. The approximate \$19 million net gain was reflected in the "Consolidated Statements of Operations." The majority of the gain was from the mark-to-market adjustment of a long-term sales contract under EITF Issue No. 98-10. The results of oil and gas trading activities, excluding the long-term sales contract, were not significant.

Interest rate swaps are entered into as part of Occidental's overall strategy to maintain part of its debt on a floating-rate basis. All of Occidental's remaining interest rate swaps converting fixed-rate debt to floating-rate debt matured during November 2000. The swap rate difference resulted in approximately \$1 million of expense in 2000, less than \$1 million of income in 1999 and approximately \$2 million of expense in 1998, compared to what interest expense would have had the debt remained at fixed rates. The impact of the swaps on the weighted average interest rates for all debt in 2000, 1999 and 1998 was not significant. Occidental will continue its strategy of maintaining part of its debt on a floating-rate basis.

At December 31, 2000, Occidental was a party to a series of forward interest rate locks that are required to be settled on or prior to December 31, 2002. These financial instruments relate to debt raised by a third party to construct a co-generation plant that will be subject to a long-term operating lease to an OxyChem affiliate. As the lease payments will be directly related to the amount of interest paid on the underlying debt, the forward rate locks were put in place to hedge the future lease payments. The lease payments are expected to commence on or before December 31, 2002. The fair value of these financial instruments at December 31, 2000 was an unrealized loss of \$29 million.

Occidental is exposed to interest rate risk with respect to its variable rate \$2.1 billion credit facilities. At December 31, 2000, there were no outstanding aggregate balances under these credit facilities. Therefore, a change in interest rates would have had no effect on Occidental's results of operations.

Many of Occidental's foreign oil and gas operations and foreign chemical operations are located in countries whose currencies generally depreciate against the U.S. dollar on a continuing basis. Generally, an effective currency forward market does not exist for these countries; therefore, Occidental attempts to manage its exposure primarily by balancing monetary assets and liabilities and maintaining cash positions only at levels necessary for operating purposes. Additionally, all of Occidental's oil and gas foreign entities have the U.S. dollar as the functional currency since the cash flows are mainly denominated in U.S. dollars. The effect of exchange rate transactions in foreign currencies is included in periodic income. Foreign currencies that are in a net liability position are thus protected from the unfavorable effects of devaluation. However, in certain foreign chemical subsidiaries and equity basis joint ventures where the local currency is the functional currency, Occidental has exposure on joint-venture debt that is denominated in U.S. dollars. For entities that have a net foreign currency asset position, Occidental strives to maintain those positions at low levels to mitigate exposure to currency devaluation.

## TAXES

Deferred tax liabilities were \$1.2 billion at December 31, 2000, net of deferred tax assets of \$845 million. The current portion of the deferred tax assets of \$117 million is included in prepaid expenses and other. The net deferred tax assets are expected to be realized through future operating income and reversal of taxable temporary differences.

## LAWSUITS, CLAIMS, COMMITMENTS, CONTINGENCIES AND RELATED MATTERS

Occidental and certain of its subsidiaries have been named as defendants or as potentially responsible parties ("PRP's") 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. In December 1998, David Croucher and others filed suit in the Federal District Court in Houston, Texas on behalf of persons claiming to have been beneficiaries of the MidCon ESOP. The suit has been certified as a class action. The plaintiffs allege that each of the U.S. Trust Company of California (the "ESOP Trustee") and the MidCon ESOP Administrative Committee breached its fiduciary duty to the plaintiffs by failing to properly value the securities held by the ESOP, and allege that Occidental actively participated in such conduct. The plaintiffs claim that, as a result of this alleged breach, the ESOP participants are entitled to an additional aggregate distribution of at least \$200 million and that Occidental has been unjustly enriched and is liable for failing to make that distribution. In December 2000, the named plaintiffs and defendants reached a proposed settlement of the action. This settlement provides for Occidental to pay the class \$25 million and fees and expenses of plaintiffs' counsel as awarded by the Court. The Court has scheduled a hearing on March 15, 2001 to consider approving the settlement. Occidental has adequate reserves.

During the course of its operations, Occidental is subject to audit by taxing authorities for varying periods in various tax jurisdictions.

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.

## ENVIRONMENTAL EXPENDITURES

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 environmental protection laws. Costs associated with environmental compliance have increased over time and may continue to rise in the future. Environmental expenditures, related to current operations, are factored into the overall business planning process. These expenditures are mainly considered an integral part of production in manufacturing quality products responsive to market demand.

## ENVIRONMENTAL REMEDIATION

The laws which 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. Also, Occidental and certain of its subsidiaries have been involved in a substantial number of governmental and private proceedings involving historical practices at various sites including, in some instances, having been named as defendants and/or as PRP's under the federal Superfund law. These proceedings seek funding and/or remediation and, in some cases, compensation for alleged personal injury or property damage, punitive damages and civil penalties, aggregating substantial amounts.

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 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 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 be reasonably determined at this time.

As of December 31, 2000, Occidental had been notified by the 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 in the "Lawsuits, Claims, Commitments, Contingencies and Related Matters" section of this "Management's Discussion and Analysis of Financial Condition and Results of Operations." For management's opinion on lawsuits and proceedings and on other environmental loss contingencies, see the above noted section.

#### ENVIRONMENTAL COSTS

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

In millions	2000	1999	1998
OPERATING EXPENSES			
Oil and Gas	\$ 23	\$ 13	\$ 15
Chemical	51	51	55
	\$ 74	\$ 64	\$ 70
CAPITAL EXPENDITURES			
Oil and Gas	\$ 20	\$ 19	\$ 31
Chemical	18	17	25
	\$ 38	\$ 36	\$ 56
ENVIRONMENTAL RESERVES			
Corporate	\$ 402	\$ 454	\$ 578

Operating expenses are incurred on a continual basis. Remediation expenses relate to existing conditions caused by past operations and do not contribute to current or future revenue generation. Occidental did not incur any additional remediation expenses in 2000, 1999 and 1998. Capital expenditures relate to longer lived improvements in facilities. Although total costs may vary in any one year, over the long term, segment operating and capital expenditures for environmental compliance generally are expected to increase. The environmental reserves, as shown in the table above, have been provided for environmental remediation liabilities at the Superfund and comparable state sites discussed above, and for Resource Conservation and Recovery Act and other sites where Occidental has environmental remediation responsibility. The net decrease in environmental reserves reflects payments for remediation programs and settlement agreements.

Occidental manages its environmental remediation efforts through a wholly owned subsidiary, Glenn Springs Holdings, Inc. ("GSH"). In 1998, GSH was given full management authority over all remediation sites and reports directly to Occidental's corporate management.

#### FOREIGN INVESTMENTS

Portions of Occidental's assets outside North America are exposed to political and economic risks. Occidental conducts its financial affairs so as to mitigate its exposure against such risks. At December 31, 2000, the carrying value of Occidental's assets in countries outside North America aggregated approximately \$1.8 billion, or approximately 10 percent of Occidental's total assets at that date. Of such assets, approximately \$1.2 billion was located in the Middle East, approximately \$428 million was located in Latin America, and substantially all of the remainder were located in Russia and Pakistan.

#### ACCOUNTING CHANGES

##### EITF ISSUE NO. 00-10

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. The transportation costs that have been removed as deductions from revenues and included in cost of sales on Occidental's Statements of Operations totaled \$245 million in 2000, \$210 million in 1999 and \$209 million in 1998.



In the fourth quarter of 2000, Occidental adopted the disclosure provisions of SFAS No. 140, Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities - a Replacement of FASB Statement No. 125, which revises disclosure standards for asset securitizations and other financial asset transfers. SFAS No. 140 also contains provisions which revise certain criteria for accounting for securitizations, financial-asset transfers and collateral. These accounting provisions will be adopted by Occidental on April 1, 2001. The implementation of all of the

provisions of SFAS No. 140 will not have an impact on Occidental's consolidated financial positions or results of operations.

#### SFAS NOS. 138, 137 AND 133

SFAS No. 133, Accounting for Derivative Instruments and Hedging, as amended by SFAS 137, Accounting for Derivative Instruments and Hedging Activities - Deferral of the Effective Date of FASB Statement No. 133, and SFAS 138, Accounting for Certain Derivative Instruments and Certain Hedging Activities, is effective for Occidental as of January 1, 2001. These statements establish accounting and reporting standards for derivative instruments and hedging activities and require an entity to recognize all derivatives in the statement of financial position and measure those instruments at fair value. Changes in the derivative instrument's fair value must be recognized in earnings unless specific hedge accounting criteria are met. Adoption of these new accounting standards will result in cumulative after-tax reductions in net income of approximately \$24 million and other comprehensive income of approximately \$27 million in the first quarter of 2001. The adoption will also increase total assets by \$588 million and total liabilities by \$639 million on the balance sheet.

#### SAB NO. 101

In December 1999, the Securities and Exchange Commission issued Staff Accounting Bulletin ("SAB") No. 101, Revenue Recognition in Financial Statements. SAB No. 101 summarizes the Staff's views in applying generally accepted accounting principles to revenue recognition in the financial statements. The bulletin was effective in the fourth quarter of 2000. Occidental was in compliance with these standards; accordingly, the adoption of SAB No. 101 did not have an impact on its consolidated financial statements.

#### EITF ISSUE NO. 98-10

Effective January 1, 1999, Occidental adopted the provisions of EITF Issue No. 98-10, Accounting for Contracts Involved in Energy Trading and Risk Management Activities, which establishes accounting and reporting standards for certain energy trading contracts. EITF Issue No. 98-10 requires that energy trading contracts must be marked-to-market with gains and losses included in earnings and separately disclosed in the financial statements or footnotes thereto. The initial adoption of EITF Issue No. 98-10 resulted in a first quarter noncash after-tax benefit of \$2 million, recorded as a cumulative effect of a change in accounting principle in 1999.

#### SOP NO. 98-5

Effective January 1, 1999, Occidental adopted the provisions of American Institute of Certified Public Accountants Statement of Position ("SOP") 98-5, Reporting on the Costs of Start-Up Activities, which requires that costs of start-up activities, including organizational costs, be expensed as incurred. The initial application of the statement resulted in a charge to income for costs of previously capitalized start-up activities that have not yet been fully amortized. The initial adoption of SOP 98-5 resulted in a first quarter noncash after-tax charge of \$15 million, net of \$8 million in taxes, which has been recorded as a cumulative effect of a change in accounting principle.

#### SAFE HARBOR STATEMENT REGARDING OUTLOOK AND OTHER FORWARD-LOOKING DATA

Portions of this report, including Items 1 and 2 and the information appearing under the caption "Management's Discussion and Analysis of Financial Condition and Results of Operations," including the information under the sub-caption "2001 Outlook," contain forward-looking statements and involve risks and uncertainties that could significantly affect expected results of operations, liquidity, cash flows and business prospects. Factors that could cause results to differ materially include, but are not limited to: global commodity pricing fluctuations; competitive pricing pressures; higher than expected costs including feedstocks; crude oil and natural gas prices; chemical prices; potential liability for remedial actions under existing or future environmental regulations and litigation; potential liability resulting from pending or future litigation; general domestic and international political conditions; potential disruption or interruption of Occidental's production or manufacturing facilities due to accidents or political events; 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.

#### REPORT OF MANAGEMENT

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

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

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

We have audited the accompanying consolidated balance sheets of OCCIDENTAL PETROLEUM CORPORATION (a Delaware corporation) and consolidated subsidiaries as of December 31, 2000 and 1999, and the related consolidated statements of operations, stockholders' equity, comprehensive income and cash flows for each of the three years in the period ended December 31, 2000 (included on pages 32 through 60). These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Occidental Petroleum Corporation and consolidated subsidiaries as of December 31, 2000 and 1999, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2000, in conformity with accounting principles generally accepted in the United States.

Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The schedule listed in the exhibit index of financial statements is presented for purposes of complying with the Securities and Exchange Commission's rules and is not part of the basic financial statements. This schedule has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, fairly states in all material respects the financial data required to be set forth therein in relation to the basic financial statements taken as a whole.

/s/ ARTHUR ANDERSEN LLP

ARTHUR ANDERSEN LLP  
Los Angeles, California  
February 7, 2001

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

Occidental Petroleum Corporation  
and Subsidiaries

For the years ended December 31,	2000	1999	1998
=====	=====	=====	=====
<b>REVENUES</b>			
Net sales	\$ 13,574	\$ 7,820	\$ 6,805
Interest, dividends and other income	263	913	261
Gains (losses) on disposition of assets, net	639	(13)	546
Income (loss) from equity investments	67	41	(22)
	-----	-----	-----
	14,543	8,761	7,590
	-----	-----	-----
<b>COSTS AND OTHER DEDUCTIONS</b>			
Cost of sales	8,963	5,269	4,671
Selling, general and administrative and other operating expenses	691	645	678
Write-down of assets	180	212	30
Depreciation, depletion and amortization of assets	901	805	835
Minority interest	185	58	1
Exploration expense	94	75	128
Interest and debt expense, net	518	498	559
	-----	-----	-----
	11,532	7,562	6,902
	-----	-----	-----
<b>INCOME FROM CONTINUING OPERATIONS BEFORE TAXES</b>			
	3,011	1,199	688
Provision for domestic and foreign income and other taxes	1,442	631	363
	-----	-----	-----
<b>INCOME FROM CONTINUING OPERATIONS</b>			
	1,569	568	325
Discontinued operations, net	--	--	38
Extraordinary gain(loss), net	1	(107)	--
Cumulative effect of changes in accounting principles, net	--	(13)	--
	-----	-----	-----
<b>NET INCOME</b>			
	1,570	448	363
Effect of repurchase of Trust Preferred Securities	1	1	--
Preferred dividends	--	(7)	(17)
	-----	-----	-----
<b>EARNINGS APPLICABLE TO COMMON STOCK</b>			
	\$ 1,571	\$ 442	\$ 346
	=====	=====	=====
<b>BASIC EARNINGS PER COMMON SHARE</b>			
Income from continuing operations	\$ 4.26	\$ 1.58	\$ .88
Discontinued operations, net	--	--	.11
Extraordinary loss, net	--	(.30)	--
Cumulative effect of changes in accounting principles, net	--	(.04)	--
	-----	-----	-----
<b>BASIC EARNINGS PER COMMON SHARE</b>			
	\$ 4.26	\$ 1.24	\$ .99
	=====	=====	=====
<b>DILUTED EARNINGS PER COMMON SHARE</b>			
	\$ 4.26	\$ 1.24	\$ .99
	=====	=====	=====

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

CONSOLIDATED BALANCE SHEETS  
 In millions, except share amounts

Occidental Petroleum Corporation  
 and Subsidiaries

Assets at December 31,	2000	1999
CURRENT ASSETS		
Cash and cash equivalents	\$ 97	\$ 214
Trade receivables, net of reserves of \$25 in 2000 and \$24 in 1999	809	559
Receivables from joint ventures, partnerships and other	517	215
Inventories	485	503
Prepaid expenses and other	159	197
	-----	-----
TOTAL CURRENT ASSETS	2,067	1,688
	-----	-----
LONG-TERM RECEIVABLES, NET	2,119	168
	-----	-----
EQUITY INVESTMENTS	1,327	1,754
	-----	-----
PROPERTY, PLANT AND EQUIPMENT, AT COST		
Oil and gas segment	14,084	11,106
Chemical segment	3,990	4,062
Corporate and other	1,438	1,451
	-----	-----
	19,512	16,619
Accumulated depreciation, depletion and amortization	(6,041)	(6,590)
	-----	-----
	13,471	10,029
OTHER ASSETS	430	486
	-----	-----
	\$ 19,414	\$ 14,125
	-----	-----

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

CONSOLIDATED BALANCE SHEETS  
In millions, except share amounts

Occidental Petroleum Corporation  
and Subsidiaries

Liabilities and Equity at December 31,	2000	1999
=====	=====	=====
<b>CURRENT LIABILITIES</b>		
Current maturities of long-term debt and capital lease liabilities	\$ 258	\$ 5
Notes payable	2	29
Accounts payable	1,091	812
Accrued liabilities	1,089	738
Dividends payable	93	93
Obligation under natural gas delivery commitment	129	122
Domestic and foreign income taxes	78	168
	-----	-----
<b>TOTAL CURRENT LIABILITIES</b>	<b>2,740</b>	<b>1,967</b>
	-----	-----
<b>LONG-TERM DEBT, NET OF CURRENT MATURITIES AND UNAMORTIZED DISCOUNT</b>	<b>3,285</b>	<b>4,368</b>
	-----	-----
<b>NON-RECOURSE DEBT</b>	<b>1,900</b>	<b>--</b>
	-----	-----
<b>DEFERRED CREDITS AND OTHER LIABILITIES</b>		
Deferred and other domestic and foreign income taxes	1,280	995
Obligation under natural gas delivery commitment	282	411
Other	2,415	2,123
	-----	-----
	<b>3,977</b>	<b>3,529</b>
	-----	-----
<b>CONTINGENT LIABILITIES AND COMMITMENTS</b>		
<b>MINORITY INTEREST</b>	<b>2,265</b>	<b>252</b>
	-----	-----
<b>OCCIDENTAL OBLIGATED MANDATORILY REDEEMABLE TRUST PREFERRED SECURITIES OF A SUBSIDIARY TRUST HOLDING SOLELY SUBORDINATED NOTES OF OCCIDENTAL</b>	<b>473</b>	<b>486</b>
	-----	-----
<b>STOCKHOLDERS' EQUITY</b>		
Nonredeemable preferred stock; \$1.00 par value, authorized 50 million shares; outstanding shares: 2000 and 1999--none	--	--
Common stock, \$.20 par value; authorized 500 million shares; outstanding shares: 2000--369,984,447 and 1999--367,916,297	74	73
Additional paid-in capital	3,743	3,787
Retained earnings(deficit)	1,007	(286)
Accumulated other comprehensive income	(50)	(51)
	-----	-----
	<b>4,774</b>	<b>3,523</b>
	-----	-----
	<b>\$ 19,414</b>	<b>\$ 14,125</b>
	=====	=====

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

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY  
In millions

Occidental Petroleum Corporation  
and Subsidiaries

	Non- Redeemable Preferred Stock	ESOP Preferred Stock	Unearned ESOP Shares	Common Stock	Additional Paid-in Capital	Retained Earnings (Deficit)	Accum- ulated Other Compre- hensive Income
BALANCE, DECEMBER 31, 1997	\$ 1,125	\$ 1,400	\$ (1,348)	\$ 68	\$ 4,149	\$ (1,097)	\$ (11)
Net income	--	--	--	--	--	363	--
Other comprehensive income, net of tax	--	--	--	--	--	--	(18)
Dividends on common stock	--	--	--	--	(354)	--	--
Dividends on preferred stock	--	--	--	--	(17)	--	--
Issuance of common stock	--	--	--	--	28	--	--
Release/Retirement of ESOP shares	--	(1,400)	1,348	--	52	--	--
Repurchase and retirement of common stock	--	--	--	(7)	(930)	--	--
Preferred stock conversions	(882)	--	--	8	874	--	--
Exercises of options and other, net	--	--	--	--	12	--	--
BALANCE, DECEMBER 31, 1998	\$ 243	\$ --	\$ --	\$ 69	\$ 3,814	\$ (734)	\$ (29)
Net income	--	--	--	--	--	448	--
Other comprehensive income, net of tax	--	--	--	--	--	--	(22)
Dividends on common stock	--	--	--	--	(358)	--	--
Dividends on preferred stock	--	--	--	--	(7)	--	--
Issuance of common stock	--	--	--	1	88	--	--
Preferred stock conversions/redemptions	(243)	--	--	3	240	--	--
Exercises of options and other, net	--	--	--	--	10	--	--
BALANCE, DECEMBER 31, 1999	\$ --	\$ --	\$ --	\$ 73	\$ 3,787	\$ (286)	\$ (51)
Net income	--	--	--	--	--	1,570	--
Other comprehensive income, net of tax	--	--	--	--	--	--	1
Dividends on common stock	--	--	--	--	(92)	(277)	--
Issuance of common stock	--	--	--	1	40	--	--
Exercises of options and other, net	--	--	--	--	8	--	--
BALANCE, DECEMBER 31, 2000	\$ --	\$ --	\$ --	\$ 74	\$ 3,743	\$ 1,007	\$ (50)

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME  
In millions

For the years ended December 31,	2000	1999	1998
Net income	\$ 1,570	\$ 448	\$ 363
Other comprehensive income items:			
Foreign currency translation adjustments	2	(23)	(14)
Minimum pension liability adjustment	2	--	--
Other	(3)	1	(4)
Other comprehensive income, net of tax	1	(22)	(18)
Comprehensive income	\$ 1,571	\$ 426	\$ 345

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

CONSOLIDATED STATEMENTS OF CASH FLOWS  
In millions

Occidental Petroleum Corporation  
and Subsidiaries

For the years ended December 31,	2000	1999	1998
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
Income from continuing operations	\$ 1,569	\$ 568	\$ 325
Adjustments to reconcile income to net cash provided by operating activities:			
Depreciation, depletion and amortization of assets	901	805	835
Amortization of debt discount and deferred financing costs	7	12	22
Deferred income tax provision	413	183	275
Other noncash charges to income	170	275	10
Gains on disposition of assets, net and litigation settlement	(639)	(762)	(546)
(Income)loss from equity investments	(67)	(41)	22
Exploration expense	94	75	128
Changes in operating assets and liabilities:			
(Increase)decrease in accounts and notes receivable	(201)	(269)	54
(Increase)decrease in inventories	(39)	27	(43)
Decrease(increase) in prepaid expenses and other assets	34	13	(65)
Increase(decrease) in accounts payable and accrued liabilities	367	90	(176)
(Decrease)increase in current domestic and foreign income taxes	(53)	263	(242)
Other operating, net	(155)	(195)	(275)
	2,401	1,044	324
Operating cash flow from discontinued operations	--	--	(244)
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b>2,401</b>	<b>1,044</b>	<b>80</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Capital expenditures	(952)	(601)	(1,074)
Sale of businesses and disposal of property, plant and equipment, net	1,488	52	3,378
Proceeds from litigation settlement	--	775	--
Collection of note receivable	--	1,395	--
Buyout of operating leases	--	(17)	(41)
Purchase of businesses, net	(3,715)	(127)	(3,528)
Dividends from equity investments and other, net	82	114	55
	(3,097)	1,591	(1,210)
Investing cash flow from discontinued operations	--	--	(6)
<b>NET CASH(USED)PROVIDED BY INVESTING ACTIVITIES</b>	<b>(3,097)</b>	<b>1,591</b>	<b>(1,216)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
Proceeds from long-term debt and non-recourse debt	2,447	835	1,775
(Repayments of)proceeds from commercial paper and revolving credit agreements, net	--	(2,201)	811
Payments of long-term debt, non-recourse debt and capital lease liabilities	(1,389)	(1,305)	(679)
Proceeds from issuance of common stock	41	21	29
Proceeds from issuance of Trust Preferred Securities	--	508	--
Repurchase of Trust Preferred Securities	(12)	(21)	--
Proceeds from natural gas delivery commitment	--	--	500
Purchases for natural gas delivery commitment	(115)	--	--
(Payments)proceeds of notes payable, net	(25)	9	(4)
Repurchase of common stock	--	--	(937)
Cash dividends paid	(369)	(363)	(387)
Other financing, net	1	--	11
	579	(2,517)	1,119
<b>NET CASH PROVIDED(USED) BY FINANCING ACTIVITIES</b>	<b>579</b>	<b>(2,517)</b>	<b>1,119</b>
(DECREASE)INCREASE IN CASH AND CASH EQUIVALENTS	(117)	118	(17)
CASH AND CASH EQUIVALENTS--BEGINNING OF YEAR	214	96	113
<b>CASH AND CASH EQUIVALENTS--END OF YEAR</b>	<b>\$ 97</b>	<b>\$ 214</b>	<b>\$ 96</b>

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



## NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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PRINCIPLES OF CONSOLIDATION

The consolidated financial statements include the accounts of Occidental Petroleum Corporation, all entities where Occidental has majority ownership of voting interests and Occidental's proportionate interests in oil and gas exploration and production ventures. All material intercompany accounts and transactions have been eliminated. Investments in less than majority-owned enterprises, except for oil and gas exploration and production ventures, are accounted for on the equity method (see Note 15).

In addition, certain financial statements, notes and supplementary data for prior years have been changed to conform to the 2000 presentation.

## NATURE OF OPERATIONS

Occidental is a multinational organization whose principal business segments are oil and gas exploration, production and marketing and chemicals production and marketing. In oil and gas, Occidental has active exploration and production in the United States and in ten other countries. Occidental's OxyChem subsidiary has interests in basic chemicals (principally chlorine and caustic soda), vinyls, petrochemicals and specialty products.

## RISKS AND UNCERTAINTIES

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

Included in the accompanying balance sheet is net property, plant and equipment at a carrying value of approximately \$13.5 billion as of December 31, 2000. These carrying values are based on Occidental's plans and intentions to continue to operate, maintain and, where it is economically desirable, to expand its businesses. If future economic conditions result in changes in management's plans or intentions, the carrying values of the affected assets will be reviewed again and any appropriate adjustments made.

Included in the accompanying consolidated balance sheet are deferred tax assets of \$845 million as of December 31, 2000, the noncurrent portion of which is netted against deferred income tax liabilities. Realization of these assets is dependent upon Occidental generating sufficient future taxable income. Occidental expects to realize the recorded deferred tax assets through future operating income and reversal of taxable temporary differences.

The accompanying consolidated balance sheet includes assets of approximately \$1.8 billion as of December 31, 2000, relating to Occidental's operations in countries outside North America. Some of these countries may be considered politically and economically unstable. These assets and the related operations are subject to the risk of actions by governmental authorities and insurgent groups. Occidental attempts to conduct its financial affairs so as to mitigate its exposure against such risks and would expect to receive compensation in the event of nationalization.

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

## FOREIGN CURRENCY TRANSLATION

The functional currency applicable to all Occidental's foreign oil and gas operations is the U.S. dollar since cash flows are denominated principally in U.S. dollars. Occidental's chemical operations in Brazil use the Real as the functional currency. Brazil devalued the Real in January 1999. The devaluation had an unfavorable pre-tax income effect in 1999 on Occidental of approximately \$13 million. The effect of exchange-rate changes on transactions denominated in nonfunctional currencies generated a gain of less than \$1 million in 2000, a loss of \$11 million in 1999 and a loss of \$17 million in 1998. The 1998 loss was primarily due to the currency devaluation in Russia.

## CASH AND CASH EQUIVALENTS

Cash equivalents consist of highly liquid money-market mutual funds and bank deposits with initial maturities of three months or less. Cash equivalents totaled approximately \$46 million and \$162 million at December 31, 2000 and 1999, respectively.

## TRADE RECEIVABLES

In 1992, Occidental entered into a new agreement to sell, under a revolving sale program, an undivided percentage ownership interest in a designated pool of trade receivables, with limited recourse. Under this program, Occidental serves as the collection agent with respect to the receivables sold. An interest in new receivables is sold as collections are made from customers. As of December 31, 2000 and 1999, Occidental had received net cash proceeds totaling \$360 million. Fees and expenses under this program are included in selling, general and administrative and other

operating expenses. During the years ended December 31, 2000, 1999 and 1998, the cost of this program amounted to approximately 6.7 percent, 5.5 percent, and 5.9 percent, respectively, of the weighted average amount of proceeds received. In January 2001, Occidental replaced the existing agreement with a similar one.

#### INVENTORIES

Product and raw material inventories, except certain domestic chemicals, are stated at cost determined on the first-in, first-out ("FIFO") and average-cost methods and did not exceed market value. The remaining product and raw material inventories are stated at cost using the last-in, first-out ("LIFO") method and also did not exceed market value. Inventories of materials and supplies are valued at cost or less (see Note 5).

#### PROPERTY, PLANT AND EQUIPMENT

Property additions and major renewals and improvements are capitalized at cost. Interest costs incurred in connection with major capital expenditures are capitalized and amortized over the lives of the related assets (see Note 16). Depreciation and depletion of oil and gas producing properties is determined principally by the unit-of-production method and is based on estimated recoverable reserves. The unit-of-production method of depreciation, based on estimated total productive life, also is used for certain chemical plant and equipment. Depreciation of other plant and equipment has been provided primarily using the straight-line method.

Oil and gas properties are accounted for using the successful-efforts method. Costs of acquiring nonproducing acreage, costs of drilling successful exploration wells and development costs are capitalized. Producing and nonproducing properties are evaluated periodically and, if conditions warrant, an impairment reserve is provided. Annually, a determination is made whether it is probable that significant impairment of the carrying cost for individual fields or groups of fields has occurred, considering a number of factors, including profitability, political risk and Occidental's estimate of future oil and gas prices. If impairment is believed probable, a further analysis is performed using Occidental's estimate of future oil and gas prices to determine any impairment to be recorded for specific fields or groups of fields. Annual lease rentals and exploration costs, including geologic and geophysical costs and exploratory dry-hole costs, are expensed as incurred.

At December 31, 2000 and 1999 corporate property, plant and equipment included \$1.2 billion for an intrastate gas pipeline owned by Occidental. Accumulated depreciation, depletion and amortization included \$436 million and \$407 million at December 31, 2000 and 1999, respectively, for such pipeline.

#### OTHER ASSETS

Other assets include tangible and intangible assets, certain of which are amortized over the estimated periods to be benefited.

#### NOTES PAYABLE

Notes payable at December 31, 2000 and 1999 consisted of short-term notes due to financial institutions and other corporations. The weighted average interest rate on short-term borrowings outstanding as of December 31, 2000 and 1999 was 17.4 percent and 11.2 percent, respectively. The notes payable balance at December 31, 2000 and 1999 included high-rate notes denominated in Brazilian Reals.

#### ACCRUED LIABILITIES--CURRENT

Accrued liabilities include the following (in millions):

Balance at December 31,	2000	1999
=====	=====	=====
Accrued payroll, commissions and related expenses	\$ 180	\$ 130
Accrued interest expense	\$ 88	\$ 101
- - - - -	- - - - -	- - - - -

#### ENVIRONMENTAL COSTS

Environmental expenditures that relate to current operations are expensed or capitalized as appropriate. Reserves for estimated costs that relate to existing conditions caused by past operations and that do not contribute to current or future revenue generation are recorded when environmental remedial efforts are probable and the costs can be reasonably estimated. In determining the reserves, Occidental uses the most current information available, including similar past experiences, available technology, regulations in effect, the timing of remediation and cost-sharing arrangements. The environmental reserves are based on management's estimate of the most likely cost to be incurred and are reviewed periodically and adjusted as additional or new information becomes available. Probable recoveries or reimbursements are recorded as an asset. The environmental reserves are included in accrued liabilities and other noncurrent liabilities and amounted to \$79 million and \$323 million, respectively, at December 31, 2000 and \$88 million and \$366 million, respectively, at December 31, 1999.

Environmental reserves are discounted only when the aggregate amount of the estimated costs for a specific site and the timing of cash payments are reliably determinable. As of December 31, 2000 and 1999, reserves that were recorded on a discounted basis were not material.

#### DISMANTLEMENT, RESTORATION AND RECLAMATION COSTS

The estimated future abandonment costs of oil and gas properties and removal costs for offshore production platforms, net of salvage value, are accrued over their operating lives. Such costs are calculated at unit-of-production rates based upon estimated proved recoverable reserves and are taken into account in determining depreciation, depletion and amortization. For all other operations, appropriate reserves are provided when a decision is made to dispose of a property, since Occidental makes capital renewal expenditures on a continual basis while an asset is in operation. Reserves for dismantlement, restoration and reclamation costs are included in accrued liabilities and in other noncurrent liabilities and amounted to \$2 million and \$28 million, respectively, at December 31, 2000, and \$3 million and \$76 million, respectively, at December 31, 1999.

#### DERIVATIVE ACTIVITIES

Occidental periodically uses commodity futures contracts, options and swaps to hedge the impact of oil and natural gas price fluctuations and uses forward exchange contracts to hedge the risk associated with fluctuations in foreign currency exchange rates. Emerging Issues Task Force ("EITF") Issue No. 98-10, Accounting for Contracts Involved in Energy Trading and Risk Management Activities, was implemented in the first quarter of 1999. Oil and gas trading contracts are measured at fair value on the balance sheet date. Gains and losses on such contracts are recognized in periodic income. Except where a right of setoff exists, gains are recognized as accrued receivables and losses are recognized as accrued payables. Gains and losses on commodity futures contracts that qualify for hedge accounting, essentially those associated with equity production or purchases, are deferred until recognized as an adjustment to sales revenue or purchase costs when the related transaction being hedged is finalized. Gains and losses on foreign currency forward exchange contracts that hedge identifiable future commitments are deferred until recognized when the related item being hedged is settled. All other contracts are recognized in periodic income. The cash flows from such contracts are included in operating activities in the consolidated statements of cash flows.

Interest rate swaps and futures are entered into, from time to time, on specific debt as part of Occidental's overall strategy to maintain part of its debt on a floating-rate basis. There were no interest rate swaps outstanding at December 31, 2000.

Statement of Financial Accounting Standards ("SFAS") No. 133, Accounting for Derivative Instruments and Hedging, as amended by SFAS 137, Accounting for Derivative Instruments and Hedging Activities - Deferral of the Effective Date of FASB Statement No. 133, and SFAS 138, Accounting for Certain Derivative Instruments and Certain Hedging Activities, is effective for Occidental as of January 1, 2001. These statements establish accounting and reporting standards for derivative instruments and hedging activities and require an entity to recognize all derivatives in the statement of financial position and measure those instruments at fair value. Changes in the derivative instrument's fair value must be recognized into earnings unless specific hedge accounting criteria are met. Adoption of these new accounting standards will result in cumulative after-tax reductions in net income of approximately \$24 million and other comprehensive income of approximately \$27 million in the first quarter of 2001. The adoption will also increase total assets by \$588 million and total liabilities by \$639 million on the balance sheet.

#### SUPPLEMENTAL CASH FLOW INFORMATION

Cash payments during the years 2000, 1999 and 1998 included federal, foreign and state income taxes of approximately \$686 million, \$105 million and \$212 million, respectively. Interest paid (net of interest capitalized) totaled approximately \$516 million, \$468 million and \$491 million for the years 2000, 1999 and 1998, respectively. See Note 3 for detail of noncash investing and financing activities regarding certain acquisitions.

#### NOTE 2 FINANCIAL INSTRUMENTS

##### COMMODITY FUTURES AND FORWARD CONTRACTS

Occidental's oil and gas segment engages in commodity derivative activity, both for the purpose of hedging and trading activities. The resulting energy trading contracts are measured at fair value on the balance sheet date. Gains and losses on such contracts are recognized in periodic income. Gains and losses on commodity futures contracts that qualify for hedge accounting, essentially those associated with equity production or purchases, are deferred until recognized as an adjustment to sales revenue or purchase costs when the related transaction being hedged is finalized.

##### FORWARD EXCHANGE AND INTEREST RATE CONTRACTS

Occidental is engaged in both oil and gas and chemical activities internationally. International oil and gas transactions are mainly denominated in U.S. dollars; consequently, foreign currency exposure is not deemed material. Many of Occidental's foreign oil and gas operations and foreign chemical operations are located in countries whose currencies generally depreciate against the U.S. dollar on a continuing basis. An effective currency forward market does not exist for these countries; therefore, Occidental attempts to manage its exposure primarily by balancing monetary assets and liabilities and maintaining cash positions only at levels necessary for operating purposes.

Additionally, all of Occidental's oil and gas foreign entities have the U.S. dollar as the functional currency since the cash flows are mainly denominated in U.S. dollars. The effect of exchange rate transactions in foreign currencies is included in periodic income. Foreign currencies which are in a net liability position are thus protected from the unfavorable effects of devaluation. For entities that have a net foreign currency asset position, Occidental attempts to maintain those positions at low levels to mitigate exposure to currency devaluation. At December 31, 2000, Occidental had no foreign currency contracts outstanding.

From time to time, Occidental enters into interest rate swaps and futures contracts to hedge interest rates on debt. In November 1993, Occidental entered into interest rate swaps on newly issued fixed-rate debt for notional amounts totaling \$530 million. This converted fixed-rate debt into variable-rate debt, based on the London Interbank Offered Rate. All remaining agreements matured in November 2000. Notional amounts did not represent cash flow. Credit risk exposure, which was not material, was limited to the net interest differentials. The swap rate difference resulted in approximately \$1 million of expense in 2000, less than \$1 million of income in 1999 and approximately \$2 million of expense in 1998, compared to what interest expense would have been had the debt remained at fixed rates. The impact of the swaps on the weighted average interest rates for all debt in 2000, 1999 and 1998 was not significant.

At December 31, 2000, Occidental was a party to a series of forward rate locks that are required to be settled on or prior to December 31, 2002. These financial instruments relate to debt raised by a third party to construct a co-generation plant that will be subject to a long-term operating lease to an OxyChem affiliate. As the lease payments will be directly related to the amount of interest paid on the underlying debt, the forward rate locks were put in place to hedge the future lease payments. The lease will commence on or before December 31, 2002. The fair value of these financial instruments at December 31, 2000 was an unrealized loss of \$29 million.

#### FAIR VALUE OF FINANCIAL INSTRUMENTS

Occidental values financial instruments as required by SFAS No. 107, Disclosures about Fair Value of Financial Instruments. The carrying amounts of cash and cash equivalents and short-term notes payable approximate fair value because of the short maturity of those instruments. Occidental estimates the fair value of its long-term debt based on the quoted market prices for the same or similar issues or on the yields offered to Occidental for debt of similar rating and similar remaining maturities. The estimated fair value of Occidental's total debt, including the non-recourse debt and Trust Preferred Securities, at December 31, 2000 and 1999 was approximately \$6.1 billion and approximately \$4.9 billion, respectively, compared with a carrying value of approximately \$5.9 billion, and approximately \$4.9 billion, respectively. Occidental will continue its strategy of maintaining part of its debt on a floating-rate basis.

The carrying value of other on-balance sheet financial instruments approximates fair value and the cost, if any, to terminate off-balance sheet financial instruments is not significant.

Occidental values derivative financial instruments (a futures, forward, swap, or option contract, or other financial instrument with similar characteristics) as required by the SFAS No. 119, Disclosure about Derivative Financial Instruments and Fair Value of Financial Instruments. The average fair value of derivative financial instruments held or issued for trading purposes during 2000 was \$2 million. The fair value of these instruments at December 31, 2000 was \$31 million. Offsetting the value of these instruments are related physical positions with a \$12 million loss. The approximate \$19 million net gain was reflected in the consolidated statements of operations. The majority of the gain realized from derivative financial instruments held or issued for trading purposes was from the mark-to-market under EITF Issue No. 98-10 of a long-term sales contract. The gross value of these positions has been reflected on the accompanying consolidated balance sheet as \$252 million of accrued receivables and \$233 million of accrued liabilities. Excluding the long-term sales contract that was marked-to-market under EITF Issue No. 98-10, the obligations' net positions, most of which expire in 2001, cover 5 billion cubic feet of natural gas and 50 thousand barrels of crude oil. The long-term sales contract volume commitment is 38,100 MMBtu per day through October 2010. The risk portfolio is spread out over numerous counterparties. The majority of the exposure is with institutional banks and with market leaders in the industry. No defaults are expected nor anticipated. Counterparty creditworthiness is reviewed before doing business with a new counterparty and on an on-going basis. The derivative financial instruments held for purposes other than trading expire during the period from January 2001 to December 2003 and relate to the hedging of natural gas and crude oil prices. The fair value of these instruments at December 31, 2000 was \$511 million. Offsetting the value of these instruments are related physical positions with a \$528 million loss. The principal components of these instruments and related physical positions are the natural gas delivery commitment and the related natural gas price swap discussed in Note 7. At December 31, 2000, the difference between the carrying value and the fair value of financial instruments held for purposes other than trading was an unrealized loss of approximately \$17 million, which is currently deferred. Any gain or loss will be recognized when the related transactions are finalized.

The results of oil and gas trading activities, excluding the long-term sales contract, were not significant.

NOTE 3 BUSINESS COMBINATIONS, ASSET ACQUISITIONS AND DISPOSITIONS,  
AND DISCONTINUED OPERATIONS

On December 4, 2000, Occidental completed an agreement with BP Amoco ("BP") to obtain BP's interest in a carbon dioxide field in New Mexico and related pipelines in exchange for Occidental's interest in the Milne Point oil field in Alaska, together with additional cash consideration. The gain on this transaction was not significant.

On November 29, 2000, an OxyChem subsidiary purchased a 28.6 percent interest in OxyMar, a Texas general partnership that owns the Ingleside, Texas vinyl chloride monomer ("VCM") facility operated by OxyChem. The interest was purchased from U.S. VCM Corporation, an affiliate of Marubeni Corporation, which continues to own a 21.4 percent interest and remains a 50 percent partner for corporate governance purposes. Oxy Vinyls, LP ("OxyVinyls") owns the remaining 50 percent interest.

On November 1, 2000, Occidental agreed to farm out a partial economic interest in its Block 15 operations in Ecuador to Alberta Energy Company Ltd. ("AEC"). AEC will earn a 40 percent interest in the block and will assume certain capital costs through 2004. Occidental will remain the operator of Block 15. The gain on this transaction was not significant.

On November 1, 2000, Occidental completed the sale of its Durez phenolic resins and compounding businesses and assets to Sumitomo Bakelite Co., Ltd. The net after-tax proceeds of approximately \$120 million from the sale will be applied to Occidental's debt reduction program. Manufacturing facilities included in the sale are located in Niagara Falls, New York; Kenton, Ohio; Fort Erie, Ontario, Canada; and Genk, Belgium, as well as OxyChem's share in joint ventures located in Japan, Singapore, Indonesia and Canada. There was a \$13 million after-tax gain on this transaction.

On August 15, 2000, Occidental completed agreements with respect to two transactions with Apache Corporation ("Apache") involving Occidental's interests in the Continental Shelf of the Gulf of Mexico ("GOM"). Occidental entered into a transaction to deliver, over four years, substantially all of its share of future gas production from these GOM interests to Apache for approximately \$280 million. Occidental also agreed to sell an interest in the subsidiary that holds the GOM assets for approximately \$62 million, with an option for Apache to purchase additional interests for \$44 million over the next four years. As a result of these transactions, and the consequent elimination of a portion of Occidental's responsibility for abandonment liabilities, Occidental recorded an after-tax gain of \$39 million.

On May 8, 2000, Occidental completed an agreement to sell its producing properties in Peru to Pluspetrol. In connection with this transaction, Occidental recorded an after-tax charge of approximately \$29 million in December 1999 to write-down the properties to their fair values.

On April 24, 2000, Occidental completed the acquisition of ARCO Long Beach Inc. ("THUMS"), an oil producing entity, for approximately \$68 million.

On April 19, 2000, Occidental completed its acquisition of all of the common 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 which manages, operates and controls 100 percent of the Altura assets. The partnership borrowed approximately \$2.4 billion, which has recourse only to the Altura assets. The partnership 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 the partnership. The acquisition is valued at approximately \$3.6 billion. Occidental's results of operations include the operations of the Altura assets from the date of acquisition. Pro-forma net income for the year ended December 31, 2000, including historical Altura results as if the acquisition had occurred on January 1, 2000, would have been \$1.6 billion (\$4.47 earnings per share). Pro-forma net income for the year ended December 31, 1999, including historical Altura results as if the acquisition had occurred on January 1, 1999, would have been \$601 million (\$1.69 earnings per share). Pro-forma revenues would have been \$14.9 billion and \$9.4 billion for the year ended December 31, 2000, and 1999, respectively. The pro-forma calculations were made with historical operating results from 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. 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. Also, the pro-forma calculations do not reflect anticipated cost savings, synergies, changes in realized prices or production rates and certain other adjustments that are expected to result from the acquisition and operation of Altura.

On April 18, 2000, Occidental completed the sale of its 29.2 percent stake in Canadian Occidental Petroleum Ltd. ("CanadianOxy") for gross proceeds of approximately \$1.2 billion Canadian, following approval of the sale by CanadianOxy stockholders. Of Occidental's 40.2 million shares of CanadianOxy, 20.2 million were sold to the Ontario Teachers Pension Plan Board and 20 million to CanadianOxy. These sales resulted in a net pre-tax gain of approximately \$493 million. In addition, Occidental and CanadianOxy sold their respective 15 percent interests in joint businesses of approximately equal value, resulting in Occidental owning 100 percent of an oil and gas operation in Ecuador and CanadianOxy owning 100 percent of sodium chlorate operations in Canada and Louisiana.

In December 1999, Occidental and EOG Resources, Inc. ("EOG") exchanged certain oil and gas assets. Occidental received assets that will enhance its programs to further focus exploration and production activities and achieve cost savings through operational benefits. Occidental received producing properties and exploration acreage in its expanding California asset base, as well as producing properties in the western Gulf of Mexico near existing operations in exchange for oil and gas production and reserves in east Texas. Occidental also farmed out Oklahoma panhandle properties to EOG and retained a carried interest.

In the third quarter of 1999, pursuant to a series of transactions, Occidental indirectly acquired the remaining ownership of INDSPEC Chemical Corporation ("INDSPEC") through the issuance of approximately 3.2 million shares of Occidental common stock at an estimated value of approximately \$68 million and the assumption of approximately \$80 million of bank debt. As a result of the transactions, Occidental owns 100 percent of the stock of INDSPEC, which is a leading manufacturer of resorcinol, a bonding agent principally used in tires and as a flame retardant.

In the third quarter of 1999, Occidental acquired Unocal International Corporation's ("UNOCAL") oil and gas interests in Yemen and UNOCAL acquired Occidental's properties in Bangladesh. The results, after tax benefits, did not have a significant impact on earnings.

Effective April 30, 1999, Occidental and The Geon Company (now known as "PolyOne") formed two partnerships. Occidental has a 76 percent interest in the polyvinyl chloride ("PVC") commodity resin partnership, OxyVinyls, which is the larger of the partnerships, and a 10 percent interest in a PVC powder compounding partnership. OxyVinyls also has entered into long-term agreements to supply PVC resin to PolyOne and VCM to Occidental and PolyOne. In addition, as part of the transaction, Occidental sold its pellet compounding plant in Pasadena, Texas and its vinyl film assets in Burlington, New Jersey to PolyOne. As part of the transaction, PolyOne received approximately \$104 million through the retention of working capital and the distribution of cash from OxyVinyls, and OxyVinyls undertook approximately \$180 million in obligations for certain PolyOne plant facilities, which are treated as operating leases for accounting purposes. Occidental did not record a significant gain or loss on the transaction.

In May 1998, Occidental contributed its ethylene, propylene, ethylene oxide and ethylene glycol derivatives businesses (collectively, "the petrochemicals business") to a partnership called Equistar Chemicals, LP ("Equistar"), in return for a 29.5 percent interest in such partnership, receipt of approximately \$420 million in cash and the assumption by Equistar of approximately \$205 million of Occidental capital lease liabilities. Occidental guaranteed \$625 million of Equistar's debt related to these amounts. Lyondell Petrochemical Company ("Lyondell") and Millennium Chemicals, Inc. ("Millennium"), through their respective subsidiaries, were the original partners of Equistar. Lyondell owns 41 percent of Equistar and Occidental and Millennium each own 29.5 percent. Occidental did not record a gain or loss on the transaction.

In February 1998, Occidental acquired the U.S. government's approximate 78 percent interest in the Elk Hills Naval Petroleum Reserve oil and gas fields ("Elk Hills field") for approximately \$3.5 billion. Occidental's results of operations include the operations of the Elk Hills field from the date of acquisition. Pro-forma net income for the year ended December 31, 1998, including historical Elk Hills results as if the acquisition had occurred at January 1, 1998, would not have been materially different. Pro-forma revenues would have been \$7.4 billion for the year ended December 31, 1998. The pro-forma calculations were made with historical operating results for the Elk Hills field prior to ownership by Occidental and give effect to certain adjustments including increased depreciation, depletion and amortization to reflect the value assigned to Elk Hills property, plant and equipment, increased interest expense assuming the acquisition was completely financed, and income and property tax effects, but did not reflect anticipated future production enhancements in the Elk Hills field and operational cost improvements expected to be realized.

In 1998, Occidental completed a number of international and domestic asset sales as part of an asset redeployment program. The sale of major nonstrategic oil and gas properties included Occidental's entire interest in an oilfield development project in Venezuela, the stock of the subsidiary which owned its oil and gas assets in the Netherlands and the North Sea, as well as various domestic properties. Net proceeds from all major nonstrategic oil and gas asset sales were \$1.1 billion, and the total net pre-tax gain was \$532 million, which is included in the total gain from disposition of assets of \$546 million.

Additionally in 1998, Occidental and the Royal Dutch/Shell Group ("Shell") exchanged Occidental's oil and gas interests in the Philippines and Malaysia for Shell's oil and gas interests in Yemen and Colombia. Shell also received a cash payment of approximately \$89 million. No gain or loss was recorded on the transaction.

Occidental completed the sale of all of the issued and outstanding shares of common stock of MidCon, its natural gas transmission and marketing business, to KN Energy, Inc. ("KN Energy"), on January 31, 1998 in return for a cash payment of \$2.1 billion. The estimated net cash proceeds from the transaction were approximately \$1.7 billion. Additionally, KN Energy issued a fixed-rate interest bearing note, payable January 4, 1999, to Occidental in the amount of \$1.4 billion, in exchange for a note previously issued to Occidental by the MidCon Corp. Employee Stock Ownership Plan ("ESOP") Trust. The \$1.4 billion note was repaid on January 4, 1999. MidCon also retained responsibility for certain Texas intrastate pipeline lease obligations to an Occidental subsidiary. In connection with the sale, the Cumulative MidCon-Indexed Convertible Preferred Stock ("CMIC Preferred Stock") was redeemed.

The 2000 results included pre-tax charges of \$120 million for the write-down of the chemical intermediate businesses to net realizable value, \$53 million for the write-down of various oil and gas assets and investments and \$15 million for the write-down of various chemical assets.

During the third and fourth quarters of 2000, Occidental repurchased some of its outstanding public debt securities in open market transactions, with principal balances totaling \$154 million, at current market prices. Occidental recorded an after-tax extraordinary gain of \$1 million that resulted from these purchases.

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. The transportation costs that have been removed as deductions from revenues and included in cost of sales on Occidental's "Statements of Operations" totaled \$245 million in 2000, \$210 million in 1999 and \$209 million in 1998.

The 1999 results included pre-tax charges of \$159 million for the write-down to realizable value of certain chemical assets, \$28 million for write-downs by Equistar and \$9 million for various oil and gas assets.

Effective January 1, 1999, Occidental adopted the provisions of American Institute of Certified Public Accountants Statement of Position ("SOP") 98-5, Reporting on the Costs of Start-Up Activities, which requires that costs of start-up activities, including organizational costs, be expensed as incurred. The initial application of the statement resulted in a charge to income for costs of previously capitalized start-up activities that have not yet been fully amortized. The initial adoption of SOP 98-5 resulted in a first quarter noncash after-tax charge of \$15 million, net of \$8 million in taxes, which has been recorded as a cumulative effect of a change in accounting principle.

Effective January 1, 1999, Occidental adopted the provisions of EITF Issue No. 98-10, Accounting for Contracts Involved in Energy Trading and Risk Management Activities, which establishes accounting and reporting standards for certain energy trading contracts. EITF Issue No. 98-10 requires that energy trading contracts must be marked-to-market with gains and losses included in earnings and separately disclosed in the financial statements or footnotes thereto. The initial adoption of EITF Issue No. 98-10 resulted in a first quarter noncash after-tax benefit of \$2 million, recorded as a cumulative effect of a change in accounting principle.

In June 1999, Occidental redeemed \$68.7 million of its 11.125 percent senior debentures due June 1, 2019 and recorded an after-tax extraordinary loss of \$3 million in the second quarter of 1999 related to the redemption.

In December 1999, OXY USA settled its long-standing litigation with Chevron U.S.A. Inc. ("Chevron") for a cash payment of \$775 million from Chevron. The related pre-tax income of \$775 million is reported as interest, dividends and other income in the accompanying consolidated statements of operations. Occidental then repurchased for cash, \$240 million principal amount of its 10.125 percent Senior Notes due November 15, 2001, and \$138 million principal amount of its 11.125 percent Senior Notes due August 1, 2010 and redeemed all of OXY USA's \$274 million principal amount of 7 percent debentures due 2011 for a total of \$722 million, including premium, expenses and accrued interest. Occidental recorded an after-tax extraordinary loss of \$104 million in the fourth quarter of 1999 related to the transactions. The 1999 total year results included a net extraordinary loss of \$107 million, which resulted from the early extinguishment of high-cost debt.

In December 1999, the Securities and Exchange Commission issued Staff Accounting Bulletin ("SAB") No. 101, Revenue Recognition in Financial Statements. SAB No. 101 summarizes the Staff's views in applying generally accepted accounting principles to revenue recognition in the financial statements. The bulletin was effective in the fourth quarter of 2000. Occidental was in compliance with these standards; accordingly, the adoption of SAB No. 101 did not have an impact on its consolidated financial statements.

Effective January 1, 1998, Occidental adopted the provisions of SFAS No. 130, Reporting Comprehensive Income. This statement establishes standards for reporting and display of comprehensive income and its components in a full set of general purpose financial statements. The implementation of SFAS No. 130 did not have an impact on Occidental's results of operations. The prior year financial statements have been restated to conform to the new presentation. Occidental's comprehensive income is composed primarily of net income or loss, foreign currency translation adjustments and minimum pension liability adjustments. Occidental's comprehensive income was \$1,571 million in 2000, \$426 million in 1999 and \$345 million in 1998.

Effective January 1, 1998, Occidental adopted the provisions of SFAS No. 131, Disclosures about Segments of an Enterprise and Related Information. This statement establishes standards for reporting and display of information about operating segments. It supersedes or amends several Financial Accounting Standards Board ("FASB") statements, most notably, SFAS No. 14, Financial Reporting for Segments of a Business Enterprise. The implementation of SFAS No. 131 did not have an impact on Occidental's consolidated financial position or results of operations.

## NOTE 5 INVENTORIES

Inventories of approximately \$268 million and \$246 million were valued under the LIFO method at December 31, 2000 and 1999, respectively. Inventories consisted of the following (in millions):

Balance at December 31,	2000	1999
Raw materials	\$ 68	\$ 60
Materials and supplies	125	167
Work in process	3	7
Finished goods	343	294
	539	528
LIFO reserve	(54)	(25)
TOTAL	\$ 485	\$ 503

## NOTE 6 LONG-TERM DEBT AND NON-RECOURSE DEBT

Long-term debt consisted of the following (in millions):

Balance at December 31,	2000	1999
<b>OCCIDENTAL PETROLEUM CORPORATION</b>		
7.65% senior notes due 2006	\$ 450	\$ 450
6.4% senior notes due 2013, subject to remarketing April 1, 2003	450	450
7.375% senior notes due 2008	395	400
8.45% senior notes due 2029	350	350
9.25% senior debentures due 2019, putable August 1, 2004 at par	300	300
10.125% senior debentures due 2009	276	276
7.2% senior debentures due 2028	200	200
6.75% senior notes due 2002	163	200
6.5% senior notes due 2005	157	250
Medium-term notes due 2001 through 2008 (7.18% to 9.75% at December 31, 2000)	150	427
8.5% senior notes due 2001	132	150
8.75% medium-term notes due 2023	100	100
10.125% senior notes due 2001	89	90
11.125% senior notes due 2010	12	12
Floating rate extendible notes due 2008	--	270
11.125% senior debentures due 2019, redeemed on June 1, 2000 at par	--	75
	3,224	4,000
<b>OXY USA INC.</b>		
5.7% to 7.8% unsecured notes due 2001 through 2007	34	48
7.2% unsecured notes due 2020	7	7
	41	55
<b>OTHER SUBSIDIARY DEBT</b>		
4.4% to 7.85% unsecured notes due 2001 through 2030	276	321
6% secured notes due 2001 through 2007	17	17
	293	338
	3,558	4,393
Less:		
Unamortized discount, net	(16)	(21)
Current maturities	(257)	(4)
TOTAL LONG-TERM DEBT	3,285	4,368
Occidental Permian Ltd. non-recourse term loan due 2005 (7.66% weighted average interest rate at December 31, 2000)	1,900	--
TOTAL LONG-TERM DEBT AND NON-RECOURSE DEBT	\$ 5,185	\$ 4,368



At December 31, 2000, Occidental had available lines of committed bank credit of approximately \$2.1 billion. Bank fees on these committed lines of credit ranged from 0.125 percent to 0.175 percent.

At December 31, 2000, minimum principal payments on long-term debt and non-recourse debt subsequent to December 31, 2001 aggregated \$5.2 billion, of which \$261 million is due in 2002, \$814 million in 2003, \$625 million in 2004, \$1.4 billion in 2005, \$2 million in 2006 and \$2.1 billion thereafter. Unamortized discount is generally being amortized to interest expense on the effective interest method over the lives of the related issues.

At December 31, 2000, under the most restrictive covenants of certain financing agreements, the capacity for the payment of cash dividends and other distributions on, and for acquisitions of, Occidental's capital stock was approximately \$2.5 billion, assuming that such dividends, distributions and acquisitions were made without incurring additional borrowings.

NOTE 7 NATURAL GAS DELIVERY COMMITMENT

In November 1998, Occidental entered into a natural gas delivery commitment for proceeds of \$500 million, which obligates Occidental to deliver 263 billion cubic feet of natural gas over a four-year period beginning in 2000. The imputed interest rate in the transaction is approximately 6 percent. In connection with this transaction, Occidental simultaneously entered into a natural gas price swap based on identical volumes of natural gas and a delivery schedule that corresponds to the natural gas delivery commitment. Under the terms of the swap, Occidental will pay an average fixed price of \$2.27 per MMBtu of gas and will receive a floating price that will approximate market which mitigates Occidental's price exposure. At December 31, 2000, the fair value of this price swap is a \$525 million gain, which is offset by a \$525 million loss applicable to the related physical positions. This price swap is the principal component of the fair value for derivative financial instruments disclosed in Note 2. Occidental has the ability to satisfy the delivery commitment with open market purchases and has not reduced its natural gas reserves for the commitment. At December 31, 2000, the future minimum delivery commitment under the contract expressed in dollars and in volumes is as follows (dollars in millions, volumes in billions of cubic feet):

	VALUE	VOLUMES
	=====	=====
2001	\$ 150	66
2002	150	66
2003	147	65
	-----	-----
TOTAL	447	197
		=====
Less:		
Imputed interest	(36)	
Current portion	(129)	
	-----	
PRESENT VALUE OF NATURAL GAS DELIVERY COMMITMENT, NET OF CURRENT PORTION	\$ 282	
	=====	

NOTE 8 LEASE COMMITMENTS

The present value of net minimum capital lease payments, net of the current portion, totaled \$26 million and \$27 million at December 31, 2000 and 1999, respectively. These amounts are included in other liabilities.

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

At December 31, 2000, future net minimum lease payments for capital and operating leases (excluding oil and gas and other mineral leases) were the following (in millions):

	CAPITAL	OPERATING
	=====	=====
2001	\$ 4	\$ 79
2002	2	54
2003	1	44
2004	1	30
2005	1	22
Thereafter	42	172
	-----	-----
TOTAL MINIMUM LEASE PAYMENTS	51	\$ 401
		=====
Less:		
Executory costs	(1)	
Imputed interest	(22)	
Current portion	(2)	
	-----	
PRESENT VALUE OF NET MINIMUM CAPITAL LEASE PAYMENTS, NET OF CURRENT PORTION	\$ 26	
	=====	

Rental expense for operating leases, net of sublease rental income, was \$98 million in 2000, \$93 million in 1999 and \$106 million in 1998. Rental expense was net of sublease income of \$8 million in 2000, \$9 million in 1999 and \$10 million in 1998. At December 31, 2000, sublease rental amounts included in the future operating lease payments totaled \$98 million, as follows (in millions): 2001--\$8, 2002--\$7, 2003--\$7, 2004--\$7, 2005--\$7, and 2006 and thereafter--\$62. In addition, Occidental has undertaken certain commitments in connection with the construction and leasing of a co-generation facility in Louisiana. Upon completion of construction and satisfaction of certain other conditions, lease payments are expected to commence on or before December 31, 2002.

Occidental has guaranteed the residual value of certain leased assets of approximately \$152 million. If the assets are not purchased at the end of the lease-term, Occidental would be obligated to pay any deficiency between the fair value of the assets and the guaranteed residual; however, Occidental does not expect to make payments under this provision.

Included in the 2000 and 1999 property, plant and equipment accounts were \$62 million and \$59 million, respectively, of property leased under capital leases and \$57 million and \$52 million, respectively, of related accumulated amortization.

NOTE 9 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.

In December 1998, David Croucher and others filed suit in the Federal District Court in Houston, Texas on behalf of persons claiming to have been beneficiaries of the MidCon ESOP. The suit has been certified as a class action. The plaintiffs allege that each of the U.S. Trust Company of California (the "ESOP Trustee") and the MidCon ESOP Administrative Committee breached its fiduciary duty to the plaintiffs by failing to properly value the securities held by the ESOP, and allege that Occidental actively participated in such conduct. The plaintiffs claim that, as a result of this alleged breach, the ESOP participants are entitled to an additional aggregate distribution of at least \$200 million and that Occidental has been unjustly enriched and is liable for failing to make that distribution. In December 2000, the named plaintiffs and defendants reached a proposed settlement of the action. This settlement provides for Occidental to pay the class \$25 million and fees and expenses of plaintiffs' counsel as awarded by the Court. The Court has scheduled a hearing on March 15, 2001 to consider approving the settlement. Occidental has adequate reserves.

During the course of its operations, Occidental is subject to audit by taxing authorities for varying periods in various tax jurisdictions.

At December 31, 2000, commitments for major capital expenditures during 2001 and thereafter were approximately \$73 million.

Occidental has entered into agreements providing for future payments to secure terminal and pipeline capacity, drilling services, electrical power, steam and certain chemical raw materials. At December 31, 2000, the net present value of the fixed and determinable portion of the obligations under these agreements, which were used to collateralize financings of the respective suppliers, aggregated \$251 million, which was payable as follows (in millions): 2001--\$29, 2002--\$27, 2003--\$26, 2004--\$23, 2005--\$22 and 2006 through 2016--\$131. Payments under these agreements, including any variable component, were \$42 million in 2000, \$20 million in 1999 and \$19 million in 1998.

Occidental has certain other commitments under contracts, guarantees and joint ventures, and certain other contingent liabilities. Many of these commitments, although not fixed or determinable, involve capital expenditures and are part of the \$1.1 billion capital expenditures estimated for 2001.

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.

NOTE 10 DOMESTIC AND FOREIGN INCOME AND OTHER TAXES

The domestic and foreign components of income(loss) from continuing operations before domestic and foreign income and other taxes were as follows (in millions):

For the years ended December 31,	Domestic	Foreign	Total
2000	\$ 1,534	\$ 1,477	\$ 3,011
1999	\$ 473	\$ 726	\$ 1,199
1998	\$ 388	\$ 300	\$ 688

The provisions(credits) for domestic and foreign income and other taxes consisted of the following (in millions):

For the years ended December 31,	U.S. Federal	State and Local	Foreign	Total
2000				
Current	\$ 433	\$ 18	\$ 578	\$ 1,029
Deferred	403	9	1	413
	\$ 836	\$ 27	\$ 579	\$ 1,442
1999				
Current	\$ 76	\$ 26	\$ 346	\$ 448
Deferred	184	7	(8)	183
	\$ 260	\$ 33	\$ 338	\$ 631
1998				
Current	\$ (113)	\$ 23	\$ 178	\$ 88
Deferred	249	29	(3)	275
	\$ 136	\$ 52	\$ 175	\$ 363

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

For the years ended December 31,	2000	1999	1998
U.S. federal statutory tax rate	35%	35%	35%
Operations outside the United States(a)	11	12	15
State taxes, net of federal benefit	1	2	5
Capital loss benefit	--	--	(5)
Other	1	4	3
Tax rate provided by Occidental	48%	53%	53%

(a) Included in these figures is the impact of not providing U.S. taxes on the unremitted earnings of certain foreign subsidiaries. The effect of this is to reduce the U.S. federal tax rate by approximately 7 percent in 1999 and 6 percent in 1998. The effect on 2000 due to distributions from these subsidiaries was insignificant.

The tax effects of temporary differences and carryforwards resulting in deferred income taxes at December 31, 2000 and 1999 were as follows (in millions):

Items resulting in temporary differences and carryforwards	2000		1999	
	DEFERRED TAX ASSETS	DEFERRED TAX LIABILITIES	Deferred Tax Assets	Deferred Tax Liabilities
Property, plant and equipment differences	\$ 188	\$ 884	\$ 190	\$ 695
Equity investments including partnerships	--	1,066	--	1,046
Environmental reserves	145	--	152	--
Postretirement benefit accruals	184	--	140	--
State income taxes	108	--	95	--
Tax credit carryforwards	--	--	60	--
All other	243	58	427	141
Subtotal	868	2,008	1,064	1,882
Valuation allowance	(23)	--	(32)	--
Total deferred taxes	\$ 845	\$ 2,008	\$ 1,032	\$ 1,882

Included in total deferred tax assets was a current portion aggregating \$117 million and \$145 million as of December 31, 2000 and 1999, respectively, that was reported in prepaid expenses and other.

A deferred tax liability of approximately \$145 million at December 31, 2000 has not been recognized for temporary differences related to Occidental's investment in certain foreign subsidiaries primarily as a result of unremitted earnings of consolidated subsidiaries, as it is Occidental's intention, generally, to reinvest such earnings permanently.

The foreign currency translation adjustment included in other comprehensive income was net of an income tax charge of \$6 million in 2000, a charge of \$5 million in 1999 and a benefit of \$6 million in 1998.

The extraordinary loss that resulted from the early extinguishment of debt was reduced by an income tax benefit of \$61 million in 1999.

The cumulative effect of changes in accounting principles in 1999 was reduced by an income tax benefit of \$7 million.

Discontinued operations included income tax charges of \$21 million in 1998. During 2000, Occidental utilized, for U.S. federal income tax return purposes, the entire alternative minimum tax credit carryforward balance of \$60 million.

NOTE 11 NONREDEEMABLE PREFERRED STOCK AND COMMON STOCK

The following is an analysis of nonredeemable preferred stock and common stock (shares in thousands):

	Nonredeemable Preferred Stock	Common Stock
BALANCE, DECEMBER 31, 1997	22,491	341,127
Issued	--	1,246
Preferred stock conversions	(17,639)	40,098
Repurchase program	--	(35,142)
Options exercised and other, net	--	393
BALANCE, DECEMBER 31, 1998	4,852	347,722
Issued	--	4,610
Preferred stock conversions/redemptions	(4,852)	15,708
Options exercised and other, net	--	(124)
BALANCE, DECEMBER 31, 1999	--	367,916
Issued	--	2,244
Options exercised and other, net	--	(176)
BALANCE, DECEMBER 31, 2000	--	369,984

NONREDEEMABLE PREFERRED STOCK

Occidental has authorized 50,000,000 shares of preferred stock with a par value of \$1.00 per share. In February 1994, Occidental issued 11,388,340 shares of \$3.00 cumulative CXY-indexed convertible preferred stock in a public offering for net proceeds of approximately \$557 million. The shares were convertible into Occidental common stock in accordance with a conversion formula that was indexed to the market price of the common shares of CanadianOxy. In August 1999, Occidental called for redemption all of the outstanding shares of such preferred stock. In 1999 and 1998, 4,847,130 shares and 2,532,740 shares of CXY-indexed convertible preferred stock were converted by the holders into 15,708,176 shares and 6,911,913 shares of Occidental's common stock, respectively.

At December 31, 2000 and 1999, Occidental had no outstanding shares of preferred stock.

COMMON STOCK REPURCHASE PROGRAM

In 1998, Occidental completed the common stock repurchase program announced in October 1997. Under the program, 39.3 million shares were repurchased and retired for a total cost of \$1.06 billion of which 35.1 million shares were repurchased and retired in 1998 at a cost of \$937 million.

STOCK INCENTIVE PLANS

STOCK OPTIONS AND STOCK APPRECIATION RIGHTS

Options to purchase common stock of Occidental have been granted to officers and employees under stock option plans adopted in 1987 and 1995. During 2000, options for 2,987,348 shares became exercisable, and options for 8,373,508 shares were exercisable at December 31, 2000 at a weighted-average exercise price of \$22.84. Generally, these options vest over three years with a maximum term of ten years and one month. At December 31, 2000, options with stock appreciation rights ("SAR") for 473,000 shares were outstanding, all of which were exercisable.

The following is a summary of stock option transactions during 2000, 1999 and 1998 (shares in thousands):

	2000		1999		1998	
	SHARES	WEIGHTED AVERAGE EXERCISE PRICE	Shares	Weighted Average Exercise Price	Shares	Weighted Average Exercise Price
BEGINNING BALANCE	13,033	\$ 23.249	8,169	\$ 24.065	6,769	\$ 23.274
Granted or issued	5,577	\$ 20.144	5,221	\$ 19.577	2,443	\$ 26.032
Exercised	(93)	\$ 19.968	(7)	\$ 17.750	(605)	\$ 22.310
Canceled or expired	(300)	\$ 25.018	(350)	\$ 26.874	(438)	\$ 25.222
ENDING BALANCE	18,217	\$ 21.532	13,033	\$ 23.249	8,169	\$ 24.065
OPTIONS EXERCISABLE AT YEAR-END	8,374		5,761		4,400	

The following is a summary of stock options outstanding at December 31, 2000 (shares in thousands):

RANGE OF EXERCISE PRICES	OUTSTANDING	OPTIONS OUTSTANDING		OPTIONS EXERCISABLE	
		WEIGHTED AVERAGE REMAINING CONTRACTUAL LIFE	WEIGHTED AVERAGE EXERCISE PRICE	EXERCISABLE	WEIGHTED AVERAGE EXERCISE PRICE
\$14.88 to \$20.06	7,365	8.26	\$ 19.17	1,397	\$ 17.76
\$20.50 to \$23.88	5,979	7.47	\$ 21.23	2,896	\$ 21.76
\$24.38 to \$29.44	4,873	6.76	\$ 25.46	4,081	\$ 25.35

#### RESTRICTED STOCK AWARDS

Pursuant to the 1995 Incentive Stock Plan, employees may be awarded Occidental restricted common stock at the par value of \$.20 per share, with such shares vesting after four years or earlier under certain conditions. The related expense is amortized over the vesting period. In 2000, 40,000 shares were awarded at a weighted-average grant-date value of \$21.875 per share; in 1999, 223,902 shares were awarded at a weighted-average grant-date value of \$20.563 per share; 85,451 shares were awarded in 1998 at a weighted-average grant-date value of \$28.519 per share; 149,885 shares were awarded in 1997 at a weighted-average grant-date value of \$23.375 per share; 171,649 shares were awarded in 1996 at a weighted-average grant-date value of \$21.431 per share; and 21,339 shares were awarded in 1995 at a weighted-average grant-date value of \$20.875 per share.

#### PERFORMANCE STOCK AWARDS AND OPTIONS

Performance stock awards have been made to various executive officers pursuant to the 1995 Incentive Stock Plan. The number of shares of common stock to be received, under these awards, by such officers at the end of the performance period will depend on the attainment of performance objectives based either on a peer company comparison of total stockholder return for such period, or in the case of segment employees, a combination of total stockholder return and return on assets of the segment. The grantees will receive shares of common stock in an amount ranging from zero to 200 percent of the Target Share Award (as such amount is defined in the grant). The shares vest or fail to vest by the end of the four-year performance term. In 2000, awards for 375,654 target shares were granted at a weighted-average grant-date value of \$21.625 per share; in 1999, awards for 502,531 target shares were granted at a weighted-average grant-date value of \$16.875 per share; 134,705 target shares were granted in 1998 at a weighted-average grant-date value of \$29.3125 per share; awards for 97,832 target shares were granted in 1997 at a weighted-average grant-date value of \$23.375 per share; and 101,630 target shares were granted in 1996 at a weighted-average grant-date value of \$21.375 per share. In 2000, 101,630 shares were issued in respect of the target shares granted in 1996.

In 1997, 4,655,000 Performance Stock Options were granted to certain executive officers at an exercise price of \$25.375. Under the terms of these grants, as amended in 1999, these options expire 10 years from the grant date and will become vested upon the earlier of the following events occurring, at which time the grants become fully vested and exercisable: (a) for twenty consecutive trading days, the New York Stock Exchange closing price of Occidental common stock must be \$25 or more per share; or (b) July 2, 2002. As of December 31, 2000, none of the options were exercisable.

Under the 1995 Stock Incentive Plan, a total of 25,000,000 shares may be awarded. At December 31, 2000, 2,519,848 shares were available for future awards under the 1995 Plan, all of which were available to issue stock options, SARs, restricted stocks and performance stock awards.

Occidental accounts for these plans under Accounting Principles Board Opinion No. 25. Had the compensation expense for these plans been determined in accordance with SFAS No. 123, Accounting for Stock Based Compensation, Occidental's pro-forma net income would have been \$1.6 billion in 2000, \$439 million in 1999 and \$358 million in 1998. Basic and diluted earnings per share would have been \$4.23 for 2000, \$1.22 for 1999 and \$.97 for 1998. The method of accounting under SFAS No. 123 has not been applied to options granted prior to January 1, 1995; therefore, the resulting pro-forma compensation expense may not be representative of that to be expected in future years. The fair value of each option grant, for pro-forma calculation purposes, is estimated using the Black-Scholes option-pricing model with the following weighted-average assumptions used for grants in 2000, 1999 and 1998, respectively: dividend yield of 4.97, 4.60 and 3.84 percent; expected volatility of 28.37, 23.57 and 22.91 percent; risk-free rate of return of 6.27, 5.86 and 5.45 percent; and expected lives of 5 years.

#### 1996 RESTRICTED STOCK PLAN FOR NON-EMPLOYEE DIRECTORS

Under the 1996 Restricted Stock Plan for Non-Employee Directors, each non-employee Director of the Company will receive awards of restricted common stock each year as additional compensation for their services as a member of the Board of Directors. A maximum of 150,000 shares of common stock may be awarded under the Directors Plan and 21,000, 18,800 and 3,500 shares of common stock were awarded during 2000, 1999 and 1998, respectively. At December 31, 2000, 99,950 shares of common stock were available for the granting of future awards.

In January 1999, Oxy Capital Trust I, a wholly-owned subsidiary of Occidental, issued 21,000,000 shares of 8.16 percent Trust Originated Preferred Securities ("Trust Preferred Securities") to the public and 649,485 shares of Trust Originated Common Securities ("Common Securities") to Occidental. The proceeds of such issuances were invested by Oxy Capital Trust I in \$541.2 million aggregate principal amount of Occidental's 8.16 percent Subordinated Deferrable Interest Notes due 2039 ("Trust Subordinated Notes"). The Trust Subordinated Notes represent the sole assets of Oxy Capital Trust I. The Trust Subordinated Notes mature on January 20, 2039, bear interest at the rate of 8.16 percent payable quarterly and are redeemable in whole, or in part, by Occidental beginning on January 20, 2004 at 100 percent of the principal amount thereof, plus any accrued and unpaid interest to the redemption date. The Trust Subordinated Notes are unsecured obligations of Occidental and are junior in right of payment to all present and future senior indebtedness of Occidental and are also effectively subordinate to certain indebtedness of Occidental's consolidated subsidiaries. Occidental may defer interest payments on the Trust Subordinated Notes from time to time for a period not exceeding twenty consecutive quarters. However, any unpaid quarterly interest payments on the Trust Subordinated Notes will continue to accrue interest at 8.16 percent per annum.

Holders of the Trust Preferred Securities and Common Securities are entitled to cumulative cash distributions at an annual rate of 8.16 percent of the liquidation amount of \$25 per security. The Trust Preferred Securities and Common Securities will be redeemed upon repayment of the Trust Subordinated Notes. If Occidental defers interest payments on the Trust Subordinated Notes, Oxy Capital Trust I will defer distributions on the Trust Preferred Securities and Common Securities during any deferral period. However, any unpaid quarterly distributions on the Trust Preferred Securities and Common Securities will continue to accrue with interest at 8.16 percent per annum.

Occidental has guaranteed, on a subordinated basis, distributions and other payments due on the Trust Preferred Securities ("the Guarantee"). The Guarantee, when taken together with Occidental's obligations under the Trust Subordinated Notes and the indenture pursuant to which the Trust Subordinated Notes were issued and Occidental's obligations under the Amended and Restated Declaration of Trust governing Oxy Capital Trust I, provides a full and unconditional guarantee of amounts due on the Trust Preferred Securities.

The Trust Subordinated Notes and the related Oxy Capital Trust I investment in the Trust Subordinated Notes have been eliminated in consolidation and the Trust Preferred Securities are reported as Occidental Obligated Mandatorily Redeemable Trust Preferred Securities of a Subsidiary Trust Holding Solely Subordinated Notes of Occidental in the accompanying consolidated financial statements. Distributions on the Trust Preferred Securities are reported under the caption minority interest in the statement of operations. Total net proceeds to Occidental were \$508 million. The balance reflected in the accompanying consolidated financial statements at December 31, 2000 and 1999 is net of issue costs and also reflects amortization of a portion of the issue costs, and the repurchase in 2000 and 1999 of 555,760 and 937,436 shares with a liquidation value of \$13.9 million and \$23.4 million, respectively.

NOTE 13 EARNINGS PER SHARE

Basic earnings per share was computed by dividing net income, less preferred dividend requirements, plus the effect of repurchase of Trust Preferred Securities by the weighted average number of common shares outstanding during each year. The computation of diluted earnings per share further assumes the dilutive effect of stock options and the conversion of preferred stocks.

The following is a calculation of earnings per share for the years ended December 31 (in millions, except per-share amounts):

	2000			1999			1998		
	INCOME	SHARES	PER-SHARE AMOUNT	Income	Shares	Per-Share Amount	Income	Shares	Per-Share Amount
<b>BASIC EARNINGS PER SHARE</b>									
Earnings from continuing operations applicable to common stock	\$ 1,570.5	369.0	\$ 4.26	\$ 562.6	355.4	\$ 1.58	\$ 308.1	350.2	\$ .88
Discontinued operations, net				--		--	38.4		.11
Extraordinary gain(loss), net	1.2		--	(107.4)		(.30)	--		--
Cumulative effect of changes in accounting principles, net	--		--	(13.4)		(.04)	--		--
Earnings applicable to common stock	\$ 1,571.7		\$ 4.26	\$ 441.8		\$ 1.24	\$ 346.5		\$ .99
<b>DILUTED EARNINGS PER SHARE</b>									
Earnings from continuing operations applicable to common stock	\$ 1,570.5	369.0		\$ 562.6	355.4		\$ 308.1	350.2	
Dilutive effect of exercise of options outstanding	--	.2		--	.1		--	.4	
Earnings from continuing operations applicable to common stock	1,570.5	369.2	\$ 4.26	562.6	355.5	\$ 1.58	308.1	350.6	\$ .88
Discontinued operations, net				--		--	38.4		.11
Extraordinary gain(loss), net	1.2		--	(107.4)		(.30)	--		--
Cumulative effect of changes in accounting principles, net	--		--	(13.4)		(.04)	--		--
Earnings applicable to common stock	\$ 1,571.7		\$ 4.26	\$ 441.8		\$ 1.24	\$ 346.5		\$ .99

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

	2000	1999	1998
<b>Stock Options</b>			
Number of shares	5.6	4.6	1.7
Price range	\$ 21.250 - \$29.438	\$ 21.250 - \$29.625	\$ 24.375 - \$29.625
Expiration range	4/28/03 - 11/10/09	1/14/00 - 7/8/08	8/20/99 - 12/1/07
<b>Convertible Preferred Stock \$3.00</b>			
Number of shares	--	--	10.5
Dividends paid	\$ --	\$ --	\$ 16.5



Occidental has various defined contribution retirement plans for its salaried, domestic union and nonunion hourly, and certain foreign national employees that provide for periodic contributions by Occidental based on plan-specific criteria, such as base pay, age level and/or employee contributions. Occidental expensed \$55 million in 2000, \$46 million in 1999 and \$49 million in 1998 under the provisions of these plans.

Occidental provides medical and dental benefits and life insurance coverage for certain active, retired and disabled employees and their eligible dependents. The benefits generally are funded by Occidental as the benefits are paid during the year. The cost of providing these benefits is based on claims filed and insurance premiums paid for the period. The total benefit costs including the postretirement costs were approximately \$69 million in 2000, \$67 million in 1999 and \$75 million in 1998.

Pension costs for Occidental's defined benefit pension plans, determined by independent actuarial valuations, are generally funded by payments to trust funds, which are administered by independent trustees.

The following table sets forth the components of the net periodic benefit costs for Occidental's defined benefit pension and postretirement benefit plans for 2000, 1999 and 1998 (in millions):

For the years ended December 31,	Pension Benefits			Postretirement Benefits		
	2000	1999	1998	2000	1999	1998
NET PERIODIC BENEFIT COSTS:						
Service cost--benefits earned during the period	\$ 9	\$ 4	\$ 5	\$ 4	\$ 5	\$ 5
Interest cost on benefit obligation	23	24	22	29	25	25
Expected return on plan assets	(23)	(19)	(17)	--	--	--
Amortization of net transition obligation	--	1	1	--	--	--
Amortization of prior service cost	1	3	3	1	1	1
Recognized actuarial loss	(1)	(5)	(2)	(1)	(1)	(2)
Curtailments and settlements	--	(1)	4	(8)	(4)	--
Currency adjustments	(5)	(6)	(3)	--	--	--
Net period benefit cost	\$ 4	\$ 1	\$ 13	\$ 25	\$ 26	\$ 29

Occidental recorded adjustments to accumulated other comprehensive income of \$2 million in 2000 and credits of less than \$1 million in 1999 and 1998, to reflect the net-of-tax difference between the additional liability required under pension accounting provisions and the corresponding intangible asset.

Occidental's defined benefit pension and postretirement benefit plans are accrued based on various assumptions and discount rates, as described below. The actuarial assumptions used could change in the near term as a result of changes in expected future trends and other factors which, depending on the nature of the changes, could cause increases or decreases in the liabilities accrued.

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

	Pension Benefits		Postretirement Benefits	
	2000	1999	2000	1999
CHANGES IN BENEFIT OBLIGATION:				
Benefit obligation -- beginning of year	\$ 261	\$ 241	\$ 372	\$ 344
Service cost -- benefits earned during the period	9	4	4	5
Interest cost on projected benefit obligation	23	24	29	25
Actuarial (gain)loss	--	(22)	15	8
Foreign currency exchange rate changes	(6)	(12)	--	--
Benefits paid	(18)	(19)	(43)	(38)
Businesses acquired	41 (a)	45 (c)	14 (a)	32 (c)
Divestitures	(16)(b)	--	--	--
Curtailments and settlements	1	--	(8)	(4)
Benefit obligation -- end of year	\$ 295	\$ 261	\$ 383	\$ 372

- (a) Relates to Altura and THUMS.
- (b) Primarily relates to Durez.
- (c) Primarily relates to INDSPEC.

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

	Pension Benefits	
	2000	1999
CHANGES IN PLAN ASSETS:		
Fair value of plan assets -- beginning of year	\$ 254	\$ 234
Actual return on plan assets	10	8
Foreign currency exchange rate changes	(1)	(4)
Employer contribution	2	7
Benefits paid	(18)	(19)
Businesses acquired	21 (a)	28 (c)
Divestitures	(14)(b)	--
Fair value of plan assets -- end of year	\$ 254	\$ 254

- (a) Relates to Altura and THUMS.  
(b) Primarily relates to Durez.  
(c) Primarily relates to INDSPEC.

The projected benefit obligation, accumulated benefit obligation and fair value of plan assets for defined benefit pension plans with accumulated benefit obligations in excess of plan assets were \$103 million, \$84 million and \$41 million, respectively, as of December 31, 2000 and \$60 million, \$58 million and \$23 million, respectively, as of December 31, 1999.

The weighted average discount rate used in determining the benefit obligations was 7.75 percent as of December 31, 2000 and 1999. The weighted average rate of increase in future compensation levels used in determining the benefit obligations was approximately 4.5 percent in 2000 and 1999. The expected long-term rate of return on assets was 9.0 percent in 2000 and 1999.

The postretirement benefit obligation was determined by application of the terms of medical and dental benefits and life insurance coverage, including the effect of established maximums on covered costs, together with relevant actuarial assumptions and health care cost trend rates projected at a Consumer Price Index (CPI) increase of 3.0 percent as of December 31, 2000 and 1999, (beginning in 1993, participants other than certain union employees pay for all medical cost increases in excess of increases in the CPI). For certain union employees, the health care cost trend rates were projected at annual rates ranging ratably from 7.0 percent in 2000 to 5.0 percent through the year 2004 and level thereafter. A 1.0 percent increase or a 1.0 percent decrease in these assumed health care cost trend rates would result in an increase of \$15 million or a reduction of \$14 million, respectively, in the postretirement benefit obligation as of December 31, 2000, and an increase or reduction of \$1 million in interest cost in 2000. The annual service costs would not be materially affected by these changes.

The following table sets forth the funded status and amounts recognized in Occidental's consolidated balance sheets for the defined benefit pension and postretirement benefit plans at December 31, 2000 and 1999 (in millions):

	Pension Benefits		Postretirement Benefits	
	2000	1999	2000	1999
Balance at December 31,				
Funded status	\$ (41)	\$ (7)	\$ (383)	\$ (372)
Unrecognized net transition obligation	2	2	--	--
Unrecognized prior service cost	3	3	9	10
Unrecognized net (gain)loss	7	(5)	(20)	(35)
Net amount recognized	\$ (29)	\$ (7)	\$ (394)	\$ (397)
Prepaid benefit cost	\$ 36	\$ 37	\$ --	\$ --
Accrued benefit liability	(66)	(44)	(394)	(397)
Accumulated other comprehensive income	1	--	--	--
Net amount recognized	\$ (29)	\$ (7)	\$ (394)	\$ (397)

NOTE 15 INVESTMENTS AND TRANSACTIONS WITH AFFILIATES

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 December 31, 2000, Occidental's equity investments consisted of a 29.5 percent interest in Equistar acquired in May 1998 and various chemical partnerships and joint ventures. Equity investments paid dividends of \$99 million, \$100 million and \$69 million to Occidental in 2000, 1999 and 1998, respectively. Cumulative undistributed earnings since acquisition, in the amount of \$49 million, of 50-percent-or-less-owned companies have been accounted for by Occidental under the equity method. At December 31, 2000 and 1999, Occidental's investment in equity investees exceeded the historical underlying equity in net assets by approximately \$128 million and \$155 million, respectively, which is being amortized into income over periods not exceeding 40 years.

Occidental and its subsidiaries' purchases from certain chemical partnerships, in which it has investments, were \$755 million, \$860 million and \$350 million in 2000, 1999 and 1998, respectively. Occidental and its subsidiaries' sales to certain chemical partnerships, in which it has investments, were \$217 million, \$251 million and \$266 million, in 2000, 1999 and 1998, respectively.

The following table presents Occidental's proportional interest in the summarized financial information of its equity method investments (in millions):

For the years ended December 31,	2000	1999	1998
Revenues	\$ 2,735	\$ 2,491	\$ 2,118
Costs and expenses	2,668	2,450	2,140
Net income(loss)	\$ 67	\$ 41	\$ (22)
Balance at December 31,	2000	1999	
Current assets	\$ 1,576	\$ 680	
Noncurrent assets	\$ 5,950	\$ 2,890	
Current liabilities	\$ 867	\$ 483	
Noncurrent liabilities	\$ 2,915	\$ 1,632	
Stockholders' equity	\$ 3,744	\$ 1,455	

Investments also include certain cost method investments, in which Occidental owns less than 20 percent of the voting stock.

NOTE 16 INDUSTRY SEGMENTS AND GEOGRAPHIC AREAS

Effective January 1, 1998, Occidental adopted the provisions of SFAS No. 131--"Disclosures about Segments of an Enterprise and Related Information." Occidental has identified two reportable segments through which it conducts its continuing operations: oil and gas and chemical. The factors for determining the reportable segments were based on the distinct nature of their operations. They are managed as separate business units because each requires and is responsible for executing a unique business strategy. The oil and gas segment explores for, develops, produces and markets crude oil and natural gas domestically and internationally. The chemical segment manufactures and markets, domestically and internationally, basic chemicals, specialty chemicals and vinyls. Additionally, it has an investment in a petrochemical partnership.

Earnings of industry segments and geographic areas exclude interest income, interest expense, environmental remediation expenses, unallocated corporate expenses, discontinued operations, cumulative effect of changes in accounting principles and extraordinary items, but include income from equity investments and gains and losses from dispositions of segment and geographic area assets. Intersegment sales and transfers between geographic areas are made at prices approximating current market values.

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

Identifiable assets are those assets used in the operations of the segments. Corporate assets consist of cash, short-term investments, certain corporate receivables, an intrastate pipeline and other assets.

INDUSTRY SEGMENTS  
In millions

	Oil and Gas	Chemical	Corporate	Total
=====				
YEAR ENDED DECEMBER 31, 2000				
Net sales (a)	\$ 9,779 (b)	\$ 3,795 (c)	\$ --	\$ 13,574
	=====	=====	=====	=====
Pretax operating profit(loss) (d)	\$ 3,012	\$ 176	\$ (177)(f)	\$ 3,011
Income taxes	(595)	(7)	(840)(g)	(1,442)
Extraordinary loss, net	--	--	1	1
Cumulative effect of changes in accounting principles, net	--	--	--	--
	-----	-----	-----	-----
Net income(loss) (e)	\$ 2,417 (h)	\$ 169 (i)	\$ (1,016)(j)	\$ 1,570
	=====	=====	=====	=====
Unconsolidated equity investments	\$ 67	\$ 1,203	\$ 57	\$ 1,327
	=====	=====	=====	=====
Property, plant and equipment additions, net (n)	\$ 791	\$ 155	\$ 6	\$ 952
	=====	=====	=====	=====
Depreciation, depletion and amortization	\$ 670	\$ 190	\$ 41	\$ 901
	=====	=====	=====	=====
Total assets	\$ 13,384	\$ 4,848	\$ 1,182 (o)	\$ 19,414
	=====	=====	=====	=====
=====				
YEAR ENDED DECEMBER 31, 1999				
Net sales (a)	\$ 4,599 (b)	\$ 3,221 (p)	\$ --	\$ 7,820
	=====	=====	=====	=====
Pretax operating profit(loss) (d)	\$ 1,841	\$ (23)	\$ (619)(f)	\$ 1,199
Income taxes	(574)	(14)	(43)(g)	(631)
Extraordinary loss, net	--	--	(107)	(107)
Cumulative effect of changes in accounting principles, net	--	--	(13)	(13)
	-----	-----	-----	-----
Net income(loss) (e)	\$ 1,267 (k)	\$ (37)(l)	\$ (782)(m)	\$ 448
	=====	=====	=====	=====
Unconsolidated equity investments	\$ 119	\$ 1,388	\$ 247	\$ 1,754
	=====	=====	=====	=====
Property, plant and equipment additions, net (n)	\$ 474	\$ 116	\$ 11	\$ 601
	=====	=====	=====	=====
Depreciation, depletion and amortization	\$ 577	\$ 190	\$ 38	\$ 805
	=====	=====	=====	=====
Total assets	\$ 7,271	\$ 5,346	\$ 1,508 (o)	\$ 14,125
	=====	=====	=====	=====
=====				
YEAR ENDED DECEMBER 31, 1998				
Net sales (a)	\$ 3,650 (b)	\$ 3,155 (q)	\$ --	\$ 6,805
	=====	=====	=====	=====
Pretax operating profit(loss) (d)	\$ 982	\$ 283	\$ (577)(f)	\$ 688
Income taxes	(390)	4	23 (g)	(363)
Discontinued operations, net	--	--	38	38
	-----	-----	-----	-----
Net income(loss)(e)	\$ 592 (r)	\$ 287 (s)	\$ (516)(t)	\$ 363
	=====	=====	=====	=====
Unconsolidated equity investments	\$ 120	\$ 1,586	\$ 253	\$ 1,959
	=====	=====	=====	=====
Property, plant and equipment additions, net (n)	\$ 751	\$ 321	\$ 2	\$ 1,074
	=====	=====	=====	=====
Depreciation, depletion and amortization	\$ 603	\$ 199	\$ 33	\$ 835
	=====	=====	=====	=====
Total assets	\$ 7,570	\$ 4,799	\$ 2,883 (o)	\$ 15,252
	=====	=====	=====	=====
=====				

See footnotes on following page

- (a) Occidental has implemented EITF Issue No. 00-10, "Shipping and Handling Fees and Costs" effective with the fourth quarter of 2000. As a result of this adoption, Occidental has added to revenues and cost of sales amounts of transportation costs that previously had been accounted for as deductions from revenues. There is no effect on income. Oil and gas revenues include \$29 million, \$27 million and \$29 million for 2000, 1999 and 1998, respectively. Chemical revenues include \$216 million, \$183 million and \$180 million for 2000, 1999 and 1998, respectively.
- (b) Oil sales represented approximately 70 percent, 71 percent and 76 percent of net sales for the periods ending December 31, 2000, 1999 and 1998, respectively.
- (c) Of total product sales, approximately 32 percent were in basic chemicals, 47 percent in commodity vinyl resins and 18 percent in specialty chemicals prior to intercompany eliminations.
- (d) Research and development costs were \$16 million in 2000, \$20 million in 1999 and \$18 million in 1998.
- (e) Segment earnings include charges and credits in lieu of U.S. federal income taxes. In 2000, the amounts allocated to the segments were charges of \$32 million and a credit of \$7 million in oil and gas and chemical, respectively. In 1999, the amounts allocated to the segments were a charge of \$228 million and a credit of \$16 million in oil and gas and chemical, respectively. In 1998, the amounts allocated to the segments were charges of \$202 million and credits of \$26 million in oil and gas and chemical, respectively. 2000, 1999 and 1998 reflect allocation of taxes to segments for major, infrequently occurring transactions.
- (f) Includes unallocated net interest expense, administration expense, pipeline lease income, pipeline depreciation expense and other items.
- (g) Includes unallocated income taxes.
- (h) Includes an after-tax gain of \$39 million related to the sale of an interest in certain of Occidental's Gulf of Mexico assets, an after-tax gain on a receipt of a contingency payment of \$41 million related to a prior year sale of a Dutch North Sea subsidiary, a net pre-tax charge of \$53 million for the write-down of various oil and gas assets and investments and an after-tax loss of \$14 million related to the sale of an office building.
- (i) Includes a pre-tax charge of \$120 million resulting from the decision to exit several chemical intermediate businesses, an after-tax gain of \$13 million on the sale of the Durez business, a pre-tax charge of \$15 million for the write-down of various assets, and a \$2 million after-tax loss resulting from a decision to abandon a foreign investment.
- (j) Includes an after-tax gain of approximately \$300 million related to the sale of Occidental's 29.2 percent interest in CanadianOxy, a pre-tax gain of \$11 million related to an insurance dividend and a \$17 million charge for litigation settlement.
- (k) Includes a net after-tax gain of \$488 million related to a litigation settlement with Chevron, a gain of \$11 million related to the receipt of a contingency payment, a charge of \$9 million for the write-down of various assets, a charge of \$25 million for claims and settlements, a charge of \$10 million for the closing of the oil and gas offices in Bakersfield, California and a \$29 million, net after-tax charge for the write-down of Occidental's Peru producing assets.
- (l) Includes pre-tax charges of \$159 million for the write-down of various assets, \$28 million for write-downs by Equistar, \$9 million for claims and settlements and a gain of \$12 million related to the sale of a chemical plant by Equistar.
- (m) Includes a pre-tax gain of \$18 million related to an insurance dividend.
- (n) Excludes acquisitions of other businesses and formation of OxyVinyls. Amounts exclude \$3.8 billion in oil and gas in 2000, \$976 million in chemical in 1999 and \$3.5 billion in oil and gas in 1998, but include capitalized interest of \$3 million in 2000, \$4 million in 1999 and \$16 million in 1998.
- (o) Includes the net assets of an intrastate pipeline. At December 31, 1998, this amount also includes a note receivable of approximately \$1.4 billion.
- (p) Of total product sales, approximately 35 percent were in basic chemicals, 40 percent in commodity vinyl resins and 23 percent in specialty chemicals prior to intercompany eliminations.
- (q) Of total product sales, approximately 41 percent were in basic chemicals, 19 percent in commodity vinyl resins and 24 percent in specialty chemicals prior to intercompany eliminations.
- (r) Includes net after-tax gains of approximately \$317 million from the sale of major nonstrategic oil and gas properties, a pre-tax \$30 million charge for the write-off of certain exploration projects and a \$12 million pre-tax reorganization charge.
- (s) Includes \$30 million pre-tax for reorganization and other charges.
- (t) Includes an after-tax \$38 million benefit which reflects the closing of the sale of MidCon and the finalization of the discontinued operations reserve.

GEOGRAPHIC AREAS  
In millions

For the years ended December 31,	Net sales (a)			Property, plant and equipment, net		
	2000	1999	1998	2000	1999	1998
United States	\$ 11,101	\$ 5,958	\$ 5,453	\$ 11,890	\$ 8,504	\$ 8,162
Qatar	747	507	426	825	794	790
Yemen	435	254	123	229	222	183
Colombia	392	329	142	104	78	89
Canada	189	117	10	29	7	6
Russia	180	111	83	66	72	82
Ecuador	148	76	51	85	102	114
Oman	116	116	93	99	88	101
Other Foreign	266	352	424	144	162	378

Total	\$ 13,574	\$ 7,820	\$ 6,805	\$ 13,471	\$ 10,029	\$ 9,905
-------	-----------	----------	----------	-----------	-----------	----------

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

NOTE 17 COSTS AND RESULTS OF OIL AND GAS PRODUCING ACTIVITIES

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

	United States	Latin America	Eastern Hemisphere	Total Worldwide
=====				
DECEMBER 31, 2000				
Proved properties	\$ 8,616	\$ 618	\$ 2,369	\$ 11,603
Unproved properties	1,970	19	77	2,066
	-----	-----	-----	-----
TOTAL PROPERTY COSTS(a)	10,586	637	2,446	13,669
Support facilities	244	40	76	360
	-----	-----	-----	-----
TOTAL CAPITALIZED COSTS	10,830	677	2,522	14,029
Accumulated depreciation, depletion and amortization	(2,299)	(484)	(1,213)	(3,996)
	-----	-----	-----	-----
NET CAPITALIZED COSTS	\$ 8,531	\$ 193	\$ 1,309	\$ 10,033
=====				
DECEMBER 31, 1999				
Proved properties	\$ 4,884	\$ 1,580	\$ 2,141	\$ 8,605
Unproved properties	2,136	25	45	2,206
	-----	-----	-----	-----
TOTAL PROPERTY COSTS(a)	7,020	1,605	2,186	10,811
Support facilities	23	94	72	189
	-----	-----	-----	-----
TOTAL CAPITALIZED COSTS	7,043	1,699	2,258	11,000
Accumulated depreciation, depletion and amortization	(2,103)	(1,500)	(1,006)	(4,609)
	-----	-----	-----	-----
NET CAPITALIZED COSTS	\$ 4,940	\$ 199	\$ 1,252	\$ 6,391
=====				
Share of equity investees' net capitalized costs(b)	\$ 94	\$ 337 (c)	\$ 94	\$ 525
=====				
DECEMBER 31, 1998				
Proved properties	\$ 5,821	\$ 1,571	\$ 2,015	\$ 9,407
Unproved properties	1,749	9	58	1,816
	-----	-----	-----	-----
TOTAL PROPERTY COSTS(a)	7,570	1,580	2,073	11,223
Support facilities	16	141	69	226
	-----	-----	-----	-----
TOTAL CAPITALIZED COSTS	7,586	1,721	2,142	11,449
Accumulated depreciation, depletion and amortization	(2,561)	(1,401)	(812)	(4,774)
	-----	-----	-----	-----
NET CAPITALIZED COSTS	\$ 5,025	\$ 320	\$ 1,330	\$ 6,675
=====				
Share of equity investees' net capitalized costs(b)	\$ 50	\$ 150 (c)	\$ 112	\$ 312
=====				

(a) Includes costs related to leases, exploration costs, lease and well equipment, pipelines and terminals, gas plants and other equipment.

(b) Excludes amounts applicable to synthetic fuels.

(c) Includes amounts in Latin America and Canada.

Costs incurred relating to oil and gas producing activities, whether capitalized or expensed, were as follows (in millions):

	United States	Latin America	Eastern Hemisphere	Total Worldwide
=====				
DECEMBER 31, 2000				
Acquisition of properties				
Proved	\$ 3,690	\$ 42	\$ 21	\$ 3,753
Unproved	7	--	1	8
Exploration costs	56	58	20	134
Development costs	339 (a)	32	208	579
	-----	-----	-----	-----
	\$ 4,092	\$ 132	\$ 250	\$ 4,474
=====				
DECEMBER 31, 1999				
Acquisition of properties				
Proved	\$ 26	\$ --	\$ 22	\$ 48
Unproved	16	--	2	18
Exploration costs	66	11	26	103
Development costs	126	12	164	302
	-----	-----	-----	-----
	\$ 234	\$ 23	\$ 214	\$ 471
=====				
Share of equity investees' costs	\$ 18	\$ 39 (b)	\$ 45	\$ 102
=====				
DECEMBER 31, 1998				
Acquisition of properties				
Proved	\$ 1,834	\$ --	\$ 26	\$ 1,860
Unproved	1,709	--	2	1,711
Exploration costs	32	24	84	140
Development costs	169	35	341	545
	-----	-----	-----	-----
	\$ 3,744	\$ 59	\$ 453	\$ 4,256
=====				
Share of equity investees' costs	\$ 46	\$ 62 (b)	\$ 66	\$ 174
=====				

(a) Excludes costs related to the acquisition of C02 properties and capitalized C02.

(b) Includes amounts in Latin America and Canada.



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

	United States	Latin America (a)	Eastern Hemisphere	Total Worldwide
=====				
FOR THE YEAR ENDED DECEMBER 31, 2000				
Revenues	\$ 2,762	\$ 461	\$ 1,567 (b)	\$ 4,790
Production costs	540	66	179	785
Exploration expenses	50	31	13	94
Other operating expenses	141	27	47	215
Depreciation, depletion and amortization	444 (c)	35	182	661
	-----	-----	-----	-----
PRETAX INCOME	1,587	302	1,146	3,035
Income tax expense(d)	366	147	538 (b)	1,051
	-----	-----	-----	-----
RESULTS OF OPERATIONS	\$ 1,221	\$ 155	\$ 608	\$ 1,984
=====				
FOR THE YEAR ENDED DECEMBER 31, 1999				
Revenues	\$ 1,011	\$ 450	\$ 1,042 (b)	\$ 2,503
Production costs	218	92	142	452
Exploration expenses	40	9	26	75
Other operating expenses	49	44	77	170
Other expense--asset write-downs	--	44	--	44
Depreciation, depletion and amortization	290 (c)	57	207	554
	-----	-----	-----	-----
PRETAX INCOME	414	204	590	1,208
Income tax expense(d)	34	81	251 (b)	366
	-----	-----	-----	-----
RESULTS OF OPERATIONS	\$ 380	\$ 123	\$ 339	\$ 842
	=====	=====	=====	=====
Share of equity investees' results of operations(e)	\$ (1)	\$ (11)(f)	\$ 33	\$ 21
=====				
FOR THE YEAR ENDED DECEMBER 31, 1998				
Revenues	\$ 860	\$ 280	\$ 818 (b)	\$ 1,958
Production costs	242	106	168	516
Exploration expenses	43	26	59	128
Other operating expenses	79	36	98	213
Other expense--asset write-downs	--	--	30	30
Depreciation, depletion and amortization	285 (c)	68	239	592
	-----	-----	-----	-----
PRETAX INCOME	211	44	224	479
Income tax expense(d)	--	25	145 (b)	170
	-----	-----	-----	-----
RESULTS OF OPERATIONS	\$ 211	\$ 19	\$ 79	\$ 309
	=====	=====	=====	=====
Share of equity investees' results of operations(e)	\$ --	\$ (28)(f)	\$ 18	\$ (10)
=====				

(a) Includes amounts applicable to operating interests in which Occidental received an agreed-upon fee per barrel of crude oil produced in 1999 and 1998.

(b) Revenues and income tax expense include taxes owed by Occidental but paid by governmental entities on its behalf.

(c) Includes credits of \$5 million in 2000, \$8 million in 1999 and \$12 million in 1998, under the method of allocating amounts in lieu of taxes.

(d) U.S. federal income taxes reflect expense allocations related to oil and gas activities, including allocated interest and corporate overhead. Foreign income taxes were included in geographic areas on the basis of operating results.

(e) Equity investee results of operations are reflected in the geographic area in which the producing operation is located.

(f) Includes amounts in Latin America and Canada.

## RESULTS PER UNIT OF PRODUCTION (Unaudited)

	United States	Latin America	Eastern Hemisphere	Total Worldwide
FOR THE YEAR ENDED DECEMBER 31, 2000				
Revenues from net production Oil (\$/bbl.)	\$ 27.40	\$ 25.85	\$ 34.06 (a)	\$ 29.51
Natural gas (\$/Mcf)	\$ 3.73	\$ --	\$ 2.02	\$ 3.61
Barrel of oil equivalent (\$/bbl.)(b,c)	\$ 25.57	\$ 25.85	\$ 32.65 (a)	\$ 27.53
Production costs	5.00	3.67	3.73	4.51
Exploration expenses	.46	1.72	.27	.54
Other operating expenses	1.31	1.50	.98	1.24
Depreciation, depletion and amortization	4.11	1.94	3.79	3.80
PRETAX INCOME	14.69	17.02	23.88	17.44
Income tax expense	3.39	8.17	11.21 (a)	6.04
RESULTS OF OPERATIONS	\$ 11.30	\$ 8.85	\$ 12.67	\$ 11.40
FOR THE YEAR ENDED DECEMBER 31, 1999				
Revenues from net production Oil (\$/bbl.)	\$ 16.56	\$ 12.84	\$ 20.32 (a)	\$ 17.06
Natural gas (\$/Mcf)	\$ 2.09	\$ --	\$ 1.17	\$ 2.02
Barrel of oil equivalent (\$/bbl.)(b,c)	\$ 14.24	\$ 12.84	\$ 19.66 (a)	\$ 15.74
Production costs	3.07	2.63	2.68	2.84
Exploration expenses	.56	.25	.50	.47
Other operating expenses	.69	1.25	1.45	1.07
Other expense--asset write-downs	--	1.25	--	.28
Depreciation, depletion and amortization	4.09	1.63	3.90	3.48
PRETAX INCOME	5.83	5.83	11.13	7.60
Income tax expense	.48	2.30	4.73 (a)	2.30
RESULTS OF OPERATIONS	\$ 5.35	\$ 3.53	\$ 6.40	\$ 5.30
FOR THE YEAR ENDED DECEMBER 31, 1998				
Revenues from net production Oil (\$/bbl.)	\$ 11.79	\$ 8.48	\$ 13.43 (a)	\$ 11.65
Natural gas (\$/Mcf)	\$ 2.05	\$ --	\$ 2.03	\$ 2.04
Barrel of oil equivalent (\$/bbl.)(b,c)	\$ 12.11	\$ 8.48	\$ 13.41 (a)	\$ 11.87
Production costs	3.41	3.21	2.75	3.13
Exploration expenses	.61	.79	.98	.78
Other operating expenses	1.11	1.09	1.61	1.29
Other expense--asset write-downs	--	--	.49	.18
Depreciation, depletion and amortization	4.01	2.06	3.91	3.59
PRETAX INCOME	2.97	1.33	3.67	2.90
Income tax expense	--	.75	2.37 (a)	1.03
RESULTS OF OPERATIONS	\$ 2.97	\$ .58	\$ 1.30	\$ 1.87

(a) Revenues and income tax expense include taxes owed by Occidental but paid by governmental entities on its behalf; however, oil revenues from net production per barrel, as shown in the "Management's Discussion and Analysis," excludes these taxes.

(b) Natural gas volumes have been converted to equivalent barrels based on energy content of six Mcf of gas to one barrel of oil.

(c) Revenues from net production exclude royalty payments and other adjustments.

2000 QUARTERLY FINANCIAL DATA (Unaudited)  
In millions, except per-share amounts

Occidental Petroleum Corporation  
and Subsidiaries

Three months ended	MARCH 31	JUNE 30	SEPTEMBER 30	DECEMBER 31
Segment net sales				
Oil and gas	\$ 1,534	\$ 2,128	\$ 2,972	\$ 3,145
Chemical	1,040	1,067	891	797
Net sales	\$ 2,574	\$ 3,195	\$ 3,863	\$ 3,942
Gross profit	\$ 787	\$ 952	\$ 1,036	\$ 967
Segment earnings(loss)				
Oil and gas	\$ 394	\$ 557	\$ 696	\$ 770
Chemical	143	34	47	(55)
Unallocated corporate items	537	591	743	715
Interest expense, net	(99)	(104)	(97)	(80)
Income taxes	(150)	(349)	(169)	(193)
Trust preferred distributions and other	(17)	(16)	(17)	(17)
Other	--	442	(59)	(92)
Income before extraordinary items	271	564	401	333
Extraordinary gain, net	--	--	1	--
Net income	\$ 271 (a)	\$ 564 (b)	\$ 402 (c)	\$ 333 (d)
Basic earnings per common share				
Income before extraordinary items	\$ 0.74	\$ 1.53	\$ 1.09	\$ 0.90
Extraordinary gain, net	--	--	--	--
Basic earnings per common share	\$ 0.74	\$ 1.53	\$ 1.09	\$ 0.90
Diluted earnings per common share				
Income before extraordinary items	\$ 0.74	\$ 1.53	\$ 1.09	\$ 0.90
Extraordinary gain, net	--	--	--	--
Diluted earnings per common share	\$ 0.74	\$ 1.53	\$ 1.09	\$ 0.90
Dividends per common share	\$ 0.25	\$ 0.25	\$ 0.25	\$ 0.25
Market price per common share				
High	\$ 22.38	\$ 24.13	\$ 24.46	\$ 25.50
Low	\$ 15.75	\$ 20.13	\$ 18.69	\$ 19.38

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

(b) Includes a gain of \$493 million related to the sale of CanadianOxy and a charge of \$120 million to write-down the chemical intermediate businesses.

(c) Includes an after-tax gain of \$39 million related to the sale of an interest in Occidental's Gulf of Mexico assets, an after-tax gain of \$41 million on the receipt of a contingency payment related to a prior year sale of a Dutch North Sea subsidiary, and a charge of \$53 million for the write-down of various oil and gas assets and investments and a write-down of a building of \$21 million.

(d) Includes a \$13 million gain on sale of the Durez business, a charge of \$17 million related to a litigation settlement, a charge of \$15 million related to a write-down of various chemical assets and an after-tax loss of \$2 million on the abandonment of a foreign investment.

1999 QUARTERLY FINANCIAL DATA (Unaudited)  
In millions, except per-share amounts

Occidental Petroleum Corporation  
and Subsidiaries

Three months ended	March 31	June 30	September 30	December 31
Segment net sales				
Oil and gas	\$ 752	\$ 950	\$ 1,271	\$ 1,626
Chemical	634	746	899	942
Net sales	\$ 1,386	\$ 1,696	\$ 2,170	\$ 2,568
Gross profit	\$ 257	\$ 367	\$ 513	\$ 664
Segment earnings (loss)				
Oil and gas	\$ 65	\$ 166	\$ 280	\$ 756
Chemical	12	33	44	(126)
Unallocated corporate items				
Interest expense, net	(116)	(123)	(118)	(111)
Income taxes	3	(27)	(41)	(3)
Trust preferred distributions and other	(14)	(15)	(16)	(17)
Other	(7)	(22)	(23)	(12)
Income(loss) before extraordinary items and effect of changes in accounting principles	(57)	12	126	487
Extraordinary loss, net	--	(3)	--	(104)
Cumulative effect of changes in accounting principles, net	(13)	--	--	--
Net income(loss)	\$ (70)	\$ 9 (a)	\$ 126 (b)	\$ 383 (c)
Basic earnings per common share				
Income(loss) before extraordinary items and effect of changes in accounting principles	\$ (.17)	\$ .03	\$ .35	\$ 1.33
Extraordinary loss, net	--	(.01)	--	(.29)
Cumulative effect of changes in accounting principles, net	(.04)	--	--	--
Basic earnings(loss) per common share	\$ (.21)	\$ .02	\$ .35	\$ 1.04
Diluted earnings per common share				
Income(loss) before extraordinary items and effect of changes in accounting principles	\$ (.17)	\$ .03	\$ .35	\$ 1.33
Extraordinary loss, net	--	(.01)	--	(.29)
Cumulative effect of changes in accounting principles, net	(.04)	--	--	--
Diluted earnings(loss) per common share	\$ (.21)	\$ .02	\$ .35	\$ 1.04
Dividends per common share	\$ .25	\$ .25	\$ .25	\$ .25
Market price per common share				
High	\$ 18.25	\$ 22.25	\$ 23.81	\$ 24.19
Low	\$ 14.75	\$ 18.06	\$ 19.00	\$ 19.94

(a) Includes \$12 million gain on the sale of a chemical plant by Equistar.

(b) Includes net pre-tax gains of \$11 million related to the receipt of a contingent payment and a \$10 million charge for the closing of the oil and gas offices in Bakersfield, California.

(c) Includes net after-tax gains of \$488 million for a favorable litigation settlement, and charges of \$29 million (after-tax benefits) related to the sale of Occidental's Peru producing assets, and pre-tax charges of \$34 million for claims and settlements, \$28 million for Occidental's share of asset write-downs in Equistar and asset write-downs of \$168 million.

SUPPLEMENTAL OIL AND GAS INFORMATION (Unaudited)

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

RESERVES

Oil in millions of barrels, natural gas in billions of cubic feet

	United States		Latin America		Eastern Hemisphere		Total Worldwide	
	Oil	Gas	Oil (a)	Gas	Oil	Gas	Oil	Gas
<b>PROVED DEVELOPED AND UNDEVELOPED RESERVES</b>								
BALANCE AT DECEMBER 31, 1997	197	1,635	316	--	387	823	900	2,458
Revisions of previous estimates	(6)	40	(21)	--	(5)	20	(32)	60
Improved recovery	10	6	--	--	49	--	59	6
Extensions and discoveries	1	48	--	--	27	81	28	129
Purchases of proved reserves	318	710	45	--	35	--	398	710
Sales of proved reserves	(46)	(317)	(113)	--	(11)	(641)	(170)	(958)
Production	(29)	(224)	(33)	--	(55)	(32)	(117)	(256)
BALANCE AT DECEMBER 31, 1998	445	1,898	194	--	427	251	1,066	2,149
Revisions of previous estimates	2	111	78	--	(65)	12	15	123
Improved recovery	32	54	--	--	9	--	41	54
Extensions and discoveries	31	49	--	--	9	--	40	49
Purchases of proved reserves	3	66	--	--	8	--	11	66
Sales of proved reserves	(22)	(130)	--	--	(2)	(158)	(24)	(288)
Production	(27)	(242)	(35)	--	(50)	(19)	(112)	(261)
BALANCE AT DECEMBER 31, 1999	464	1,806	237	--	336	86	1,037	1,892
Revisions of previous estimates	29	179	12	--	22	44	63	223
Improved recovery	41	25	--	--	1	--	42	25
Extensions and discoveries	24	108	5	--	7	4	36	112
Purchases of proved reserves	881	417	19	--	--	--	900	417
Sales of proved reserves	(30)	(200)	(120)	--	--	--	(150)	(200)
Production	(63)	(241)	(18)	--	(44)	(18)	(125)	(259)
BALANCE AT DECEMBER 31, 2000	1,346	2,094	135	--	322	116	1,803	2,210
<b>PROPORTIONAL INTEREST IN EQUITY INVESTEE'S RESERVES</b>								
December 31, 1997	5	45	45 (b)	168 (b)	27	25	77	238
December 31, 1998	5	49	44 (b)	138 (b)	34	--	83	187
December 31, 1999	6	46	45 (b)	133 (b)	36	--	87	179
<b>PROVED DEVELOPED RESERVES</b>								
December 31, 1997	151	1,571	235	--	251	207	637	1,778
December 31, 1998	367	1,836	171	--	306	190	844	2,026
December 31, 1999	339	1,670	153	--	245	61	737	1,731
DECEMBER 31, 2000	1,079	1,814	82	--	249	84	1,410	1,898
<b>PROPORTIONAL INTEREST IN EQUITY INVESTEE'S RESERVES</b>								
December 31, 1997	4	31	38 (b)	140 (b)	21	20	63	191
December 31, 1998	5	48	35 (b)	127 (b)	24	--	64	175
December 31, 1999	5	41	36 (b)	115 (b)	21	--	62	156

(a) Portions of these reserves are being produced pursuant to exclusive service contracts.

(b) Includes amounts in Latin America and Canada.

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

For purposes of the following disclosures, estimates were made of quantities of proved reserves and the periods during which they are expected to be produced. Future cash flows were computed by applying year-end prices to Occidental's share of estimated annual future production from proved oil and gas reserves, net of royalties. Future development and production costs were computed by applying year-end costs to be incurred in producing and further developing the proved reserves. Future income tax expenses were computed by applying, generally, year-end statutory tax rates (adjusted for permanent differences, tax credits, allowances and foreign income repatriation considerations) to the estimated net future pre-tax cash flows. The discount was computed by application of a 10 percent discount factor. The calculations assumed the continuation of existing economic, operating and contractual conditions at each of December 31, 2000, 1999 and 1998. However, such arbitrary assumptions have not necessarily proven to be the case in the past. Other assumptions of equal validity would give rise to substantially different results.

STANDARDIZED MEASURE OF DISCOUNTED FUTURE NET CASH FLOWS  
In millions

	United States	Latin America (a)	Eastern Hemisphere	Total Worldwide
=====				
AT DECEMBER 31, 2000				
Future cash flows	\$ 53,195	\$ 2,744	\$ 6,868	\$ 62,807
Future costs				
Production costs and other operating expenses	(13,236)	(785)	(1,767)	(15,788)
Development costs(b)	(1,962)	(47)	(539)	(2,548)
	-----	-----	-----	-----
FUTURE NET CASH FLOWS BEFORE INCOME TAXES	37,997	1,912	4,562	44,471
Future income tax expense	(11,023)	(896)	(623)	(12,542)
	-----	-----	-----	-----
FUTURE NET CASH FLOWS	26,974	1,016	3,939	31,929
Ten percent discount factor	(14,608)	(392)	(1,585)	(16,585)
	-----	-----	-----	-----
STANDARDIZED MEASURE	\$ 12,366	\$ 624	\$ 2,354	\$ 15,344
=====				
AT DECEMBER 31, 1999				
Future cash flows	\$ 14,604	\$ 3,619	\$ 7,329	\$ 25,552
Future costs				
Production costs and other operating expenses	(3,162)	(754)	(1,879)	(5,795)
Development costs(b)	(1,166)	(185)	(716)	(2,067)
	-----	-----	-----	-----
FUTURE NET CASH FLOWS BEFORE INCOME TAXES	10,276	2,680	4,734	17,690
Future income tax expense	(2,306)	(1,076)	(345)	(3,727)
	-----	-----	-----	-----
FUTURE NET CASH FLOWS	7,970	1,604	4,389	13,963
Ten percent discount factor	(4,177)	(624)	(1,754)	(6,555)
	-----	-----	-----	-----
STANDARDIZED MEASURE	3,793	980	2,635	7,408
Share of equity investees' standardized measure	104	312	344	760
	-----	-----	-----	-----
	\$ 3,897	\$ 1,292	\$ 2,979	\$ 8,168
=====				
AT DECEMBER 31, 1998				
Future cash flows	\$ 7,898	\$ 1,437	\$ 4,346	\$ 13,681
Future costs				
Production costs and other operating expenses	(3,199)	(908)	(1,788)	(5,895)
Development costs(b)	(652)	(75)	(718)	(1,445)
	-----	-----	-----	-----
FUTURE NET CASH FLOWS BEFORE INCOME TAXES	4,047	454	1,840	6,341
Future income tax expense	(24)	(159)	(54)	(237)
	-----	-----	-----	-----
FUTURE NET CASH FLOWS	4,023	295	1,786	6,104
Ten percent discount factor	(1,900)	(75)	(760)	(2,735)
	-----	-----	-----	-----
STANDARDIZED MEASURE	2,123	220	1,026	3,369
Share of equity investees' standardized measure	50	150	112	312
	-----	-----	-----	-----
	\$ 2,173	\$ 370	\$ 1,138	\$ 3,681
=====				

(a) Includes amounts applicable to operating interests in which Occidental receives an agreed-upon fee per barrel of crude oil produced in 1999 and 1998.

(b) Includes dismantlement and abandonment costs.

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

For the years ended December 31,	2000	1999	1998
BEGINNING OF YEAR	\$ 7,408	\$ 3,369	\$ 3,690
Sales and transfers of oil and gas produced, net of production costs and other operating expenses	(3,546)	(1,838)	(925)
Net change in prices received per barrel, net of production costs and other operating expenses	6,219	7,712	(2,661)
Extensions, discoveries and improved recovery, net of future production and development costs	1,222	660	236
Change in estimated future development costs	(95)	(299)	330
Revisions of quantity estimates	1,315	(808)	390
Development costs incurred during the period	576	298	535
Accretion of discount	783	308	307
Net change in income taxes	(3,954)	(1,694)	881
Purchases and sales of reserves in place, net	5,927	(150)	625
Changes in production rates and other	(511)	(150)	(39)
NET CHANGE	7,936	4,039	(321)
END OF YEAR	\$ 15,344	\$ 7,408	\$ 3,369

The information set forth below does not include information with respect to operations of equity investees.

The following table sets forth, for each of the three years in the period ended December 31, 2000, Occidental's approximate average sales prices and average production costs of oil and gas. Production costs are the costs incurred in lifting the oil and gas to the surface and include gathering, treating, primary processing, field storage, property taxes and insurance on proved properties, but do not include depreciation, depletion and amortization, royalties, income taxes, interest, general and administrative and other expenses.

AVERAGE SALES PRICES AND AVERAGE PRODUCTION COSTS OF OIL AND GAS

For the years ended December 31,	United States	Latin America(a, b)	Eastern Hemisphere(a)
2000			
Oil -- Average sales price (\$/bbl.)	\$ 26.66	\$ 26.01	\$ 25.14
Gas -- Average sales price (\$/Mcf)	\$ 3.66	\$ --	\$ 1.99
Average oil and gas production cost (\$/bbl.)(c)	\$ 5.00	\$ 3.67	\$ 3.73
1999			
Oil -- Average sales price (\$/bbl.)	\$ 15.81	\$ 13.20	\$ 15.86
Gas -- Average sales price (\$/Mcf)	\$ 2.09	\$ --	\$ 1.17
Average oil and gas production cost (\$/bbl.)(c)	\$ 3.07	\$ 2.63	\$ 2.68
1998			
Oil -- Average sales price (\$/bbl.)	\$ 12.06	\$ 8.78	\$ 11.12
Gas -- Average sales price (\$/Mcf)	\$ 2.05	\$ --	\$ 2.03
Average oil and gas production cost (\$/bbl.)(c)	\$ 3.41	\$ 3.21	\$ 2.75

(a) Sales prices include royalties with respect to certain of Occidental's interests.

(b) Sales prices include fees received under service contracts.

(c) Natural gas volumes have been converted to equivalent barrels based on energy content of six Mcf of gas to one barrel of oil.

The following table sets forth, for each of the three years in the period ended December 31, 2000, Occidental's net productive and dry-exploratory and development wells drilled.

NET PRODUCTIVE AND DRY -- EXPLORATORY AND DEVELOPMENT WELLS DRILLED

For the years ended December 31, =====	United States =====	Latin America =====	Eastern Hemisphere =====	Total Worldwide =====
<b>2000</b>				
Oil -- Exploratory	1.6	1.3	--	2.9
Development	273.9	8.1	119.0	401.0
Gas -- Exploratory	3.4	--	0.6	4.0
Development	32.9	--	4.3	37.2
Dry -- Exploratory	1.2	2.7	1.0	4.9
Development	25.3	--	1.2	26.5
-----				
<b>1999</b>				
Oil -- Exploratory	1.0	--	--	1.0
Development	76.8	5.4	105.1	187.3
Gas -- Exploratory	--	--	.5	.5
Development	13.4	--	4.5	17.9
Dry -- Exploratory	1.9	--	--	1.9
Development	13.3	--	1.1	14.4
-----				
<b>1998</b>				
Oil -- Exploratory	--	0.2	1.1	1.3
Development	109.7	9.8	114.3	233.8
Gas -- Exploratory	--	--	1.8	1.8
Development	32.4	--	2.3	34.7
Dry -- Exploratory	.5	1.8	5.9	8.2
Development	14.5	--	1.8	16.3
-----				

The following table sets forth, as of December 31, 2000, Occidental's productive oil and gas wells (both producing wells and wells capable of production). The numbers in parentheses indicate the number of wells with multiple completions.

PRODUCTIVE OIL AND GAS WELLS

Wells at December 31, =====	United States =====	Latin America =====	Eastern Hemisphere =====	Total Worldwide =====
Oil -- Gross(a)	13,943 (244)	215 (--)	872 (81)	15,030 (325)
Net(b)	8,754 (168)	100 (--)	478 (51)	9,332 (219)
Gas -- Gross(a)	2,222 (20)	-- (--)	32 (1)	2,254 (21)
Net(b)	1,890 (11)	-- (--)	13 (1)	1,903 (12)
-----				

- (a) The total number of wells in which interests are owned or which are operated under service contracts.  
(b) The sum of fractional interests.

The following table sets forth, as of December 31, 2000, Occidental's participation in exploratory and development wells being drilled.

PARTICIPATION IN EXPLORATORY AND DEVELOPMENT WELLS BEING DRILLED

Wells at December 31, =====	United States =====	Latin America =====	Eastern Hemisphere =====	Total Worldwide =====
Exploratory and development wells -- Gross	25	3	17	45
Net	16	3	9	28
-----				

At December 31, 2000, Occidental was participating in 112 pressure maintenance and waterflood projects in the United States, 4 in Latin America, 17 in the Middle East and 2 in Russia.



The following table sets forth, as of December 31, 2000, Occidental's holdings of developed and undeveloped oil and gas acreage.

OIL AND GAS ACREAGE

Thousands of acres at December 31,		United States	Latin America	Eastern Hemisphere	Total Worldwide
Developed(a) -- Gross(b)		3,625	19	15,329	18,973
Net(c)		1,870	10	7,553	9,433
Undeveloped(d) -- Gross(b)		2,649	2,236	14,803	19,688
Net(c)		1,267	1,793	7,084	10,144

- (a) Acres spaced or assigned to productive wells.
- (b) Total acres in which interests are held.
- (c) Sum of the fractional interests owned based on working interests, or shares of production if under production-sharing agreements.
- (d) Acres on which wells have not been drilled or completed to a point that would permit the production of commercial quantities of oil and gas, regardless of whether the acreage contains proved reserves.

The following table sets forth, for each of the three years in the period ended December 31, 2000, Occidental's U.S. oil, NGL and natural gas production.

OIL AND NATURAL GAS PRODUCTION -- U.S.

	Liquids Production Thousands of barrels per day			Natural Gas Production Millions of cubic feet per day		
	2000	1999	1998	2000	1999	1998
California	70	52	41	306	287	149
Permian	101	13	14	119	55	70
Hugoton	--	--	--	168	172	248
Others	1	8	26	66	148	147
TOTAL	172	73	81	659	662	614

The following table sets forth, for each of the three years in the period ended December 31, 2000, Occidental's international oil and natural gas production.

OIL AND NATURAL GAS PRODUCTION -- INTERNATIONAL

	Oil Production Thousands of barrels per day			Natural Gas Production Millions of cubic feet per day		
	2000	1999	1998	2000	1999	1998
Bangladesh	--	--	--	--	8	--
Colombia	32	43	27	--	--	--
Ecuador	17	15	12	--	--	--
Netherlands	--	--	--	--	--	50
Oman	9	15	17	--	--	--
Pakistan	6	5	5	49	44	39
Peru	--	38	48	--	--	--
Qatar	49	58	75	--	--	--
Russia	26	27	29	--	--	--
Venezuela	--	--	2	--	--	--
Yemen	32	32	25	--	--	--
TOTAL	171	233	240	49	52	89

SCHEDULE II - VALUATION AND QUALIFYING ACCOUNTS  
In millions

Occidental Petroleum Corporation  
and Subsidiaries

	Balance at Beginning of Period	Additions		Deductions	Balance at End of Period
		Charged to Costs and Expenses	Charged to Other Accounts		
=====					
2000					
Allowance for doubtful accounts	\$ 24	2	\$ --	\$ (1)	\$ 25
	=====	=====	=====	=====	=====
Environmental Foreign and other taxes, litigation and other reserves	\$ 454	--	\$ 23	\$ (75)(a)	\$ 402
	857	42	231	(129)	1,001
	-----	-----	-----	-----	-----
	\$ 1,311	42	\$ 254	\$ (204)	\$ 1,403 (b)
	=====	=====	=====	=====	=====
=====					
1999					
Allowance for doubtful accounts	\$ 23	2	\$ --	\$ (1)	\$ 24
	=====	=====	=====	=====	=====
Environmental Foreign and other taxes, litigation and other reserves	\$ 578	--	\$ 11	\$ (135)(a)	\$ 454
	801	164	1	(109)	857
	-----	-----	-----	-----	-----
	\$ 1,379	164	\$ 12	\$ (244)	\$ 1,311 (b)
	=====	=====	=====	=====	=====
=====					
1998					
Allowance for doubtful accounts	\$ 24	4	\$ --	\$ (5)	\$ 23
	=====	=====	=====	=====	=====
Environmental Foreign and other taxes, litigation and other reserves	\$ 646	--	\$ 9	\$ (77)(a)	\$ 578
	846	187	7	(239)	801
	-----	-----	-----	-----	-----
	\$ 1,492	187	\$ 16	\$ (316)	\$ 1,379 (b)
	=====	=====	=====	=====	=====
=====					

(a) Primarily represents payments.

(b) Of these amounts, \$143 million, \$155 million and \$172 million in 2000, 1999 and 1998, respectively, is classified as current.

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

Not applicable.

PART III

ITEM 10 DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT

There is hereby incorporated by reference the information regarding Occidental's directors appearing under the caption "Election of Directors" in Occidental's definitive proxy statement filed in connection with its April 20, 2001, Annual Meeting of Stockholders (the "2001 Proxy Statement"). See also the list of Occidental's executive officers and related information under "Executive Officers of the Registrant" in Part I hereof.

ITEM 11 EXECUTIVE COMPENSATION

There is hereby incorporated by reference the information appearing under the captions "Executive Compensation" (excluding, however, the information appearing under the subcaptions "Report of the Compensation Committee" and "Performance Graphs") and "Election of Directors -- Information Regarding the Board of Directors and Its Committees" in the 2001 Proxy Statement.

ITEM 12 SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

There is hereby incorporated by reference the information with respect to security ownership appearing under the caption "Security Ownership of Certain Beneficial Owners and Management" in the 2001 Proxy Statement.

ITEM 13 CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

There is hereby incorporated by reference the information appearing under the caption "Election of Directors -- Certain Relations and Related Transactions" in the 2001 Proxy Statement.

PART IV

ITEM 14 EXHIBITS, FINANCIAL STATEMENT SCHEDULES AND REPORTS ON FORM 8-K

(a) (1) AND (2). FINANCIAL STATEMENTS AND FINANCIAL STATEMENT SCHEDULE

Reference is made to the Index to Financial Statements and Related Information under Item 8 in Part II hereof, where these documents are listed.

(a) (3). EXHIBITS

- 3.(i)\* Restated Certificate of Incorporation of Occidental, dated November 12, 1999 (filed as Exhibit 3.(i) to the Annual Report on Form 10-K of Occidental for the fiscal year ended December 31, 1999, File No. 1-9210).
- 3.(ii)\* Bylaws of Occidental, as amended through April 30, 1999 (filed as Exhibit 3.(ii) to the Registration Statement on Form S-8 of Occidental, File No. 333-78031).
- 4.1 Occidental Petroleum Corporation Five-Year Credit Agreement, dated as of January 4, 2001 among Occidental, Chase Securities Inc. and Bank of America Securities, LLC, as Co-Lead Arrangers, The Chase Manhattan Bank, as Syndication Agent, Bank of America, N.A. and ABN Amro Bank N.V., as Co-Documentation Agents, and The Bank of Nova Scotia, as Administrative Agent.
- 4.2\* Credit Agreement, dated as of April 19, 2000, among Occidental Permian Ltd., Chase Securities Inc., as Arranger, Bank of America, N.A., as Syndication Agent, Morgan Guaranty Trust Company of New York and UBS AG, as Documentation Agents, and The Chase Manhattan Bank, as Administrative Agent (filed as Exhibit 4.1 of the Quarterly Report on Form 10-Q of Occidental for the quarterly period ended March 31, 2000, File No. 1-9210).
- 4.3 Instruments defining the rights of holders of other long-term debt of Occidental and its subsidiaries are not being filed since the total amount of securities authorized under each of such instruments does not exceed 10 percent of the total assets of Occidental and its subsidiaries on a consolidated basis. Occidental agrees to furnish a copy of any such instrument to the Commission upon request. All of the Exhibits numbered 10.1 to 10.36 are management contracts and compensatory plans required to be identified specifically as responsive to Item 601(b)(10)(iii)(A) of Regulation S-K pursuant to Item 14(c) of Form 10-K.

-----  
\*Incorporated herein by reference

- 10.1\* Employment Agreement, dated May 14, 1997, between Occidental and J. Roger Hirl (filed as Exhibit 10.1 to the Quarterly Report on Form 10-Q of Occidental for the quarterly period ended June 30, 1997, File No. 1-9210).
- 10.2 Employment Agreement, dated as of November 17, 2000, between Occidental and Dr. Ray R. Irani.
- 10.3 Employment Agreement, dated as of November 17, 2000, between Occidental and Dr. Dale R. Laurance.
- 10.4 Employment Agreement, dated as of November 17, 2000, between Occidental and Stephen I. Chazen.
- 10.5\* Employment Agreement, dated April 3, 1998, between Occidental and Donald P. de Brier (filed as Exhibit 10.7 to the Annual Report on Form 10-K of Occidental for the fiscal year ended December 31, 1999, File No. 1-9210).
- 10.6 Amendment, dated November 17, 2000, to Employment Agreement, dated April 3, 1998, between Occidental and Donald P. de Brier.
- 10.7\* Form of Indemnification Agreement between Occidental and each of its directors and certain executive officers (filed as Exhibit B to the Proxy Statement of Occidental for its May 21, 1987, Annual Meeting of Stockholders, File No. 1-9210).
- 10.8\* Occidental Petroleum Corporation Split Dollar Life Insurance Program and Related Documents (filed as Exhibit 10.2 to the Quarterly Report on Form 10-Q of Occidental for the quarterly period ended September 30, 1994, File No. 1-9210).
- 10.9\* Occidental Petroleum Insured Medical Plan, as amended and restated effective April 29, 1994, amending and restating the Occidental Petroleum Corporation Executive Medical Plan (as amended and restated effective April 1, 1993) (filed as Exhibit 10 to the Quarterly Report on Form 10-Q of Occidental for the quarterly period ending March 31, 1994, File No. 1-9210).
- 10.10\* Occidental Petroleum Corporation 1987 Stock Option Plan, as amended through April 29, 1992 (filed as Exhibit 10.1 to the Quarterly Report on Form 10-Q of Occidental for the quarterly period ended March 31, 1992, File No. 1-9210).
- 10.11\* Form of Nonqualified Stock Option Agreement under Occidental Petroleum Corporation 1987 Stock Option Plan (filed as Exhibit 10.2 to the Quarterly Report on Form 10-Q of Occidental for the quarterly period ended March 31, 1992, File No. 1-9210).
- 10.12\* Form of Nonqualified Stock Option Agreement, with Stock Appreciation Right, under Occidental Petroleum Corporation 1987 Stock Option Plan (filed as Exhibit 10.3 to the Quarterly Report on Form 10-Q of Occidental for the quarterly period ended March 31, 1992, File No. 1-9210).
- 10.13\* Form of Incentive Stock Option Agreement under Occidental Petroleum Corporation 1987 Stock Option Plan (filed as Exhibit 10.4 to the Quarterly Report on Form 10-Q of Occidental for the quarterly period ended March 31, 1992, File No. 1-9210).
- 10.14\* Form of Incentive Stock Option Agreement, with Stock Appreciation Right, under Occidental Petroleum Corporation 1987 Stock Option Plan (filed as Exhibit 10.5 to the Quarterly Report on Form 10-Q of Occidental for the quarterly period ended March 31, 1992, File No. 1-9210).
- 10.15\* Occidental Petroleum Corporation Deferred Compensation Plan (as amended and restated effective as of January 1, 1999) (filed as Exhibit 10.23 to the Quarterly Report on Form 10-Q of Occidental for the quarterly period ended September 30, 1999, File No. 1-9210).
- 10.16\* Occidental Petroleum Corporation Senior Executive Deferred Compensation Plan (effective as of January 1, 1986, as amended and restated effective as of January 1, 1996) (filed as Exhibit 10.24 to the Annual Report on Form 10-K of Occidental for the fiscal year ended December 31, 1995, File No. 1-9210).
- 10.17\* Occidental Petroleum Corporation Senior Executive Supplemental Life Insurance Plan (effective as of January 1, 1986, as amended and restated effective as of January 1, 1996) (filed as Exhibit 10.25 to the Annual Report on Form 10-K of Occidental for the fiscal year ended December 31, 1995, File No. 1-9210).
- 10.18\* Occidental Petroleum Corporation Senior Executive Supplemental Retirement Plan (effective as of January 1, 1986, as amended and restated effective as of January 1, 1996) (filed as Exhibit 10.26 to the Annual Report on Form 10-K of Occidental for the fiscal year ended December 31, 1995, File No. 1-9210).
- 10.19\* Amendment to Occidental Petroleum Corporation Senior Executive Supplemental Retirement Plan (filed as Exhibit 10.1 to the Quarterly Report on Form 10-Q of Occidental for the quarterly period ended June 30, 1998, File No. 1-9210).

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 \*Incorporated herein by reference

- 10.20\* Occidental Petroleum Corporation Senior Executive Survivor Benefit Plan (effective as of January 1, 1986, as amended and restated effective as of January 1, 1996) (filed as Exhibit 10.27 to the Annual Report on Form 10-K of Occidental for the fiscal year ended December 31, 1995, File No. 1-9210).
- 10.21\* Occidental Petroleum Corporation 1995 Incentive Stock Plan, as amended (filed as Exhibit 10.28 to the Annual Report on Form 10-K of Occidental for the fiscal year ended December 31, 1999, File No. 1-9210).
- 10.22\* Form of Incentive Stock Option Agreement under Occidental Petroleum Corporation 1995 Incentive Stock Plan (filed as Exhibit 99.2 to the Registration Statement on Form S-8 of Occidental, File No. 33-64719).
- 10.23\* Form of Nonqualified Stock Option Agreement under Occidental Petroleum Corporation 1995 Incentive Stock Plan (filed as Exhibit 99.3 to the Registration Statement on Form S-8 of Occidental, File No. 33-64719).
- 10.24\* Form of Stock Appreciation Rights Agreement under Occidental Petroleum Corporation 1995 Incentive Stock Plan (filed as Exhibit 99.4 to the Registration Statement on Form S-8 of Occidental, File No. 33-64719).
- 10.25\* Form of Restricted Stock Agreement under Occidental Petroleum Corporation 1995 Incentive Stock Plan (filed as Exhibit 99.5 to the Registration Statement on Form S-8 of Occidental, File No. 33-64719).
- 10.26\* Form of Performance Stock Agreement under Occidental Petroleum Corporation 1995 Incentive Stock Plan (filed as Exhibit 99.6 to the Registration Statement on Form S-8 of Occidental, File No. 33-64719).
- 10.27\* Occidental Petroleum Corporation 1996 Restricted Stock Plan for Non-Employee Directors (as amended April 28, 2000) (filed as Exhibit 10.1 to the Quarterly Report on Form 10-Q of Occidental for the quarterly period ended March 31, 2000, File No. 1-9210).
- 10.28\* Form of Restricted Stock Option Assignment under Occidental Petroleum Corporation 1996 Restricted Stock Plan for Non-Employee Directors (filed as Exhibit 99.2 to the Registration Statement on Form S-8 of Occidental, File No. 333-02901).
- 10.29\* Form of Incentive Stock Option Agreement under Occidental Petroleum Corporation 1995 Incentive Stock Plan (filed as Exhibit 10.2 to the Current Report on Form 8-K of Occidental, dated January 6, 1999 (date of earliest event reported), filed January 6, 1999, File No. 1-9210, amends Form previously filed as Exhibit 10.1 to the Registration Statement on Form S-8 of Occidental, File No. 33-64719 and incorporated by reference as Exhibit 10.39 to the Annual Report on Form 10-K of Occidental for the fiscal year ended December 31, 1997, File No. 1-9210).
- 10.30\* Form of Nonqualified Stock Option Agreement under Occidental Petroleum Corporation 1995 Incentive Stock Plan (filed as Exhibit 10.3 to the Current Report on Form 8-K of Occidental, dated January 6, 1999 (date of earliest event reported), filed January 6, 1999, File No. 1-9210, amends Form previously filed as Exhibit 10.2 to the Registration Statement on Form S-8 of Occidental, File No. 33-64719 and incorporated by reference as Exhibit 10.40 to the Annual Report on Form 10-K of Occidental for the fiscal year ended December 31, 1997, File No. 1-9210).
- 10.31\* Form of Incentive Stock Option Agreement (With Accelerated Performance Vesting) under Occidental Petroleum Corporation 1995 Incentive Stock Plan (filed as Exhibit 10.2 to the Quarterly Report on Form 10-Q of Occidental for the quarterly period ended June 30, 1999, File No. 1-9210).
- 10.32\* Form of Nonqualified Stock Option Agreement (With Accelerated Performance Vesting) under Occidental Petroleum Corporation 1995 Incentive Stock Plan (filed as Exhibit 10.3 to the Quarterly Report on Form 10-Q of Occidental for the quarterly period ended June 30, 1999, File No. 1-9210).
- 10.33\* Occidental Petroleum Corporation 1988 Deferred Compensation Plan (as amended and restated effective as of January 1, 1996) (filed as Exhibit 10.2 to the Quarterly Report on Form 10-Q of Occidental for the fiscal quarter ended September 30, 1996, File No. 1-9210).
- 10.34\* Occidental Petroleum Corporation Supplemental Retirement Plan, Amended and Restated Effective as of January 1, 1999 (filed as Exhibit 10.1 to the Current Report on Form 8-K of Occidental, dated January 6, 1999 (date of earliest event reported), filed January 6, 1999, File No. 1-9210).
- 10.35\* Form of 1997 Performance Stock Option Agreement under the 1995 Incentive Stock Plan of Occidental Petroleum Corporation (filed as Exhibit 10.2 to the Quarterly Report on Form 10-Q of Occidental for the quarterly period ended June 30, 1997, File No. 1-9210).
- 10.36\* Form of Amendment to 1997 Performance Stock Option Agreement under the 1995 Incentive Stock Plan of Occidental Petroleum Corporation (filed as Exhibit 10.43 to the Annual Report on Form 10-K of Occidental for the fiscal year ended December 31, 1999, File No. 1-9210).

-----  
\*Incorporated herein by reference

- 10.37\* Master Transaction Agreement, dated May 15, 1998, by and among Equistar Chemicals, LP, Occidental, Lyondell Petrochemical Company and Millennium Chemicals Inc. (filed as Exhibit 10.1 to the Current Report on Form 8-K of Occidental dated May 15, 1998 (date of earliest event reported), filed May 29, 1998, File No. 1-9210).
- 10.38\* Amended and Restated Limited Partnership Agreement of Equistar Chemicals, LP, dated May 15, 1998, by and among the partners named therein (filed as Exhibit 10.2 to the Current Report on Form 8-K of Occidental dated May 15, 1998 (date of earliest event reported), filed May 29, 1998, File No. 1-9210).
- 10.39\* Agreement and Plan of Merger and Asset Contribution, dated as of May 15, 1998, by and among Equistar Chemicals, LP, Occidental Petrochem Partner 1, Inc., Occidental Petrochem Partner 2, Inc., Oxy Petrochemicals Inc. and PDG Chemical Inc. (filed as Exhibit 10.3 to the Current Report on Form 8-K of Occidental dated May 15, 1998 (date of earliest event reported), filed May 29, 1998, File No. 1-9210).
- 10.40\* Amended and Restated Parent Agreement, dated as of May 15, 1998, among Occidental Chemical Corporation, Oxy CH Corporation, Occidental, Lyondell Petrochemical Company, Millennium Chemicals Inc. and Equistar Chemicals, LP (filed as Exhibit 10.4 to the Current Report on Form 8-K of Occidental dated May 15, 1998 (date of earliest event reported), filed May 29, 1998, File No. 1-9210).
- 10.41\* Purchase and Sale Agreement dated March 7, 2000, by and among Amoco D. T. Company, Amoco X. T. Company, Amoco Y. T. Company, SWEPI LP, Shell Land & Energy Company, Shell Onshore Ventures Inc., Shell K2 Inc., and Shell Everest, Inc., as Sellers, and Occidental Petroleum Corporation, as Buyer (filed as Exhibit 10.1 to the Current Report on Form 8-K of Occidental dated March 7, 2000 (date of earliest event reported), filed March 15, 2000, File No. 1-9210).
- 12 Statement regarding computation of total enterprise ratios of earnings to fixed charges for the five years ended December 31, 2000.
- 21 List of subsidiaries of Occidental at December 31, 2000.
- 23 Consent of Independent Public Accountants.

-----  
\*Incorporated herein by reference

(b) REPORTS ON FORM 8-K

During the fourth quarter of 2000, Occidental filed the following Current Reports on Form 8-K:

1. Current Report on Form 8-K dated October 18, 2000 (date of earliest event reported), filed on October 18, 2000, for the purpose of reporting, under Item 5, Occidental's results of operations for the third quarter ended September 30, 2000, and under Item 9, speeches and supplemental investor information relating to Occidental's third quarter 2000 earnings announcement.

2. Current Report on Form 8-K dated November 16, 2000 (date of earliest event reported), filed on November 16, 2000, for the purpose of reporting, under Item 9, a financial analyst presentation by Dr. Ray R. Irani, Chief Executive Officer.

During the first quarter of 2001 to the date hereof, Occidental filed the following Current Report on Form 8-K:

1. 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 fourth quarter and fiscal year ended December 31, 2000, and under Item 9, speeches and supplemental investor information relating to Occidental's fourth quarter 2000 earnings announcement.

SIGNATURES

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

OCCIDENTAL PETROLEUM CORPORATION

March 8, 2001

By: /s/ RAY R. IRANI  
 -----  
 Ray R. Irani  
 Chairman of the Board of Directors and  
 Chief Executive Officer

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

SIGNATURE -----	TITLE -----	DATE ----
/s/ RAY R. IRANI ----- Ray R. Irani	Chairman of the Board of Directors and Chief Executive Officer	March 8, 2001
/s/ STEPHEN I. CHAZEN ----- Stephen I. Chazen	Executive Vice President - Corporate Development and Chief Financial Officer	March 8, 2001
/s/ SAMUEL P. DOMINICK, JR. ----- Samuel P. Dominick, Jr.	Vice President and Controller (Chief Accounting Officer)	March 8, 2001
/s/ RONALD W. BURKLE ----- Ronald W. Burkle	Director	March 8, 2001
/s/ JOHN S. CHALSTY ----- John S. Chalsty	Director	March 8, 2001
/s/ EDWARD P. DJEREJIAN ----- Edward P. Djerejian	Director	March 8, 2001
/s/ JOHN E. FEICK ----- John E. Feick	Director	March 8, 2001
/s/ J. ROGER HIRL ----- J. Roger Hirl	Director	March 8, 2001
/s/ DALE R. LAURANCE ----- Dale R. Laurance	Director	March 8, 2001



/s/ IRVIN W. MALONEY ----- Irvin W. Maloney	Director	March 8, 2001
/s/ RODOLFO SEGOVIA ----- Rodolfo Segovia	Director	March 8, 2001
/s/ AZIZ D. SYRIANI ----- Aziz D. Syriani	Director	March 8, 2001
/s/ ROSEMARY TOMICH ----- Rosemary Tomich	Director	March 8, 2001

INDEX TO EXHIBITS

Exhibit Number -----	Description -----
4.1	Occidental Petroleum Corporation Five-Year Credit Agreement, dated as of January 4, 2001 among Occidental, Chase Securities Inc. and Bank of America Securities, LLC, as Co-Lead Arrangers, The Chase Manhattan Bank, as Syndication Agent, Bank of America, N.A. and ABN Amro Bank N.V., as Co-Documentation Agents, and The Bank of Nova Scotia, as Administrative Agent.
10.2	Employment Agreement, dated as of November 17, 2000, between Occidental and Dr. Ray R. Irani.
10.3	Employment Agreement, dated as of November 17, 2000, between Occidental and Dr. Dale R. Laurance.
10.4	Employment Agreement, dated as of November 17, 2000, between Occidental and Stephen I. Chazen.
10.6	Amendment, dated November 17, 2000, to Employment Agreement, dated April 3, 1998, between Occidental and Donald P. de Brier.
12	Statement regarding computation of total enterprise ratios of earnings to fixed charges for the five years ended December 31, 2000.
21	List of subsidiaries of Occidental at December 31, 2000.
23	Consent of Independent Public Accountants.

OCCIDENTAL PETROLEUM CORPORATION

FIVE-YEAR CREDIT AGREEMENT

Dated as of January 4, 2001

\$1,000,000,000

CHASE SECURITIES INC.  
BANC OF AMERICA SECURITIES, LLC  
as Co-Lead Arrangers,

THE CHASE MANHATTAN BANK,  
as Syndication Agent,

BANK OF AMERICA, N.A.  
ABN AMRO BANK N.V.,  
as Co-Documentation Agents,

and

THE BANK OF NOVA SCOTIA,  
as Administrative Agent

[CS&M Ref. # 6701-156]

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- II Addresses, Telecopier and Telephone Numbers

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- A-1 Form of Competitive Note
- A-2 Form of Revolving Credit Note
- B Form of Competitive Bid Request
- C Form of Notice of Competitive Bid Request
- D Form of Competitive Bid
- E Form of Revolving Credit Borrowing Request
- F Form of Section 7.01(c) Certificate
- G Form of Assignment and Acceptance
- H Form of Opinion of Robert E. Sawyer, Esq., Counsel to the Company
- I Form of Opinion of Cravath, Swaine & Moore, Special Counsel  
to the Agents

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J Form of Addendum  
K Form of Administrative Questionnaire

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FIVE-YEAR CREDIT AGREEMENT

THIS AGREEMENT, dated as of January 4, 2001, is among OCCIDENTAL PETROLEUM CORPORATION, a Delaware corporation (hereinafter called the "COMPANY"), the Banks (as defined below), THE CHASE MANHATTAN BANK, as syndication agent (hereinafter, in such capacity, together with any successor thereto in such capacity, the "SYNDICATION AGENT"), BANK OF AMERICA, N.A. and ABN AMRO BANK N.V., as co-documentation agents (hereinafter, in such capacity, together with any successor to either thereof in such capacity, the "CO-DOCUMENTATION AGENTS"), THE BANK OF NOVA SCOTIA, as administrative agent (hereinafter, in such capacity, together with any successor thereto in such capacity, the "ADMINISTRATIVE AGENT"), and BANK ONE, NA, THE BANK OF NEW YORK, BAYERISCHE LANDESBANK GIROZENTRALE, CAYMAN ISLANDS BRANCH, BNP PARIBAS, CITICORP USA, INC., COMMERZBANK AG, NEW YORK BRANCH AND GRAND CAYMAN BRANCH, CREDIT LYONNAIS NEW YORK BRANCH, CREDIT SUISSE FIRST BOSTON, MIZUHO FINANCIAL GROUP, NATIONAL WESTMINSTER BANK PLC, NEW YORK BRANCH AND NASSAU BRANCH, AND SOCIETE GENERALE, as managing agents (hereinafter, in such capacity, the "MANAGING AGENTS").

W I T N E S S E T H

WHEREAS the Company has requested the Banks to provide a \$1,000,000,000 committed credit facility for general corporate purposes, pursuant to which the Company may borrow from the Banks pro rata on a revolving credit basis from time to time on and after the Effective Date and prior to the Maturity Date;

WHEREAS the Company has also requested the Banks to provide an uncommitted credit facility pursuant to which the Company may invite Banks from time to time designated by it to bid on a competitive basis to make short-term loans to the Company; and

WHEREAS the Banks are willing to provide such credit facilities to the Company on the terms and conditions herein set forth;

NOW, THEREFORE, in consideration of the premises and of the mutual covenants herein contained, the parties hereto agree as follows:

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ARTICLE I

DEFINITIONS AND ACCOUNTING TERMS

SECTION 1.01. DEFINITIONS. As used in this Agreement, and unless the context requires a different meaning, the following terms have the meanings indicated (the meanings given to terms defined herein being equally applicable to both the singular and plural forms of such terms):

"ACCUMULATED FUNDING DEFICIENCY" has the meaning assigned to that term in Section 412 of the Code.

"ADDENDUM" means an instrument, substantially in the form of Exhibit J hereto.

"ADMINISTRATIVE AGENT" has the meaning assigned to that term in the introduction to this Agreement.

"ADMINISTRATIVE QUESTIONNAIRE" means an Administrative Questionnaire substantially in the form of Exhibit K hereto, which each Bank shall complete and provide to the Administrative Agent.

"AFFECTED BANK" means, respectively, (i) any Bank or Participant affected by the events described in Section 2.09(a), Section 2.09(b), Section 2.09(f) or Section 2.13 hereof, (ii) any Bank affected by the events described in Section 2.14 hereof, or (iii) any Bank affected by the events described in Section 4.03(a) hereof, as the case may be, but only for any period during which such Bank or Participant shall be affected by such events.

"AGENTS" means, collectively, the Syndication Agent, the Administrative Agent and the Co-Documentation Agents.

"AGREEMENT" means this Agreement, as the same may at any time be amended or modified and in effect.

"ALLOCABLE SHARE" means, when used with reference to any Assenting Bank at the time any determination thereof is to be made, (a) in the case of the Revolving Credit Commitment and Revolving Credit Loans of an Affected Bank, a fraction, the numerator of which shall be the Revolving Credit Commitment of such Assenting Bank at such time and the denominator of which shall be the aggregate of the Revolving Credit Commitments of all Assenting Banks at such time, and (b) in the case of the Competitive Loans, if any, of an Affected Bank, the outstanding principal amount thereof, divided among the Assenting Banks in such proportion as the Company and such Assenting Banks shall agree.

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"ALTERNATE BASE RATE" means for any day, a rate per annum equal to the highest of (a) the Prime Rate in effect on such day, (b) the Base CD Rate in effect on such day plus 1% per annum, and (c) the Federal Funds Effective Rate in effect for such day plus 1/2 of 1% per annum.

For purposes hereof, "Prime Rate" means the rate per annum announced by the Administrative Agent from time to time as its base rate in effect at its principal office in the City of New York; each change in the Prime Rate shall be effective on the date such change is announced as effective.

For purposes hereof, "Base CD Rate" means the sum of (a) the product of (i) the Average Weekly Three-Month Secondary CD Rate and (ii) Statutory Reserves PLUS (b) the Assessment Rate; "Average Weekly Three-Month Secondary CD Rate" means the secondary market rate ("Secondary CD Rate") for three-month certificates of deposit (secondary market) of major United States money center banks for the most recent weekly period ending Friday reported in the Federal Reserve Statistical release entitled "Selected Interest Rates" (currently publication H.15) or any successor publication released during the week for which the Secondary CD Rate is being determined. The Secondary CD Rate so reported shall be in effect, for the purpose of this definition, for each day of the week in which the release date of such publication occurs. If such publication or a substitute containing the foregoing rate information is not published by the Board for any week, such average rate shall be determined by the Administrative Agent on the first Business Day of the week succeeding such week for which such rate information is not published on the basis of bids quoted at approximately 11:00 a.m., New York City time, on such day to the Administrative Agent by three New York City negotiable certificate of deposit dealers of recognized standing for the sale of secondary market Dollar certificates of deposit with remaining maturities of approximately three months issued by the United States offices of major United States money center banks. Any change in the Base CD Rate due to a change in the Average Weekly Three-Month Secondary CD Rate shall be effective on the effective date of such change in the Average Weekly Three-Month Secondary CD Rate.

For purposes hereof, "Federal Funds Effective Rate" means, for any day, an interest rate per annum equal to the weighted average of the rates in effect on such day for overnight Federal funds transactions with members of the Federal Reserve System arranged by Federal funds brokers, as published on the succeeding Business Day by the Federal Reserve Bank of New York, or, if such rate is not so published for any day which is a Business Day, the average of the quotations for the day of such transactions received by the Administrative Agent from three Federal funds brokers of recognized standing selected by it.

For purposes hereof, any change in the Alternate Base Rate due to a change in the Base CD Rate or the Federal Funds Effective Rate shall be effective on the effective date of such change in the Base CD Rate or the Federal Funds Effective Rate, as the

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case may be. If for any reason the Administrative Agent shall have determined (which determination shall be conclusive absent manifest error) that it is unable to ascertain either the Base CD Rate or the Federal Funds Effective Rate, or both such Interest Rates, for any reason, including, without limitation, the inability or failure of the Administrative Agent to obtain sufficient bids or publications in accordance with the terms hereof, the Alternate Base Rate shall be the higher of the Prime Rate and such other rate, if any, referred to in the definition of Alternate Base Rate that the Administrative Agent is able to ascertain until the circumstances giving rise to such inability no longer exist.

"ALTERNATE BASE RATE LOAN" means any Loan with respect to which the Interest Rate is based on the Alternate Base Rate.

"APPLICABLE FACILITY FEE PERCENTAGE" means, on any date, the applicable percentage set forth below based upon the ratings applicable on such date to Index Debt:

	PERCENTAGE
	-----
LEVEL 1	
A- or better by S&P	
A3 or better by Moody's	.1000%
LEVEL 2	
BBB+ by S&P	
Baa1 by Moody's	.1250%
LEVEL 3	
BBB by S&P	
Baa2 by Moody's	.1500%
LEVEL 4	
BBB- by S&P	
Baa3 by Moody's	.1750%
LEVEL 5	
BB+ or below by S&P	
Ba1 or below by Moody's	.2000%

For purposes hereof, (i) if the ratings established (or deemed to have been established, as provided in clause (ii) below) by Moody's and S&P shall fall within different Levels, the rating in the inferior Level shall be disregarded, unless one of the ratings is below Level 4, in which case the Applicable Facility Fee Percentage will be based on the inferior of the two Levels, (ii) if Moody's or S&P shall not have in effect a rating for Index Debt (other than (a) because such rating agency shall no longer be in the business of rating corporate debt obligations or (b) as a result of a

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change in the rating system of Moody's or S&P), then such rating agency will be deemed to have established a rating for Index Debt in Level 5 and (iii) if any rating established (or deemed to have been established, as provided in clause (ii) above) by Moody's or S&P shall be changed (other than as a result of a change in the rating system of Moody's or S&P), such change shall be effective as of the date on which it is first publicly announced by the applicable rating agency. Each change in the Applicable Facility Fee Percentage shall apply during the period commencing on the effective date of such change and ending on the date immediately preceding the effective date of the next such change. If the rating system of Moody's or S&P shall change, or if either such rating agency shall cease to be in the business of rating corporate debt obligations, the Company and the Banks (acting through the Syndication Agent) shall negotiate in good faith to amend the references to specific ratings in this definition to reflect such changed rating system or the non-availability of ratings from such rating agency.

"APPLICABLE MARGIN" means, on any date, with respect to any Eurodollar Loan, Certificate of Deposit Loan, Term Federal Funds Loan or Alternate Base Rate Loan, as the case may be, the applicable spread set forth below based upon the ratings applicable on such date to Index Debt:

	LEVEL 1	LEVEL 2	LEVEL 3	LEVEL 4	LEVEL 5
S&P	A- or better	BBB+	BBB	BBB-	BB+ or below
Moody's	A3 or better	Baa1	Baa2	Baa3	Ba1 or below
Eurodollar	.4000%	.5000%	.6000%	.7000%	.9250%
Certificate of Deposit	.5500%	.6500%	.7500%	.8500%	1.0750%
Term Federal Funds	.8000%	.9000%	1.0000%	1.1000%	1.3250%
Alternate Base Rate	0	0	0	0	0

For purposes hereof, (i) if the ratings established (or deemed to have been established, as provided in clause (ii) below) by Moody's and S&P shall fall within different Levels, the rating in the inferior Level shall be disregarded, unless one of the ratings is below Level 4, in which case the Applicable Margin will be based on the inferior of the two Levels, (ii) if Moody's or S&P shall not have in effect a rating for Index Debt (other than (a) because such rating agency shall no longer be in the business of rating corporate debt obligations or (b) as a result of a change in the rating system of Moody's or S&P), then such rating agency will be deemed to have established a rating for Index Debt in Level 5 and (iii) if any rating established (or deemed to have been established, as provided in clause (ii) above) by Moody's or S&P shall be changed (other than as a result of a change in the rating system of Moody's or S&P), such change shall be effective as of the date on which it is first publicly announced by the applicable rating agency. Each change in the Applicable Margin shall apply during the period commencing on the effective date of such change and ending on the date immediately preceding the effective date of the next

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such change. If the rating system of Moody's or S&P shall change, or if either such rating agency shall cease to be in the business of rating corporate debt obligations, the Company and the Banks (acting through the Syndication Agent) shall negotiate in good faith to amend the references to specific ratings in this definition to reflect such changed rating system or the non-availability of ratings from such rating agency.

"ASSENTING BANK" has the meaning assigned to that term in Section 2.09(e)(ii) hereof.

"ASSESSMENT RATE" means, for any date, the rate per annum (expressed as a percentage and rounded, if necessary, to the nearest 1/10,000 of one percent) which is equal to the arithmetic average (determined by the Administrative Agent) of the then current net annual assessment rate that will be employed in determining amounts payable by The Chase Manhattan Bank and Bank of America, N.A. to the Federal Deposit Insurance Corporation ("FDIC") (or any successor) for insurance by the FDIC (or such successor) of time deposits made in Dollars or, in the event that the Administrative Agent is unable to obtain such net annual assessment rates from both The Chase Manhattan Bank and Bank of America, N.A., the rate per annum (expressed as a percentage and rounded, if necessary, to the nearest 1/10,000 of one percent) which is equal to such current net annual assessment rate of The Chase Manhattan Bank or Bank of America, N.A., as the case may be.

"ASSIGNMENT AND ACCEPTANCE" means an instrument substantially in the form of Exhibit G hereto.

"BANK" and "BANKS" mean, respectively, (i) each bank or financial institution which becomes a party to this Agreement by signing on the signature pages hereto, by signing an Addendum or pursuant to Section 10.06(c) hereof, and (ii) all such banks and financial institutions.

"BANK FUNDING DEFAULT" means any failure by the Company to repay any portion of a Loan which otherwise would have been repaid in accordance with the second sentence of Section 2.07 hereof from proceeds of a new Loan or Loans, which failure is attributable solely to the failure of any Bank to make available all or any portion of the new Loan or Loans to be made by such Bank pursuant to Section 2.07 hereof.

"BASE CD RATE" has the meaning assigned to that term in the definition of the term Alternate Base Rate.

"BOARD" means the Board of Governors of the Federal Reserve System of the United States.

"BORROWING" means a borrowing by the Company from the Banks (or any of them) pursuant to this Agreement (including any such borrowing made as a result of the operation of Section 2.07, Section 2.09(e)(ii), Section 2.09(e)(iii),

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Section 2.13(c)(i), Section 2.14(i), Section 4.03(b)(ii), or Section 4.03(b)(iii) hereof, as the case may be).

"BORROWING DATE" means the date on which a Borrowing is, or is to be, consummated, as the context may indicate.

"BUSINESS DAY" means any day not a Saturday, Sunday or legal holiday in the State of New York or the State of California and on which (i) banks and the Federal Reserve Bank of New York are open for business in New York City, and (ii) banks are open for business in California; PROVIDED, HOWEVER, that when used in connection with a Eurodollar Loan, the term "Business Day" shall also exclude any day on which banks are not open for dealings in Dollar deposits in the London Interbank Market.

"CALENDAR QUARTER" means a calendar quarter ending on the last day of any March, June, September or December.

"CAPITAL ADEQUACY CHANGE" has the meaning assigned to that term in Section 2.09(b) hereof.

"CAPITAL ADEQUACY RULE" has the meaning assigned to that term in Section 2.09(b) hereof.

"CAPITAL SECURITIES" means, with respect to the Company, (i) mandatorily redeemable capital trust securities of trusts which are Subsidiaries and the subordinated debentures of the Company in which the proceeds of the issuance of such capital trust securities are invested, which securities and debentures have an initial final maturity of at least thirty years, have no scheduled amortization prior to maturity and, in the case of the debentures, allow for the deferral of interest payments for up to five years and have been subordinated to all other indebtedness of the Company and (ii) other securities whose basic structure and terms are similar to those described in (i) which qualify as tier 1 capital under the capital adequacy rules and guidelines of the U.S. Federal Reserve Board applicable to U.S. bank holding companies; PROVIDED, HOWEVER, that in the case of (i) and (ii), such capital securities are accounted for on the financial statements of the Company as a minority interest, Company-Obligated Mandatorily Redeemable Trust Preferred Securities of Subsidiary Trust Holding Solely Subordinated Notes of the Company, or similar balance sheet designation not included in liabilities.

"CERTIFICATE OF DEPOSIT LOAN" means any Loan with respect to which the Company shall have selected an Interest Rate based on the Certificate of Deposit Rate in accordance with the provisions of Article II hereof.

"CERTIFICATE OF DEPOSIT RATE" means, for any Interest Period with respect to any Certificate of Deposit Loan, an interest rate per annum (expressed as a percentage and rounded, if necessary, to the nearest 1/10,000 of one percent) equal to the sum

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of (a) the product of (i) the Fixed Certificate of Deposit Rate in effect for such Interest Period and (ii) Statutory Reserves, PLUS (b) the Assessment Rate.

For purposes hereof, "Fixed Certificate of Deposit Rate" means, for any Interest Period with respect to any Certificate of Deposit Loan, the arithmetic average (expressed as a percentage and rounded, if necessary, to the nearest 1/10,000 of one percent) as determined (subject to Section 10.08 hereof) by the Administrative Agent on the basis of quotations, if any, received by the Administrative Agent from the Reference Banks of the arithmetic average (expressed as a percentage and rounded, if necessary, to the nearest 1/10,000 of one percent) of the prevailing rates per annum bid at or about 10:00 a.m., New York City time, to the Reference Banks on the first Business Day of the Interest Period applicable to such Certificate of Deposit Loan by three New York City negotiable certificate of deposit dealers of recognized standing selected by each such Reference Bank for the purchase at face value of negotiable primary Dollar certificates of deposit of such Reference Bank in an amount approximately equal to such Reference Bank's portion of the principal amount of the Revolving Credit Borrowing of which such Certificate of Deposit Loan forms a part (or, in the case of a Competitive Loan, a principal amount that would have been such Reference Bank's portion of the Revolving Credit Borrowing had such Competitive Borrowing been a Revolving Credit Borrowing) and with a maturity comparable to such Interest Period.

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

"CO-DOCUMENTATION AGENTS" has the meaning assigned to that term in the introduction to this Agreement.

"COMPANY" has the meaning assigned to that term in the introduction to this Agreement.

"COMPETITIVE BID" means an offer by a Competitive Bid Bank to make a Competitive Loan pursuant to Section 2.02 hereof.

"COMPETITIVE BID BANKS" means those Banks from time to time designated by the Company, by written notice to the Administrative Agent, as Competitive Bid Banks entitled to submit Competitive Bids pursuant to Section 2.02(c) hereof.

"COMPETITIVE BID RATE" means, as to any Competitive Bid made by a Bank pursuant to Section 2.02(c) hereof, (a) in the case of a Eurodollar Loan or a Certificate of Deposit Loan, the Margin, and (b) in the case of a Fixed Rate Loan, the fixed rate of interest offered by the Bank making such Competitive Bid.

"COMPETITIVE BID REQUEST" means a request made pursuant to Section 2.02(a) hereof substantially in the form of Exhibit B hereto.

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"COMPETITIVE BORROWING" means, as the case may be, (a) a Borrowing consisting of a Competitive Loan from a Competitive Bid Bank whose Competitive Bid, accepted by the Company, is equal to the entire amount of such Borrowing, or (b) a Borrowing consisting of concurrent Competitive Loans from each of the Competitive Bid Banks whose Competitive Bid as a part of such Borrowing has been accepted by the Company, in each case pursuant to the bidding procedure described in Section 2.02 hereof.

"COMPETITIVE LOAN" means a Loan from a Competitive Bid Bank to the Company pursuant to the bidding procedure described in Section 2.02 hereof.

"COMPETITIVE NOTES" and "COMPETITIVE NOTE" mean, respectively, (a) the promissory notes of the Company substantially in the form of Exhibit A-1 hereto, issued pursuant to and in accordance with this Agreement, as such promissory notes may be amended or modified and in effect, and (b) a single such promissory note.

"CONFIDENTIAL INFORMATION" has the meaning assigned to that term in Section 10.02 hereof.

"CONSOLIDATED ADJUSTED TANGIBLE NET WORTH" means the total of the Tangible Net Worth of the Company and its Specified Subsidiaries, determined on a consolidated basis in accordance with generally accepted accounting principles, after eliminating all inter-company items.

"CONSOLIDATED DEBT" means the sum of, without duplication (i) Consolidated Funded Debt, including that portion of Consolidated Funded Debt maturing within one year from the date of such determination, (ii) Consolidated Short-Term Borrowings and (iii) obligations reflected for financial reporting purposes as deferred credits for revenue from sales of future production of the Company and its Specified Subsidiaries; PROVIDED, HOWEVER, that Consolidated Debt shall in no event include any Capital Securities of the Company or any of its Subsidiaries.

"CONSOLIDATED FUNDED DEBT" means the total of all Funded Debt of the Company and its Specified Subsidiaries, determined on a consolidated basis in accordance with generally accepted accounting principles, after eliminating all inter-company items.

"CONSOLIDATED SECURED DEBT" means the total of all Secured Debt of the Company and its Specified Subsidiaries other than any such Secured Debt which is owed by a Specified Subsidiary to the Company or which is owed by one Specified Subsidiary to another Specified Subsidiary.

"CONSOLIDATED SHORT-TERM BORROWINGS" means the total of all Short-Term Borrowings of the Company and its Specified Subsidiaries, determined on a consolidated basis in accordance with generally accepted accounting principles, after eliminating all inter-company items.

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"CONSOLIDATED SUBSIDIARY" means any Subsidiary of the Company included in the financial statements of the Company and its Subsidiaries prepared on a consolidated basis in accordance with generally accepted accounting principles.

"DOLLARS" and the symbol "\$" mean the lawful currency of the United States of America.

"DOMESTIC LOANS" and "DOMESTIC LOAN" mean, respectively, (a) any Loans during any period in which such Loans bear Interest Rates determined with reference to the Alternate Base Rate, the Certificate of Deposit Rate or the Term Federal Funds Rate, as the case may be, and (b) a single such Loan during any such period.

"EFFECTIVE DATE" means the date upon which the conditions of Section 7.01 shall have been satisfied. The Effective Date is January 4, 2001.

"ELIGIBLE ASSIGNEE" means a commercial bank having total assets in excess of \$8,000,000,000 or any other financial institution mutually acceptable to the Company and the Administrative Agent.

"EMPLOYEE BENEFIT PLAN" has the meaning assigned to the term "employee benefit plan" in Section 3(3) of ERISA.

"ERISA" means the Employee Retirement Income Security Act of 1974, as amended from time to time and in effect.

"EURODOLLAR LOAN" means any Loan with respect to which the Company shall have selected an Interest Rate based on the Eurodollar Rate in accordance with the provisions of Article II hereof.

"EURODOLLAR RATE" means, for any Interest Period with respect to any Eurodollar Loan, the rate per annum which is equal to the arithmetic average (as determined by the Administrative Agent (subject to Section 10.08 hereof) on the basis of quotations, if any, received by the Administrative Agent from the Reference Banks, with such average expressed as a percentage and rounded, if necessary, to the nearest 1/10,000 of one percent) of the average rate per annum at which each Reference Bank is offered deposits in Dollars by prime banks in the London Interbank Eurodollar market as of 11:00 a.m., London time, on the day which is two (2) Business Days prior to the beginning of such Interest Period, for settlement on the first day of such Interest Period and for the approximate number of days comprised therein, in an amount comparable to the amount of such Reference Bank's portion of the principal amount of the Revolving Credit Borrowing of which such Eurodollar Loan forms a part (or, in the case of a Competitive Loan, a principal amount that would have been such Reference Bank's portion of the Revolving Credit Borrowing had such Competitive Borrowing been a Revolving Credit Borrowing).

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"EVENT OF DEFAULT" has the meaning assigned to that term in Section 8.01 hereof.

"EXCEPTED SUBSIDIARY" means (a) each of Occidental Receivables, Inc., a California corporation, OXY Receivables Corporation, a Delaware corporation, and Occidental Petrochem Partner GP, Inc., a Delaware corporation, but only until such time, if any, as it has been withdrawn from status as an Excepted Subsidiary by an Officers' Certificate hereinafter referred to, effective as of the date of such Officers' Certificate, (b) effective as of the date of the Officers' Certificate hereinafter referred to, any Subsidiary of the Company which has been designated as an Excepted Subsidiary after the Effective Date by an Officers' Certificate and has not been withdrawn from status as an Excepted Subsidiary by a subsequent Officers' Certificate effective as of the date of such subsequent Officers' Certificate; PROVIDED that no Subsidiary of the Company may be designated as an Excepted Subsidiary unless, immediately after giving effect to such designation, the Company could become liable with respect to at least \$1.00 of additional Funded Debt in compliance with Section 6.02(c) hereof, and (c) every Subsidiary of one or more Excepted Subsidiaries.

"EXISTING CREDIT AGREEMENT" means the Credit Agreement dated as of March 20, 1997, among the Company, the banks party thereto, J.P. Morgan Securities Inc. and BancAmerica Securities, Inc., as co-syndication agents, The Chase Manhattan Bank, as documentation agent, and The Bank of Nova Scotia, as administrative agent, as amended by the First Amendment dated as of August 31, 1998 and the Second Amendment dated as of March 15, 1999.

"FACILITY FEE" has the meaning assigned to that term in Section 2.08 hereof.

"FIXED RATE LOAN" means any Competitive Loan made by a Bank pursuant to Section 2.02 hereof based upon a fixed rate per annum offered by such Bank (expressed as a percentage to 1/10,000 of one percent) and accepted by the Company.

"FUNDED DEBT" means, with respect to any Person, all Indebtedness of such Person (a) maturing one year or more from the date of the creation thereof, (b) directly or indirectly renewable or extendible, at the option of the debtor, by its terms or by the terms of any instrument or agreement relating thereto, to a date one year or more from the date of the creation thereof, and (c) under a revolving credit or similar agreement obligating the lender or lenders to extend credit over a period of one year or more, even though such Indebtedness may also conform to the definition of Short-Term Borrowing.

"INCREASED COST CHANGE" has the meaning assigned to that term in Section 2.09(a) hereof.

"INDEBTEDNESS" means, with respect to any Person, as of the date on which Indebtedness is to be determined, (a) all items (except items of capital stock or of

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surplus or of deferred credits and other liabilities combined with deferred credits for financial reporting purposes or minority interests in Subsidiaries of such Person) which in accordance with generally accepted accounting principles applied in the preparation of the financial statements of the Company and its Consolidated Subsidiaries would be included in determining total liabilities as shown on the liability side of a balance sheet of such Person, (b) all indebtedness secured by any mortgage on, or other security interest in, any property or asset owned or held by such Person subject thereto, whether or not the indebtedness secured thereby shall have been assumed by such Person and (c) all indebtedness of others which such Person has directly or indirectly guaranteed, endorsed (otherwise than for collection or deposit in the ordinary course of business), discounted with recourse, agreed (contingently or otherwise) to purchase or repurchase or otherwise acquire, or in respect of which such Person has otherwise become directly or indirectly liable. For the purpose of computing the Indebtedness of any Person, there shall be excluded any particular Indebtedness which meets one or more of the following categories:

(i) Indebtedness with respect to which sufficient cash or cash equivalents or securities shall have been deposited in trust to provide for the full payment, redemption or satisfaction of the principal of, premium, if any, and interest to accrue on, such Indebtedness to the stated maturity thereof or to the date of prepayment thereof, as the case may be, and as a result of such deposit such particular Indebtedness, in accordance with generally accepted accounting principles, shall no longer be required to be reported on a balance sheet of such Person as a liability, and such cash or cash equivalents or securities shall not be required to be reported as an asset;

(ii) Indebtedness which is not classified as Indebtedness under clause (a) of the definition of Indebtedness and (x) which arises from any commitment of such Person relating to pipeline operations to pay for property or services substantially without regard to the non-delivery of such property or the non-furnishing of such services or (y) which is Indebtedness of a partnership, joint venture or similar entity less than a majority of the equity interest of which is at the time owned by such Person or by such Person and one or more Subsidiaries of such Person or, if such Person is a Subsidiary of the Company, by such Person and either the Company or one or more other Subsidiaries of the Company or by such Person and the Company and one or more other Subsidiaries of the Company and which is payable solely out of the property or assets owned or held by such partnership, joint venture or similar entity or is secured by a mortgage on, or other security interest in, the property or assets owned or held by such partnership, joint venture or similar entity, in either case without any further recourse to or liability of such Person; or

(iii) Indebtedness which is not classified as Indebtedness under clause (a) of the definition of Indebtedness and which is payable solely out of certain property or assets of such Person, or is secured by a mortgage on, or other security interest

in, certain property or assets owned or held by such Person, in either case without any further recourse to or liability of such Person, to the extent such Indebtedness exceeds (x) if such Person records such property or assets on its books, the value for such property or assets recorded on such books or (y) if such Person does not record such property or assets on its books, (1) if such Indebtedness is a general obligation of the entity which does record such property or assets on its books, the net investment in or advances to such entity as recorded on the books of such Person or (2) if such Indebtedness is payable solely out of certain property or assets of such entity, the lesser of the value for such property or assets recorded on the books of such entity or the net investment in or advances to such entity as recorded on the books of such Person, in each case determined in accordance with generally accepted accounting principles.

"INDEMNIFIED LIABILITIES" has the meaning assigned to that term in Section 10.07 hereof.

"INDEMNITEES" and "INDEMNITEE" have the respective meanings assigned to those terms in Section 10.07 hereof.

"INDEX DEBT" means senior, unsecured, non-credit-enhanced, publicly-held, long-term indebtedness for borrowed money of the Company.

"INTEREST PAYMENT DATE" means (a) with respect to Alternate Base Rate Loans, the last day of each Calendar Quarter, commencing with the first of such dates to occur after the date of this Agreement, (b) with respect to any Eurodollar Loan, Certificate of Deposit Loan or Term Federal Funds Loan, the last day of the Interest Period applicable thereto and, in the case of a Eurodollar Loan or a Certificate of Deposit Loan with an Interest Period of 6 months or 180 days, respectively, also the day that would have been the Interest Payment Date for such Loan had an Interest Period of 3 months or 90 days, respectively, been applicable to such Loan, and (c) in the case of a Fixed Rate Loan, the last day of the Interest Period applicable thereto and in the case of a Fixed Rate Loan with an Interest Period of more than 90 days, each day within such Interest Period that would have been an Interest Payment Date had such Loan been a series of consecutive Fixed Rate Loans with 90-day Interest Periods.

"INTEREST PERIOD" means (a) as to any Eurodollar Loan, the period commencing on the Borrowing Date of such Loan and ending on the numerically corresponding day (or if there is no such corresponding day, the last day) in the calendar month that is 1, 2, 3 or 6 months later, as the Company may elect, (b) as to any Certificate of Deposit Loan, the period commencing on the Borrowing Date of such Loan and ending 30, 60, 90 or 180 days later, as the Company may elect, (c) as to any Term Federal Funds Loan, the period commencing on the Borrowing Date of such Loan and ending 7 days later, (d) as to any Alternate Base Rate Loan, the period commencing on the Borrowing Date of such Loan and ending 90 days later or, if

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earlier, on the date of prepayment of such Loan, and (e) as to any Fixed Rate Loan, the period commencing on the Borrowing Date of such Loan and ending on the date specified in the Competitive Bid accepted by the Company with respect to such Fixed Rate Loan, which period shall not be less than 8 days or more than 360 days; PROVIDED, HOWEVER, that (i) if any Interest Period would end on a day which shall not be a Business Day, such Interest Period shall be extended to the next succeeding Business Day unless, with respect to Eurodollar Loans only, such next succeeding Business Day would fall in the next calendar month, in which case such Interest Period shall end on the next preceding Business Day, and (ii) no Interest Period may be selected that ends later than the Maturity Date.

"INTEREST RATE" means the rate or rates of interest to be determined as provided in Article III hereof.

"LIEN" means and includes any mortgage, pledge, lien, security interest, conditional sale or other title retention agreement or other similar encumbrance.

"LOANS" and "LOAN" mean, respectively, (a) all loans made by the Banks or Competitive Bid Banks or a single Bank or Competitive Bid Bank (as the context may indicate) to the Company pursuant to this Agreement (including any such loan made as a result of the operation of Section 2.07, Section 2.09(e)(ii), Section 2.09(e)(iii), Section 2.13(c)(i), Section 2.14(i), Section 4.03(b)(ii) or Section 4.03(b)(iii) hereof, as the case may be), and (b) a single such loan made by any Bank or Competitive Bid Bank.

"MANAGING AGENTS" has the meaning assigned to that term in the introduction to this Agreement.

"MARGIN" means, as to any Competitive Bid relating to a Eurodollar Loan or a Certificate of Deposit Loan, the margin (expressed as a percentage rate per annum and rounded, if necessary, to the nearest 1/10,000 of one percent) to be added to or subtracted from the Eurodollar Rate or the Certificate of Deposit Rate, as applicable, to determine the interest rate offered by such Competitive Bid Bank with respect to such Eurodollar Loan or Certificate of Deposit Loan.

"MATURITY DATE" means the earlier of January 4, 2006, or the date on which the Revolving Credit Commitments shall terminate in accordance with the terms of this Agreement.

"MOODY'S" means Moody's Investors Service, Inc. or any successor thereto.

"MULTIEMPLOYER PLAN" has the meaning assigned to the term "multiemployer plan" in Section 3(37) of ERISA.

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"NOTE" means a Competitive Note or a Revolving Credit Note executed and delivered by the Company as provided in Section 2.06 hereof.

"OFFICERS' CERTIFICATE" means a certificate executed on behalf of the Company by its President or one of its Vice Presidents and by one of its other Vice Presidents or its Treasurer or one of its Assistant Treasurers or its Controller or one of its Assistant Controllers.

"PARTICIPANTS" and "PARTICIPANT" mean, respectively, (a) the banks and other entities referred to in Section 10.06(b) hereof, and (b) any one of such banks or other entities.

"PBG" means the Pension Benefit Guaranty Corporation established pursuant to Subtitle A of Title IV of ERISA.

"PERSON" means a corporation, an association, a partnership, an organization, a business, an individual, a government or a political subdivision thereof or a governmental agency.

"PLAN" means (a) with respect to the Company, any plan described in Section 4021(a) of ERISA and not excluded pursuant to Section 4021(b) thereof, under which the Company or any Related Person to the Company has contributed, and (b) with respect to any other Person, any employee benefit plan or other plan established or maintained by such Person for the benefit of such Person's employees and to which Title IV of ERISA applies.

"PLAN ADMINISTRATOR" has the meaning assigned to the term "administrator" in Section 3(16)(A) of ERISA.

"PLAN SPONSOR" has the meaning assigned to the term "plan sponsor" in Section 3(16)(B) of ERISA.

"PRINCIPAL SUBSIDIARIES" and "PRINCIPAL SUBSIDIARY" mean, respectively, (a) the following Persons (or any other Person which is, directly or indirectly, the survivor or successor in interest in any merger or consolidation involving, or the transferee with respect to all or substantially all of the assets of, the following Persons): Occidental Chemical Corporation, a New York corporation, Occidental Chemical Holding Corporation, a California corporation, Occidental International Exploration and Production Company, a California corporation, Occidental Oil and Gas Holding Corporation, a California corporation, Occidental Petroleum Investment Co., a California corporation, Oxy CH Corporation, a California corporation, Oxy Chemical Corporation, a California corporation, OXY USA Inc., a Delaware corporation, Occidental Permian Ltd., a Texas limited partnership, Occidental Petrochem Partner 2, Inc., a Delaware corporation, Occidental PVC LP, Inc., a Delaware corporation, OXY Oil Partners, Inc., a Delaware corporation, Oxy Vinyls, LP, a

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Delaware limited partnership, and any other Person which shall have become a Subsidiary of the Company after December 31, 1999, and shall have, according to its most recent audited year-end financial statements (or, if there are no audited financial statements for its most recent fiscal year, its most recent unaudited year-end financial statements) available at the date it became a Subsidiary, total assets in excess of 5% of the consolidated assets of the Company and its Consolidated Subsidiaries shown on the Company's most recent audited year-end financial statements available at such time, and (b) any one of such Persons (or any other Person which is, directly or indirectly, the survivor or successor in interest in any merger or consolidation involving, or the transferee with respect to all or substantially all of the assets of, any one of such Persons); PROVIDED that, notwithstanding the foregoing, no Excepted Subsidiary and no Person which is not a Consolidated Subsidiary shall be a Principal Subsidiary.

"PROHIBITED TRANSACTION" has the respective meanings assigned to that term in Section 4975 of the Code and in Section 406 of ERISA.

"PROPORTIONAL SHARE" means, at the time any determination thereof is to be made and when used with reference to any Bank and any described aggregate or total amount, an amount equal to the result obtained by multiplying such described aggregate or total amount by a fraction, the numerator of which shall be such Bank's Revolving Credit Commitment at such time and the denominator of which shall be the Total Commitment at such time; PROVIDED, HOWEVER, that if prior to the time of such determination the Revolving Credit Commitments shall have been terminated pursuant to Section 8.01 hereof, any determination of Proportional Share shall be based upon the amounts of Revolving Credit Commitments and Total Commitment in effect immediately prior to such termination.

"REFERENCE BANKS" and "REFERENCE BANK" mean, respectively, (a) the following Persons: The Chase Manhattan Bank, The Bank of Nova Scotia, and ABN AMRO Bank N.V., or any other Person hereafter appointed as a Reference Bank pursuant to Section 10.08 hereof, and (b) any one of such Persons.

"REFINANCING LOAN" means (A) any Revolving Credit Loan (i) which is made on the date of repayment of any other Revolving Credit Loan and (ii) all of the proceeds of which are applied, in accordance with Section 2.07 hereof, to the repayment of such other Revolving Credit Loan, and (B) any Revolving Credit Loan (i) which is made on the date of prepayment of any other Revolving Credit Loan and (ii) all of the proceeds of which are applied, in accordance with Section 4.02 hereof, to the prepayment of such other Revolving Credit Loan. A Refinancing Loan may be a Eurodollar Loan, a Certificate of Deposit Loan, a Term Federal Funds Loan (except that a Term Federal Funds Loan may not be refinanced with another Term Federal Funds Loan), an Alternate Base Rate Loan, or a combination thereof, irrespective of whether the Loan or Loans being refinanced with the proceeds of such Refinancing

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Loan were bearing interest based upon the same or a different interest rate basis as such Refinancing Loan.

"REGISTER" has the meaning assigned to that term in Section 10.06(e) hereof.

"REGULATION D" means Regulation D of the Board, as the same may at any time be amended or modified and in effect.

"REGULATION U" means Regulation U of the Board, as the same may at any time be amended or modified and in effect.

"REGULATION X" means Regulation X of the Board, as the same may at any time be amended or modified and in effect.

"RELATED PERSON" means, with respect to any Person, any trade or business (whether or not incorporated) which, together with such Person, is under common control as described in Section 414(c) of the Code.

"REPLACEMENT LENDER" means a lending institution designated by the Company pursuant to Section 2.09(e)(iv), Section 2.13(c)(ii), Section 2.14(ii), or Section 4.03(b)(iv) hereof, which, at the time of such designation, is not a Bank.

"REPORTABLE EVENT" means a "reportable event" described in Section 4043(b) of ERISA.

"REQUIRED BANKS" means, at the time any determination thereof is to be made, Banks whose Revolving Credit Commitments aggregate at least 51% of the Total Commitment, or, if the Revolving Credit Commitments shall have been terminated pursuant to Section 8.01 hereof, Banks whose Revolving Credit Commitments immediately prior to such termination aggregated at least 51% of the Total Commitment immediately prior to such termination.

"REVOLVING CREDIT BORROWING" means a Borrowing (a) pursuant to Section 2.01(a) or Section 2.07 hereof consisting of simultaneous Revolving Credit Loans from each of the Banks in accordance with their respective Proportional Share of such Borrowing, or (b) made as a result of the operation of Section 2.09(e)(ii), Section 2.09(e)(iii), Section 2.13(c)(i), Section 2.14(i), Section 4.03(b)(ii), or Section 4.03(b)(iii) hereof.

"REVOLVING CREDIT BORROWING REQUEST" means a request made pursuant to Section 2.01(b) hereof substantially in the form of Exhibit E hereto.

"REVOLVING CREDIT COMMITMENT" means, when used with reference to any Bank at the time any determination thereof is to be made, the amount of such Bank's commitment hereunder to extend credit to the Company as set forth in

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Section 2.01(a) hereof, which Revolving Credit Commitment, subject to Section 8.01 hereof, shall be the amount set forth opposite the name of such Bank on Schedule I hereto or the amount set forth in an Addendum of such Bank delivered in accordance with Section 10.16 hereof, as such commitment may from time to time be adjusted under Section 2.09(e)(ii), Section 2.13(c)(i), Section 2.14(i) or Section 4.03(b)(ii) hereof, reduced by the amount of any permanent reduction(s) in such amount made pursuant to Section 4.01 or Section 4.03(a) hereof.

"REVOLVING CREDIT COMMITMENTS" means each Revolving Credit Commitment, collectively.

"REVOLVING CREDIT LOAN" shall have the meaning assigned to that term in Section 2.01(a) hereof, and shall include, without limitation, any Substitute Revolving Credit Loan.

"REVOLVING CREDIT NOTES" and "REVOLVING CREDIT NOTE" mean, respectively, (a) the promissory notes of the Company substantially in the form of Exhibit A-2 hereto, issued pursuant to and in accordance with this Agreement, as such promissory notes may at any time be amended or modified and in effect, and (b) a single such promissory note.

"SECURED DEBT" means any Funded Debt of the Company or any Specified Subsidiary secured by a Lien on assets of the Company or any Specified Subsidiary, plus (without duplication) obligations of the Company or any Specified Subsidiary reflected for financial reporting purposes as deferred credits for revenue from sales of future production secured by a Lien on any property of the Company or any Specified Subsidiary. For the purpose of computing Secured Debt, the portion of any secured obligation which exceeds the book value (as reflected on the Company's consolidated balance sheet) of the assets of the Company and its Specified Subsidiaries securing such obligation shall be excluded.

"SHORT-TERM BORROWING" means, with respect to any Person, all Indebtedness of such Person in respect of borrowed money maturing on demand or within one year from the date of the creation thereof and not directly or indirectly renewable or extendible, at the option of the debtor, by its terms or by the terms of any instrument or agreement relating thereto, to a date one year or more from the date of the creation thereof; PROVIDED that Indebtedness of such Person in respect of borrowed money arising under a revolving credit or similar agreement which obligates the lender or lenders to extend credit over a period of one year or more shall constitute Funded Debt and not a Short-Term Borrowing even though the same matures on demand or within one year from the date as of which such Short-Term Borrowing is to be determined.

"SPECIFIED SUBSIDIARY" means, at any time, any Consolidated Subsidiary, a majority (by number of votes) of the Voting Securities of which is at such time

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owned directly by the Company or by one or more of its Specified Subsidiaries, or by the Company and one or more of its Specified Subsidiaries, and which is not at such time designated as an Excepted Subsidiary; PROVIDED that (i) at the time any Subsidiary of the Company is withdrawn from status as an Excepted Subsidiary, such Subsidiary shall not be liable with respect to any Indebtedness which it could not become liable with respect to hereunder on the date of such withdrawal if it were then a Specified Subsidiary, and (ii) immediately after giving effect to such withdrawal, no Event of Default or Unmatured Event of Default shall have occurred and be continuing.

"S&P" means Standard & Poor's Corporation or any successor thereto.

"STATUTORY RESERVES" means the result (expressed as a percentage and rounded, if necessary, to the nearest 1/10,000 of one percent) obtained by dividing the number one by the number one minus the reserve percentage (expressed as a decimal) (including, without limitation, any marginal, special, emergency, or supplemental reserves) established by the Board and to which the Administrative Agent is subject for time deposits in Dollars of over \$100,000 with maturities approximately equal to the applicable Interest Period. Such reserve percentage shall include, without limitation, reserves imposed under Regulation D. Statutory Reserves shall be adjusted from time to time on and as of the effective date of any change in the reserve percentage of the Administrative Agent.

"SUBSIDIARY" means, with respect to any Person, any corporation, association, partnership or other business entity, a majority (by number of votes) of the Voting Securities of which is at the time owned by such Person or by one or more of its Subsidiaries or by such Person and one or more of its Subsidiaries.

"SYNDICATION AGENT" has the meaning assigned to that term in the introduction to this Agreement.

"TANGIBLE NET WORTH" of any Person means the sum of the amounts set forth on the balance sheet of such Person as (a) the par or stated value of all outstanding capital stock, (b) the amount of the Capital Securities of such Person, without duplication of the mandatorily redeemable capital trust securities and the subordinated debentures of the Company in which the proceeds of the issuance of such capital trust securities are invested; PROVIDED that the aggregate amount of Capital Securities added pursuant to this clause (b) at any time of issuance thereof shall not exceed 5% of the sum of Consolidated Debt and Consolidated Adjusted Tangible Net Worth, calculated as of the time of such issuance of any such securities and (c) capital surplus, earned surplus and premium on capital stock LESS (i) the par or stated value of all redeemable preferred stock, (ii) that portion of the book value of all assets which would be treated as intangibles under generally accepted accounting principles, including without limitation, all such items as goodwill, trademarks, trade names, brands, copyrights, patents, licenses and rights with respect

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to the foregoing and unamortized debt discount and expenses, and (iii) all investments in or advances to Excepted Subsidiaries appearing on the asset side of such balance sheet.

"TAXES" has the meaning assigned to that term in Section 2.13(a) hereof.

"TERM FEDERAL FUNDS LOAN" means any Loan with respect to which the Company shall have selected an Interest Rate based on the Term Federal Funds Rate in accordance with the provisions of Article II hereof.

"TERM FEDERAL FUNDS RATE" means, for any Interest Period with respect to any Term Federal Funds Loan, the rate per annum which is equal to the arithmetic average (as determined by the Administrative Agent (subject to Section 10.08 hereof) on the basis of quotations, if any, received by the Administrative Agent from the Reference Banks, with such average expressed as a percentage and rounded, if necessary, to the nearest 1/10,000 of one percent) of the rates per annum at which each Reference Bank is offered term Federal funds in the term Federal funds market as of 10:00 a.m., New York City time, on the first Business Day of such Interest Period, for settlement on such day and for the number of days comprised therein in an amount comparable to the amount of the Term Federal Funds Loan of such Reference Bank to be outstanding for such Interest Period.

"TOTAL COMMITMENT" means at any time the determination thereof is to be made, the aggregate amount of the Revolving Credit Commitments of the Banks, as in effect at such time.

"TRANSFEREE" has the meaning assigned to that term in Section 10.06(g) hereof.

"UNMATURED EVENT OF DEFAULT" means an event, act or occurrence which with the giving of notice or the lapse of time (or both) would become an Event of Default.

"VOTING SECURITIES" means stock or partnership interests of any class or classes (however designated), the holders of which are at the time entitled, as such holders, to vote for the election of a majority of the directors (or persons performing similar functions) of the corporation, association, partnership or other business entity in question, other than stock or partnership interests having the right so to vote solely by reason of the happening of a contingency.

SECTION 1.02. ACCOUNTING TERMS. All accounting terms not specifically defined herein shall be construed in accordance with generally accepted accounting principles as in effect from time to time, including, without limitation, applicable statements, bulletins and interpretations issued by the Financial Accounting Standards Board and bulletins, opinions, interpretations and statements issued by the American Institute of Certified Public Accountants or its committees. In the event that an actual or anticipated change (which term for all purposes of this Agreement

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includes, without limitation, the adoption of a new statement of financial accounting standards) in generally accepted accounting principles would affect the computation of any dollar amounts or ratios referred to in the financial covenants herein, the parties to the Agreement will, promptly upon request, enter into negotiations in good faith in an effort to agree upon amendments which will most nearly preserve the original intent of such financial covenants. Pending agreement on such amendments, such financial covenants will remain in effect but will be measured by reference to generally accepted accounting principles as in effect immediately prior to such change. When used herein, the term "financial statements" shall include the notes and schedules thereto, but need not include such notes or schedules when used with reference to such statements of any Person as of any date other than the end of a fiscal year of such Person.

ARTICLE II  
LOAN PROVISIONS

SECTION 2.01. REVOLVING CREDIT COMMITMENTS; PROCEDURE FOR REQUESTS. (a) Subject to the terms and conditions of this Agreement, each Bank, severally and not jointly, agrees to make revolving credit loans ("REVOLVING CREDIT LOANS") to the Company at any time and from time to time on and after the Effective Date and until the Maturity Date; PROVIDED, HOWEVER, that (i) at no time shall the outstanding aggregate principal amount of all Revolving Credit Loans made by a Bank exceed its Proportional Share of the outstanding aggregate principal amount of all Revolving Credit Loans made by all Banks (notwithstanding the fact that the aggregate principal amount outstanding at any time of all Revolving Credit Loans and Competitive Loans made by a Bank may exceed the Revolving Credit Commitment of such Bank then in effect) and (ii) at no time shall the sum of the outstanding aggregate principal amount of all Revolving Credit Loans and Competitive Loans exceed the Total Commitment; PROVIDED FURTHER that nothing contained herein shall be deemed to prohibit the making of, or to relieve any Bank of its obligation to make, Revolving Credit Loans the proceeds of which are to be applied solely to the repayment of principal of any Loan pursuant to Section 2.07 hereof. The Company may borrow, repay, prepay and reborrow Revolving Credit Loans on and after the Effective Date and prior to the Maturity Date. The Revolving Credit Commitments shall automatically and permanently terminate on the Maturity Date.

(b) To effect a Revolving Credit Borrowing, the Company shall give the Administrative Agent notice (by telephone (confirmed promptly in writing) or telecopier), substantially in the form of Exhibit E hereto, (i) in the case of a Revolving Credit Borrowing consisting of Eurodollar Loans, not later than 12:00 noon, New York City time, three Business Days before such Revolving Credit Borrowing, (ii) in the case of a Revolving Credit Borrowing consisting of Certificate of Deposit Loans, not later than 12:00 noon, New York City time, two Business Days

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before such Revolving Credit Borrowing, (iii) in the case of a Revolving Credit Borrowing consisting of Term Federal Funds Loans, not later than 12:00 noon New York City time, one Business Day before such Revolving Credit Borrowing, and (iv) in the case of a Revolving Credit Borrowing consisting of Alternate Base Rate Loans, not later than 1:00 p.m., New York City time, on the Business Day of such Revolving Credit Borrowing. Such notice shall be irrevocable (except as provided in Section 2.09(e)(i), Section 2.13(c)(iii), Section 3.03(b), Section 3.03(d) or Section 4.03(b)(i) hereof) and shall in each case refer to this Agreement and specify (x) whether the Loans then being requested are to be Eurodollar Loans, Certificate of Deposit Loans, Term Federal Funds Loans or Alternate Base Rate Loans, or a combination thereof, (y) the Borrowing Date with respect to such Loans (which shall be a Business Day) and the aggregate principal amount thereof, and (z) in the case of Eurodollar Loans and Certificate of Deposit Loans, the Interest Period with respect thereto. If no Interest Period with respect to any Eurodollar Loan or Certificate of Deposit Loan is specified in any such notice, then (i) in the case of a Eurodollar Loan, the Company shall be deemed to have selected an Interest Period of one month's duration, and (ii) in the case of a Certificate of Deposit Loan, the Company shall be deemed to have selected an Interest Period of 30 days' duration. The Administrative Agent shall promptly advise the other Banks by telecopier of any notice given pursuant to this Section 2.01(b) and of each Bank's portion of the requested Revolving Credit Borrowing.

SECTION 2.02. COMPETITIVE LOANS; PROCEDURE FOR REQUESTS. (a) Subject to the terms and conditions of this Agreement, the Company may from time to time request Competitive Bid Banks to submit Competitive Bids, and the Competitive Bid Banks may submit such Competitive Bids and, from time to time on and after the Effective Date and prior to the Maturity Date, may make Competitive Loans in accordance with the procedures set forth in this Section 2.02. At no time shall (i) the outstanding aggregate principal amount of all Competitive Loans made by a Competitive Bid Bank or (ii) the outstanding aggregate principal amount of all Revolving Credit Loans and Competitive Loans made by all Banks exceed the Total Commitment, notwithstanding the fact that the aggregate principal amount outstanding at any time of all Competitive Loans made by a Competitive Bid Bank may exceed the Revolving Credit Commitment of such Bank.

(b) To request Competitive Bids, the Company shall give the Administrative Agent (by telephone (confirmed in writing no later than 5:00 p.m., New York City time, on the same day) or telecopier) a duly completed Competitive Bid Request substantially in the form of Exhibit B hereto, to be received by the Administrative Agent (i) in the case of Eurodollar Loans, not later than 12:00 noon, New York City time, five Business Days before a proposed Competitive Borrowing, (ii) in the case of Certificate of Deposit Loans, not later than 12:00 noon, New York City time, four Business Days before a proposed Competitive Borrowing, and (iii) in the case of Fixed Rate Loans, not later than 11:00 a.m., New York City time, one Business Day before a proposed Competitive Borrowing. No Alternate Base Rate Loan or Term

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Federal Funds Loan shall be requested in, or made pursuant to, a Competitive Bid Request. A Competitive Bid Request that does not conform substantially to the format of Exhibit B hereto may be rejected in the Administrative Agent's sole discretion, and the Administrative Agent shall promptly notify the Company of such rejection by telephone (confirmed promptly in writing) or telecopier. A Competitive Bid Request shall in each case refer to this Agreement and specify (x) whether the Loans then being requested are to be Eurodollar Loans, Certificate of Deposit Loans or Fixed Rate Loans, (y) the Borrowing Date with respect to such Loans (which shall be a Business Day) and the aggregate principal amount thereof (which shall be in amounts such that the aggregate principal amount of all Loans outstanding immediately following the Borrowing of the Loans pursuant to such Competitive Bid Request shall not exceed the Total Commitment), and (z) the Interest Period with respect thereto. The aggregate principal amount of the Competitive Borrowing requested pursuant to any Competitive Bid Request shall not be less than \$50,000,000. Promptly after its receipt of a Competitive Bid Request that is not rejected as aforesaid, the Administrative Agent shall invite by telecopier (in the form set forth in Exhibit C hereto) the Competitive Bid Banks to bid, on the terms and conditions of this Agreement, to make Competitive Loans pursuant to the Competitive Bid Request.

(c) Each Competitive Bid Bank may, in its sole discretion, make one or more Competitive Bids to the Company responsive to the Competitive Bid Request. Each Competitive Bid by a Competitive Bid Bank must be in the form of Exhibit D hereto and must be received by the Administrative Agent by telecopier, (i) in the case of Eurodollar Loans, not later than 2:00 p.m., New York City time, four Business Days before a proposed Competitive Borrowing, (ii) in the case of Certificate of Deposit Loans, not later than 2:00 p.m., New York City time, three Business Days before a proposed Competitive Borrowing, and (iii) in the case of Fixed Rate Loans, not later than 9:30 a.m., New York City time, on the Borrowing Date of the proposed Competitive Borrowing. Competitive Bids that do not conform substantially to the format of Exhibit D hereto may be rejected by the Administrative Agent after conferring with, and upon the instruction of, the Company, and the Administrative Agent shall notify the Competitive Bid Bank that submitted such Competitive Bid of such rejection as soon as practicable. Each Competitive Bid shall refer to this Agreement and specify (x) the principal amount (which shall be in a minimum principal amount of \$5,000,000 and in an integral multiple of \$1,000,000 and which may equal the entire aggregate principal amount of the Competitive Borrowing requested by the Company) of the Competitive Loan that the Competitive Bid Bank is willing to make to the Company, (y) the Competitive Bid Rate at which the Competitive Bid Bank is prepared to make the Competitive Loan, and (z) the Interest Period with respect thereto. Except as provided in Section 2.09(e)(i), Section 2.13(c)(iii), Section 3.03(c), and Section 4.03(b)(i) hereof, a Competitive Bid submitted by a Competitive Bid Bank pursuant to this Section 2.02(c) shall be irrevocable. If any Competitive Bid Bank shall elect not to make a Competitive Bid with respect to a proposed Competitive Borrowing, such Competitive Bid Bank shall

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so notify the Administrative Agent by telecopier (i) in the case of Eurodollar Loans, not later than 2:00 p.m., New York City time, four Business Days before such proposed Competitive Borrowing, (ii) in the case of Certificate of Deposit Loans, not later than 2:00 p.m., New York City time, three Business Days before such proposed Competitive Borrowing, and (iii) in the case of Fixed Rate Loans, not later than 9:30 a.m., New York City time, on the Borrowing Date of such proposed Competitive Borrowing; PROVIDED, HOWEVER, that the failure of any Competitive Bid Bank to give such notice shall not cause such Bank to be obligated to make any Competitive Loan as part of such Competitive Borrowing.

(d) The Administrative Agent shall notify the Company of all the Competitive Bids made, the Competitive Bid Rate and the principal amount of each Competitive Loan in respect of which a Competitive Bid was made and the identity of the Competitive Bid Bank that made each bid; such notice shall be given to the Company by telephone (confirmed immediately by telecopier) not later than (i) 45 minutes (in the case of Competitive Bids for Fixed Rate Loans) and (ii) 2 hours (in the case of other Competitive Bids) after the latest time by which such Competitive Bids were required to be received by the Administrative Agent pursuant to Section 2.02(c) hereof. The Administrative Agent shall send a copy of all Competitive Bids to the Company for its records as soon as practicable after completion of the bidding process set forth in this Section 2.02.

(e) The Company may in its sole and absolute discretion, subject only to the provisions of this Section 2.02(e), accept or reject any Competitive Bid referred to in Section 2.02(d) hereof. The Company shall notify the Administrative Agent (by telephone or telecopier) whether and to what extent it has decided to accept or reject any or all of the Competitive Bids referred to in Section 2.02(d) hereof, (i) in the case of Eurodollar Loans, not later than 12:00 noon, New York City time, three Business Days before a proposed Competitive Borrowing, (ii) in the case of Certificate of Deposit Loans, not later than 12:00 noon, New York City time, two Business Days before a proposed Competitive Borrowing, and (iii) in the case of Fixed Rate Loans, not later than 10:30 a.m., New York City time, on the Borrowing Date of the proposed Competitive Borrowing; PROVIDED, HOWEVER, that (v) the failure by the Company to give such notice shall be deemed to be a rejection of all the Competitive Bids referred to in Section 2.02(d) hereof, (w) the Company shall not accept a Competitive Bid made at a particular Competitive Bid Rate if the Company has rejected a Competitive Bid made at a lower Competitive Bid Rate, (x) the aggregate principal amount of the Competitive Borrowing to be made may not exceed the principal amount of Competitive Loans requested by the Company pursuant to the related Competitive Bid Request, (y) if the Company shall accept Competitive Bids made at a particular Competitive Bid Rate but shall be restricted by other conditions hereof from borrowing the aggregate principal amount of Competitive Loans in respect of which Competitive Bids at such Competitive Bid Rate have been made, then, to the extent of the aggregate principal amount of the Competitive Borrowing to be made, the Company shall accept a PRO RATA portion of each Competitive Bid

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made at such Competitive Bid Rate based as nearly as possible on the respective principal amounts of Competitive Loans for which such Competitive Bids were made (PROVIDED that if the available principal amount of Competitive Loans to be so allocated is not sufficient to enable Competitive Loans to be so allocated to each such Competitive Bid Bank in a minimum principal amount of \$5,000,000 and in integral multiples of \$1,000,000, the Company shall select the Competitive Bid Banks to be allocated such Competitive Loans and shall round allocations up or down to the next higher or lower multiple of \$1,000,000 as it shall deem appropriate), and (z) no Competitive Bid shall be accepted for a Competitive Loan unless such Competitive Loan is in a minimum principal amount of \$5,000,000 and an integral multiple of \$1,000,000. If telephonic notice of acceptance or rejection of a Competitive Bid is given by the Company to the Administrative Agent pursuant to the immediately preceding sentence, such notice shall be confirmed in writing no later than (A) in the case of Eurodollar Loans or Certificate of Deposit Loans, 5:00 p.m., New York City time, on the day such notice is given, or (B) in the case of Fixed Rate Loans, 1:00 p.m., New York City time, on the day such notice is given. Except as provided in Section 2.09(e)(i), Section 2.13(c)(iii), Section 3.03(c), and Section 4.03(b)(i) hereof, a notice given by the Company pursuant to this Section 2.02(e) shall be irrevocable.

(f) The Administrative Agent shall promptly notify by telecopier each of the Competitive Bid Banks which has submitted a Competitive Bid whether or not their Competitive Bids have been accepted (and if so, in what amount and at what Competitive Bid Rate), and each successful Competitive Bid Bank shall thereupon become bound to make the Competitive Loan in respect of which its Competitive Bid has been accepted.

(g) A Competitive Borrowing shall not be made within five Business Days of the Borrowing Date of any other Competitive Borrowing, unless the Company and the Administrative Agent shall mutually agree otherwise.

(h) If the Administrative Agent shall elect to submit a Competitive Bid in its capacity as a Competitive Bid Bank, it shall submit such bid to the Company one quarter of an hour earlier than the latest time at which the other Competitive Bid Banks are required to submit their bids to the Administrative Agent pursuant to Section 2.02(c) hereof.

SECTION 2.03. [Intentionally deleted.]

SECTION 2.04. [Intentionally deleted.]

SECTION 2.05. GENERAL TERMS RELATING TO THE LOANS. (a) Each Borrowing made by the Company on any Borrowing Date shall be (i) in the case of Competitive Loans, in an integral multiple of \$1,000,000 and in a minimum aggregate principal amount of \$5,000,000 and (ii) in the case of Revolving Credit Loans, in an integral

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multiple of \$10,000,000 and in a minimum aggregate principal amount of \$50,000,000. Competitive Loans shall be made by the Competitive Bid Banks in accordance with Section 2.02(e) hereof, Revolving Credit Loans shall be made by the Banks ratably in accordance with their respective Revolving Credit Commitments on the Borrowing Date of the Revolving Credit Borrowing; PROVIDED, HOWEVER, that the failure of any Bank to make any Loan shall not in itself relieve any other Bank of its obligation to lend hereunder.

(b) Each Competitive Loan shall be a Eurodollar Loan, a Certificate of Deposit Loan or a Fixed Rate Loan, and each Revolving Credit Loan shall be a Eurodollar Loan, a Certificate of Deposit Loan, a Term Federal Funds Loan or an Alternate Base Rate Loan, as the Company may request subject to and in accordance with Section 2.01 or Section 2.02 hereof, as applicable. Each Bank may at its option make any Eurodollar Loan by causing a foreign branch or affiliate of such Bank to make such Loan; PROVIDED, HOWEVER, that (i) any exercise of such option shall not affect the obligation of the Company to repay such Loan to such Bank in accordance with the terms of the applicable Note, (ii) such Bank shall promptly advise the Company of the exercise of such option, the name and address of such foreign branch or affiliate and such other information with respect to such branch or affiliate as the Company may reasonably request, and (iii) the exercise of such option, as of the time of such exercise, shall not materially increase the amounts which would have been payable by the Company to such Bank under this Agreement and the Notes. Revolving Credit Loans of more than one interest rate option may be outstanding at the same time; PROVIDED, HOWEVER, that, unless the Administrative Agent and the Company shall otherwise agree, the Company shall not be entitled to request any Revolving Credit Loan or Competitive Loan which, if made, would result in an aggregate of more than ten separate Revolving Credit Loans of any Bank and ten separate Competitive Loans being outstanding hereunder at any one time. For purposes of the foregoing, Revolving Credit Loans having different Interest Periods, regardless of whether they commence on the same date, and Revolving Credit Loans having different interest rate options, shall be considered separate Loans.

(c) Subject to Section 2.07 hereof, each Bank shall make available its portion, as appropriate, of each Competitive Borrowing and Revolving Credit Borrowing on the proposed Borrowing Date thereof by paying the amount required to the Administrative Agent in New York, New York, in Dollars, in immediately available funds not later than 11:00 a.m. (or 12:00 noon in the case of Fixed Rate Loans or 2:00 p.m. in the case of Alternate Base Rate Loans), New York City time, and the Administrative Agent shall by 1:00 p.m. (or 3:00 p.m. in the case of Alternate Base Rate Loans), New York City time, credit the amounts so received (or, subject to Section 2.05(d) hereof, its own funds but, in either case, in Dollars in immediately available funds) to such account of the Company as it shall designate in writing to the Administrative Agent or, if Loans are not made on such date because any condition precedent to a Borrowing herein specified shall not have been met, promptly return the amounts so received to the respective Banks.

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(d) Unless the Administrative Agent shall have been notified by a Bank prior to the Borrowing Date of any Loan that such Bank does not intend to make available to the Administrative Agent such Bank's portion of the Loan to be made on such Borrowing Date, the Administrative Agent may assume that such Bank has made such proceeds available to the Administrative Agent on such date, and the Administrative Agent may in reliance upon such assumption (but shall not be required to) make available to the Company a corresponding amount. If, and only if, such notice is not given and such corresponding amount is not in fact made available to the Administrative Agent by such Bank, the Administrative Agent shall be entitled to recover such amount on demand from such Bank (or, if such Bank fails to pay such amount forthwith upon such demand, from the Company) together with interest thereon in respect of each day during the period commencing on the date such amount was made available to the Company and ending on (but excluding) the date the Administrative Agent recovers such amount at a rate per annum equal to (i) in the case of such Bank, the Federal Funds Effective Rate and (ii) in the case of the Company, the applicable Interest Rate in respect of such Loan.

SECTION 2.06. NOTES. The Competitive Loans made by each Competitive Bid Bank shall be evidenced by a single Competitive Note duly executed on behalf of the Company, dated the date of this Agreement, in substantially the form attached hereto as Exhibit A-1 with the blanks appropriately filled, payable to the order of such Competitive Bid Bank in a principal amount equal to the Total Commitment. The Revolving Credit Loans made by each Bank shall be evidenced by a single Revolving Credit Note duly executed on behalf of the Company, dated the date of this Agreement, in substantially the form attached hereto as Exhibit A-2 with the blanks appropriately filled, payable to the order of such Bank in a principal amount equal to the Revolving Credit Commitment of such Bank. The outstanding principal balance of each Revolving Credit Loan and each Competitive Loan, as evidenced by the relevant Note, shall be payable on the last day of the Interest Period applicable to such Loan. Each Note shall bear interest from the date thereof on the outstanding principal balance thereof as set forth in Section 3.01 hereof. Each Bank shall, and is hereby authorized by the Company to, endorse on the schedule attached to the relevant Note held by such Bank (or on a continuation of such schedule attached to each such Note and made a part thereof) an appropriate notation evidencing the Borrowing Date and amount of each Loan of such Bank, each payment or prepayment (including any deemed repayment pursuant to Section 2.07 hereof) of principal of any Loan and the other information provided for on such schedule; PROVIDED, HOWEVER, that the failure of any Bank to make such a notation or any error therein shall not in any manner affect the obligation of the Company to repay the Loans made by such Bank in accordance with the terms of the relevant Note.

SECTION 2.07. REFINANCINGS. The Company may refinance all or any part of any Loan with a Loan or Loans of the same or a different type made pursuant to Section 2.01 or Section 2.02 hereof; PROVIDED, HOWEVER, that (i) no Term Federal Funds Loan may be refinanced with another Term Federal Funds Loan, and (ii) the

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aggregate principal amount of the new Borrowings shall not exceed the aggregate principal amount of the Loans being refinanced. Any Loan or part thereof so refinanced shall be deemed to be repaid in accordance with Section 2.06 hereof with the proceeds of a new Borrowing hereunder; PROVIDED, HOWEVER, that with respect to any new Borrowing which results in any Bank extending a Loan in a different principal amount than such Bank extended in the Loan being refinanced (E.G., the refinancing of a Revolving Credit Loan with a Competitive Advance Loan), (i) if the principal amount extended by a Bank in a refinancing is greater than the principal amount extended by such Bank in the Borrowing being refinanced, such Bank shall pay such difference to the Administrative Agent for distribution to the Banks described in (ii) below, and (ii) if the principal amount extended by a Bank in the Borrowing being refinanced is greater than the principal amount being extended by such Bank in the refinancing, the Administrative Agent shall return the difference to such Bank out of amounts received pursuant to (i) above. If the Company shall not have repaid any Revolving Credit Loan on the last day of the Interest Period with respect thereto and shall not have given notice with respect to the refinancing of such Loan in accordance with the applicable provisions of Section 2.01 or Section 2.02 hereof, as appropriate, it shall be deemed to have elected to refinance such Loan with a Revolving Credit Loan which is an Alternate Base Rate Loan to be made on the last day of the Interest Period of the Loan so refinanced.

SECTION 2.08. FACILITY FEE. The Company agrees to pay to each Bank, through the Administrative Agent, on each March 31, June 30, September 30 and December 31 (the first such payment to be made on December 31, 2000) and on the date on which the Revolving Credit Commitment of such Bank shall be terminated or the Maturity Date, whichever shall first occur, in immediately available funds, a facility fee (a "FACILITY FEE") at a rate per annum equal to the Applicable Facility Fee Percentage from time to time in effect on the average daily amount of the Revolving Credit Commitment of such Bank, whether used or unused, during the Calendar Quarter (or shorter period ending on December 31, 2000 or the Maturity Date, as the case may be) then ended; PROVIDED, HOWEVER, that the amount payable by the Company under this paragraph shall be reduced by any amounts paid on account of the Facility Fees pursuant to Section 4.01 hereof. All Facility Fees shall be computed on the basis of the actual number of days elapsed in a year of 365 or 366 days, as the case may be, and shall commence to accrue on the Effective Date.

SECTION 2.09. RESERVE REQUIREMENTS; CHANGE IN CIRCUMSTANCES. (a) If after the date of this Agreement any change in applicable law or regulation or in the interpretation or administration thereof by any governmental authority charged with the interpretation or administration thereof (whether or not having the force of law but with respect to which similarly situated banks generally comply) (any such change, an "INCREASED COST CHANGE") (i) shall change the basis of taxation of payments to any Bank of the principal of or interest on any Eurodollar Loan, Term Federal Funds Loan, Certificate of Deposit Loan or Fixed Rate Loan made by such Bank or any other fees or amounts payable hereunder (other than (x) taxes imposed

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on the overall net income of such Bank by the jurisdiction in which such Bank has its principal or lending office or by any political subdivision or taxing authority therein (or any tax which is enacted or adopted by such jurisdiction, political subdivision or taxing authority as a direct substitute for any such taxes) or (y) any tax, assessment, or other governmental charge that would not have been imposed but for the failure of any Bank to comply with any certification, information, documentation, or other reporting requirement), or (ii) shall impose, modify or deem applicable any reserve, special deposit or similar requirement against assets of, deposits with or for the account of, or credit extended by, such Bank (except any such requirement reflected in the Base CD Rate or the Certificate of Deposit Rate) or (iii) shall impose on such Bank or on the London Interbank Market, the Certificate of Deposit market or the term Federal funds market any other condition affecting this Agreement or any Eurodollar Loan, Term Federal Funds Loan or Certificate of Deposit Loan made by such Bank, and the result of any of the foregoing shall be to increase the cost to such Bank of making or maintaining any Eurodollar Loan, Term Federal Funds Loan or Certificate of Deposit Loan or to reduce the amount of any sum received or receivable by such Bank hereunder (whether of principal, interest or otherwise) in respect thereof by an amount deemed in good faith by such Bank to be material, then, subject to Section 2.09(d) hereof, such additional amount or amounts as will compensate such Bank for such increase or reduction will be paid by the Company to such Bank as provided in Section 2.09(c) hereof. Any such amount determined pursuant to this Section 2.09(a) shall be computed on the basis of the net effect of any Increased Cost Changes incurred by such Bank from time to time after the Effective Date of this Agreement.

(b) If any Bank shall have determined in good faith that the adoption or issuance, after the date of this Agreement, of any applicable law, rule, regulation, guideline, request or directive regarding capital adequacy (whether or not having the force of law but with respect to which similarly situated banks generally comply) (a "CAPITAL ADEQUACY RULE"), or any change therein, or any change in the interpretation or administration thereof by any governmental authority, central bank or comparable agency charged with the interpretation or administration thereof (any such adoption, issuance or change of a Capital Adequacy Rule being called a "CAPITAL ADEQUACY CHANGE"), or compliance therewith by any Bank (or any lending office of such Bank or any corporation controlling such Bank), has the net effect of reducing the rate of return on such Bank's capital as a consequence of its commitment to make, or the making or maintaining of, any Loans hereunder to a level below that which such Bank (or any such corporation controlling such Bank) would have achieved but for such adoption, change or compliance (taking into consideration such Bank's policies with respect to capital adequacy and any Capital Adequacy Rule in effect as of the date of this Agreement) by an amount deemed by such Bank to be material, then from time to time the Company shall, subject to Section 2.09(d) hereof, pay to such Bank such additional amount or amounts as will compensate such Bank for such reduction as provided in Section 2.09(c) hereof; PROVIDED, HOWEVER, that to the extent (i) a Bank shall increase its level of capital above the level maintained by such Bank on

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the date of this Agreement and there has not been a Capital Adequacy Change, or (ii) there has been a Capital Adequacy Change and a Bank shall increase its level of capital by an amount greater than the increase attributable (taking into consideration the same variables taken into consideration in determining the level of capital maintained by such Bank on the date of this Agreement) to such Capital Adequacy Change, the Company shall not be required to pay any amount or amounts under this Agreement with respect to any such increase in capital. Thus, for example, a Bank which is "adequately capitalized" (as such term or any similar term is used by any applicable bank regulatory agency having authority with respect to such Bank) may not require the Company to make payments in respect of increases in such Bank's level of capital made under the circumstances described in clause (i) or (ii) above which improve its capital position from "adequately capitalized" to "well capitalized" (as such term or any similar term is used by any applicable bank regulatory agency having authority with respect to such Bank).

(c) A certificate of each Bank setting forth such amount or amounts as shall be necessary to compensate such Bank (or Participant pursuant to Section 10.06(b) hereof) as specified in paragraph (a) or (b) of this Section 2.09, as the case may be, shall be delivered to the Company at the end of each Calendar Quarter during which such Bank is an Affected Bank and upon the taking by the Company in respect of such Bank of one of the actions described in paragraph (e)(ii) or (e)(iv) of this Section 2.09 and shall, if submitted in good faith, be conclusive absent manifest error; PROVIDED that any certificate delivered by a Bank pursuant to this Section 2.09(c) shall (i) in the case of a certificate in respect of amounts payable pursuant to paragraph (a) of this Section 2.09, set forth in reasonable detail the basis for and the calculation of such amounts, and (ii) in the case of a certificate in respect of amounts payable pursuant to paragraph (b) of this Section 2.09, (A) set forth at least the same amount of detail in respect of the calculation of such amount as such Bank provides in similar circumstances to other similarly situated borrowers from such Bank, and (B) include a statement by such Bank that it has allocated to its Revolving Credit Commitment or outstanding Loans a proportionately equal amount of any reduction of the rate of return on such Bank's capital due to a Capital Adequacy Rule as it has allocated to each of its other commitments to lend or to each of its other outstanding loans that are affected similarly by such Capital Adequacy Rule. The Company shall pay each Bank the amount shown as due on any such certificate upon the earlier of (i) the date on which the Company takes one of the actions in respect of any such Bank described in paragraph (e)(ii) or (e)(iv) of this Section 2.09 and (ii) 30 days after receipt by the Company of such certificate.

(d) Subject to the following provisions of this Section 2.09(d), failure on the part of any Bank to demand compensation for any amounts payable pursuant to paragraphs (a) or (b) of this Section 2.09 with respect to any Interest Period shall not constitute a waiver of such Bank's rights to demand compensation for any such amounts with respect to any other Interest Period. In the case of any Increased Cost Change which is given retroactive effect to a date prior to the adoption thereof, a

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Bank shall be entitled to seek compensation in respect thereof pursuant to paragraph (a) of this Section 2.09 for the period commencing on such retroactive effective date and ending on the date on which the Company takes one of the actions in respect of such Bank described in paragraph (e)(ii) or (e)(iv) of this Section 2.09; PROVIDED, HOWEVER, that (i) if such Bank shall fail to notify the Company within 30 days after the date of official promulgation of such Increased Cost Change that it will demand such compensation, the period for which such Bank shall be entitled to seek compensation in respect thereof shall commence on the date which is 30 days prior to such Bank's notice that it will demand compensation, and (ii) if any Increased Cost Change is given retroactive effect to a date which is more than three months prior to the date of adoption thereof, the Company's liability to pay compensation to such Bank in respect thereof for any period prior to the date which is three months prior to the adoption thereof shall, subject to the foregoing clause (i) of this proviso, be equal to 50% of the amount required to compensate such Bank in respect of such Increased Cost Change with respect to such period. In the case of any Increased Cost Change which is given only prospective effect, a Bank shall be entitled to seek compensation in respect thereof pursuant to paragraph (a) of this Section 2.09 for the period commencing on the later of (A) the date on which such Increased Cost Change becomes effective and (B) the date 30 days prior to the notice by such Bank that it will demand such compensation, and ending on the date on which the Company takes one of the actions in respect of such Bank described in paragraph (e)(ii) or (e)(iv) of this Section 2.09. In the case of any Capital Adequacy Change, a Bank shall be entitled to seek compensation in respect thereof pursuant to paragraph (b) of this Section 2.09 only with respect to costs or reductions commencing on the later of (A) the date on which such Capital Adequacy Rule becomes effective and (B) the date 45 days prior to the notice by such Bank that it will demand such compensation, and ending on the date on which the Company takes one of the actions in respect of such Bank described in paragraph (e)(ii) or (e)(iv) of this Section 2.09.

(e) In the event that any Affected Bank shall have given notice that it is entitled to claim compensation pursuant to this Section 2.09, the Company may exercise any one or more of the following options:

(i) If any such claim for compensation relates to Loans then being requested by the Company pursuant to a notice of Borrowing as provided in this Article II (or, in the case of claims for compensation pursuant to paragraph (g) of this Section 2.09, any such claim relates to Loans outstanding during the Interest Period most recently ended and the Company has requested Eurodollar Loans pursuant to such a notice of Borrowing), the Company may, not later than 12:00 noon, New York City time, on the day which is three (3) Business Days prior to the date on which the requested Loans were to have been made, in the case of Eurodollar Loans, or two (2) Business Days prior to the date on which the requested Loans were to have been made, in the case of Certificate of Deposit Loans, or not later than 9:00 a.m., New York City time, on the date on which the requested Loans were to have been made, in the case of Term Federal Funds

Loans, Fixed Rate Loans or Alternate Base Rate Loans, by giving notice (by telephone (confirmed in writing promptly thereafter) or telecopier) to the Administrative Agent (which notice the Administrative Agent shall transmit to each of the Banks otherwise required to participate in the requested Loans as soon as practicable thereafter) irrevocably withdraw such notice of Borrowing.

(ii) The Company may request one or more of the non-Affected Banks to take over all (but not part) of each or any Affected Bank's then outstanding Loan(s) and to assume all (but not part) of each or any Affected Bank's Revolving Credit Commitment and obligations hereunder. If one or more Banks shall so agree in writing (in this Section 2.09(e)(ii), in Section 2.13(c)(i) hereof, in Section 2.14(i) hereof and in Section 4.03(b)(ii) hereof, collectively called the "ASSENTING BANKS" and individually called an "ASSENTING BANK") with respect to an Affected Bank, (x) the Revolving Credit Commitment of each Assenting Bank and the obligations of such Assenting Bank under this Agreement shall be increased by its respective Allocable Share of the Revolving Credit Commitment and of the obligations of such Affected Bank under this Agreement, and (y) each Assenting Bank shall make Loans to the Company, according to such Assenting Bank's respective Allocable Share, in an aggregate principal amount equal to the outstanding principal amount of the Loan(s) of such Affected Bank, on a date mutually acceptable to the Assenting Banks and the Company. The proceeds of such Loans, together with funds of the Company, shall be used to prepay the Loan(s) of such Affected Bank, together with all interest accrued thereon and all other amounts owing to such Affected Bank hereunder (including any amounts payable pursuant to Section 3.04 hereof in connection with such prepayment), and, upon such assumption by the Assenting Bank and prepayment by the Company, such Affected Bank shall cease to be a "Bank" for purposes of this Agreement and shall no longer have any obligations hereunder (except as provided in Section 2.13(b), Section 10.02 and Section 10.07 hereof).

(iii) Upon notice (by telephone (confirmed in writing promptly thereafter) or telecopier) to the Administrative Agent (which shall advise each Bank thereof as soon as practicable thereafter), the Company may terminate the obligations of the Banks to make or maintain Loans which result in the Affected Banks making a demand for compensation pursuant to this Section 2.09 and, in such event, the Company shall refinance all such Loans with Loans which, at the time of such refinancing, would not result in such Banks making such demand for compensation, such refinancing to be conducted in the manner contemplated by and pursuant to Section 2.07 or Section 4.02 hereof.

(iv) (A) The Company may designate one or more Replacement Lenders mutually acceptable to the Company and the Administrative Agent (whose consent shall not be unreasonably withheld) to assume the Revolving Credit Commitment and the obligations of any such Affected Bank hereunder, and to purchase the outstanding Notes of such Affected Bank and such Affected Bank's

rights hereunder and with respect thereto, without recourse upon, or warranty by, or expense to, such Affected Bank, for a purchase price equal to the outstanding principal amount of the Loan(s) of such Affected Bank plus all interest accrued and unpaid thereon and all other amounts owing to such Affected Bank hereunder (including the amount which would be payable to such Affected Bank pursuant to Section 3.04 hereof if the purchase of its Notes constituted a prepayment thereof contemplated by clause (ii) of the first sentence of Section 3.04 hereof), and upon such assumption and purchase by the Replacement Lenders, each such Replacement Lender shall be deemed to be a "Bank" for purposes of this Agreement and such Affected Bank shall cease to be a "Bank" for purposes of this Agreement and shall no longer have any obligations hereunder (except as provided in Section 2.13(b), Section 10.02 and Section 10.07 hereof).

(B) As an alternative, the Company may designate one or more Replacement Lenders mutually acceptable to the Company and the Administrative Agent (whose consent shall not be unreasonably withheld) which shall upon a date mutually agreed upon by the Company and such Replacement Lenders assume the Revolving Credit Commitment and the obligations of such Affected Bank under this Agreement and shall upon such date make Loans to the Company in an aggregate principal amount equal to the outstanding principal amount of the Loan(s) of such Affected Bank. The proceeds of such Loans, together with funds of the Company, shall be used to prepay the Loan(s) of such Affected Bank, together with all interest accrued thereon and all other amounts owing to such Affected Bank hereunder (including any amounts payable pursuant to Section 3.04 hereof in connection with such prepayment), and, upon such Replacement Lenders making such Loans and such prepayment by the Company, such Replacement Lenders shall be deemed to be "Banks" for purposes of this Agreement and such Affected Bank shall cease to be a "Bank" for purposes of this Agreement and shall no longer have any obligations hereunder (except as provided in Section 2.13(b), Section 10.02 and Section 10.07 hereof). Each such Replacement Lender shall execute and deliver to the Administrative Agent such documentation to evidence its status as a "Bank" hereunder as shall be mutually acceptable to the Company and the Administrative Agent. The effectiveness of each Replacement Lender's Revolving Credit Commitment, the making of such Loans by such Replacement Lenders and the prepayment by the Company of the Loan(s) of such Affected Bank shall be deemed to have occurred simultaneously for all purposes hereof.

(f) If in respect of any Interest Period for a Eurodollar Loan made by a Bank under Section 2.01 hereof such Bank shall be required to maintain reserves against "Eurocurrency liabilities" under Regulation D, the Company shall pay to such Bank in accordance with this Section 2.09(f) an additional amount representing such Bank's actual costs, if any, incurred during such Interest Period as a result of the applicability of the foregoing reserves to such Eurodollar Loan, which amount (i) shall be based on the effective rate at which such reserve requirements are

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imposed on such Bank for such Interest Period, (ii) shall be allocated to the Company in no proportionately greater amount than such Bank would allocate such costs to its other borrowers of Eurodollars to which such costs are applicable if the provisions of this Section 2.09(f) applied to all such borrowers, and (iii) in any event shall not exceed the product of the following for each day of such Interest Period:

(A) the principal amount of the Eurodollar Loan outstanding on such day made by such Bank to which such Interest Period relates; and

(B) a percentage equal to (x) the result obtained by dividing the Eurodollar Rate applicable to such Eurodollar Loan by the number one minus the maximum rate (expressed as a decimal) at which such reserve requirements are imposed by the Board on such date, minus (y) the Eurodollar Rate applicable to such Eurodollar Loan; and

(C) a fraction the numerator of which is one and the denominator of which is 360.

To be entitled to compensation pursuant to this Section 2.09(f) in respect of any Interest Period, such Bank must notify the Company of its demand for such compensation within 30 days after the end of such Interest Period. A certificate of such Bank setting forth in reasonable detail the basis for and the calculation of such amount necessary to compensate such Bank pursuant to this Section 2.09(f) shall be delivered to the Company with such notice and shall be conclusive absent manifest error. In no event shall the Company be obligated to make any payment to any Bank pursuant to this Section 2.09(f) if such payment would result in a duplication of payments pursuant to this Section 2.09(f) and any other provision of this Section 2.09.

(g) In the event that any Affected Bank shall have given notice that it is entitled to claim compensation pursuant to paragraph (f) of this Section 2.09, the Company may exercise any one or more of the options set forth in Section 2.09(e) hereof.

(h) In the event that the Company shall take any of the actions contemplated by Section 2.09(e)(ii) or Section 2.09(e)(iv) hereof, the Company shall provide replacement Notes to any Assenting Bank or any Replacement Lender, as the case may be, to reflect the identity of, and/or the outstanding amount of the Loans of, and/or the principal amount of such Notes issued to, such Assenting Bank or such Replacement Lender, and Schedule I and Schedule II hereto shall be deemed amended to reflect the addition of such Replacement Lender and any increases or decreases in the Revolving Credit Commitments of the Affected Banks and the Assenting Banks, as the case may be.

SECTION 2.10. PRO RATA TREATMENT. Except as permitted under Section 2.07, Section 2.09, Section 2.13, Section 2.14 and Section 4.03 hereof, (i) each payment

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by the Company on account of any fees pursuant to Section 2.08 hereof shall be made PRO RATA in accordance with the respective amounts due and owing, (ii) each payment by the Company on account of principal of and interest on the Loans shall be made PRO RATA according to the respective amounts due and owing, and (iii) each prepayment on account of principal of the Loans shall be applied to the Revolving Credit Loans and the Competitive Loans, as directed by the Company, PRO RATA according to the respective amounts outstanding.

SECTION 2.11. PAYMENTS. Except for payments made directly to a Bank or Banks under other provisions of this Agreement, the Company shall make each payment hereunder and under any instrument delivered hereunder not later than 12:00 noon (New York City time) on the day when due, in Dollars, to the Administrative Agent at its offices at One Liberty Plaza, New York, New York 10006, for the account of the Banks, in immediately available funds. The Administrative Agent shall promptly distribute to each Bank its proper share of each payment so received.

SECTION 2.12. PAYMENTS ON BUSINESS DAYS. Whenever any payment to be made hereunder shall be due on a day which is not a Business Day, then such payment shall be made on the next succeeding Business Day (unless, with respect to a payment relating to a Eurodollar Loan, such day would fall in another calendar month, in which event payment shall be made on the next preceding Business Day).

SECTION 2.13. NET PAYMENTS. (a) All payments under this Agreement shall be made without setoff or counterclaim and in such amounts as may be necessary in order that all such payments (after deduction or withholding for or on account of any present or future taxes, levies, imposts, duties or other charges of whatsoever nature imposed by any government or any political subdivision or taxing authority thereof (herein collectively called the "Taxes") other than any Taxes on or measured by the net income, net worth or shareholders' capital of a Bank or a Participant pursuant to the income tax laws of the jurisdiction where such Bank's principal or lending office is located or where such Participant's principal or participating office is located) shall not be less than the amounts otherwise specified to be paid under this Agreement and the Notes; PROVIDED that if any Bank or any Participant fails to comply with the applicable provisions of Section 10.06(g) hereof or paragraph (b) of this Section 2.13, as the case may be, then, all such payments to such Bank or to any Bank which has sold a participation pursuant to Section 10.06(b) hereof shall be net of any amounts the Company is required to withhold under applicable law. For a Bank to be entitled to compensation pursuant to this Section 2.13 (i) in the case of compensation for United States Federal income or withholding Taxes in respect of any Interest Period, such Bank must notify the Company within 30 days after the end of such Interest Period and (ii) in the case of compensation for any United States Tax other than a United States Federal income or withholding Tax in respect of any Interest Period, such Bank must notify the Company within 30 days after such Bank receives a written claim for such Tax from any government, political subdivision or taxing

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authority with respect to such Interest Period. A certificate as to any additional amounts payable to any Bank under this Section 2.13 submitted to the Company by such Bank shall show in reasonable detail the amount payable and the calculations used to determine such amount and shall be conclusive and binding upon the parties hereto, in the absence of manifest error. With respect to each deduction or withholding for or on account of any Taxes, the Company shall promptly (and in any event not later than 45 days thereafter) furnish to each Bank such certificates, receipts and other documents as may be required (in the reasonable judgment of such Bank) to establish any tax credit to which such Bank may be entitled.

(b) Each Bank that is not incorporated under the laws of the United States or any State thereof agrees to file with the Administrative Agent and the Company, in duplicate, (i) on or before the later of (A) the Effective Date and (B) the date such Bank becomes a Bank under this Agreement and (ii) thereafter, for each third taxable year of such Bank during which interest or fees arising under this Agreement are received, unless not legally able to do so as a result of a change in United States income tax law enacted, or treaty promulgated, after the date specified in the preceding clause (i), on or prior to the immediately following due date of any payment by the Company hereunder (or at any other time as required under United States income tax law), a properly completed and executed copy of either Internal Revenue Service Form W-8BEN or Internal Revenue Service Form W-8ECI or Internal Revenue Service Form W-9 and any additional form necessary for claiming complete exemption from United States withholding taxes (or such other form as is required to claim complete exemption from United States withholding taxes), if and as provided by the Code, regulations or other pronouncements of the United States Internal Revenue Service, and the Bank warrants to the Company that the form so filed will be true and complete; PROVIDED that such Bank's failure to complete and execute such Form W-8BEN, or Form W-8ECI or Form W-9, as the case may be, and any such additional form (or any successor form or forms) shall not relieve the Company of any of its obligations under this Agreement, except as otherwise provided in this Section 2.13. In the event that the Company is required, or has been notified by the relevant taxing authority that it will be required, to either withhold or make payment of Taxes with respect to any payments to be made by the Company under this Agreement or the Notes to any transferor Bank and such requirement or notice arises as a result of the sale of a participation by such transferor Bank pursuant to Section 10.06(b) hereof, such transferor Bank shall, upon request by the Company, accompanied by a certificate setting forth in reasonable detail the basis for such request, provide to the Company copies of all tax forms required to be provided to such transferor Bank pursuant to Section 10.06(g) hereof by the Participant which purchased such participation. The obligation of each transferor Bank to provide to the Company such tax forms shall survive the termination of this Agreement or, if earlier, the termination of the Revolving Credit Commitment of such transferor Bank.

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(c) In the event that any Affected Bank shall have given notice that it is entitled to claim compensation pursuant to this Section 2.13, the Company may at any time thereafter exercise any one or more of the following options:

(i) The Company may request one or more of the non-Affected Banks to take over all (but not part) of each or any Affected Bank's then outstanding Loan(s) and to assume all (but not part) of each or any Affected Bank's Revolving Credit Commitment and obligations hereunder. If one or more Banks shall so agree in writing with respect to an Affected Bank, (x) the Revolving Credit Commitment of each Assenting Bank and the obligations of such Assenting Bank under this Agreement shall be increased by its respective Allocable Share of the Revolving Credit Commitment and of the obligations of such Affected Bank under this Agreement, and (y) each Assenting Bank shall make Loans to the Company, according to such Assenting Bank's respective Allocable Share, in an aggregate principal amount equal to the outstanding principal amount of the Loan(s) of such Affected Bank, on a date mutually acceptable to the Assenting Banks and the Company. The proceeds of such Loans, together with funds of the Company, shall be used to prepay the Loan(s) of such Affected Bank, together with all interest accrued thereon, and all other amounts owing to such Affected Bank hereunder (including any amounts payable pursuant to Section 3.04 hereof in connection with such prepayment), and, upon such assumption by the Assenting Banks and prepayment by the Company, such Affected Bank shall cease to be a "Bank" for purposes of this Agreement and shall no longer have any obligations hereunder (except as provided in Section 2.13(b), Section 10.02 and Section 10.07 hereof).

(ii) (A) The Company may designate one or more Replacement Lenders mutually acceptable to the Company and the Administrative Agent (whose consent shall not be unreasonably withheld) to assume the Revolving Credit Commitment and the obligations of any such Affected Bank hereunder, and to purchase the outstanding Notes of such Affected Bank and such Affected Bank's rights hereunder and with respect thereto, without recourse upon, or warranty by, or expense to, such Affected Bank, for a purchase price equal to the outstanding principal amount of the Loan(s) of such Affected Bank plus all interest accrued thereon and all other amounts owing to such Affected Bank hereunder (including the amount which would be payable to such Affected Bank pursuant to Section 3.04 hereof if the purchase of its Notes constituted a prepayment thereof contemplated by clause (ii) of the first sentence of Section 3.04 hereof), and upon such assumption and purchase by the Replacement Lenders, each such Replacement Lender shall be declared to be a "Bank" for purposes of this Agreement and such Affected Bank shall cease to be a "Bank" for purposes of this Agreement and shall no longer have any obligations hereunder (except as provided in Section 2.13(b), Section 10.02 and Section 10.07 hereof).

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(B) As an alternative, the Company may designate one or more Replacement Lenders mutually acceptable to the Company and the Administrative Agent (whose consent shall not be unreasonably withheld) which shall upon a date mutually agreed upon by the Company and such Replacement Lenders assume the Revolving Credit Commitment and the obligations of such Affected Bank under this Agreement and shall upon such date make Loans to the Company in an aggregate principal amount equal to the outstanding principal amount of the Loan(s) of such Affected Bank. The proceeds of such Loans, together with funds of the Company, shall be used to prepay the Loan(s) of such Affected Bank, together with all interest accrued thereon and all other amounts owing to such Affected Bank hereunder (including any amounts payable pursuant to Section 3.04 hereof in connection with such prepayment), and, upon such Replacement Lenders making such Loans and such prepayment by the Company, such Replacement Lenders shall be deemed to be "Banks" for purposes of this Agreement and such Affected Bank shall cease to be a "Bank" for purposes of this Agreement and shall no longer have any obligations hereunder (except as provided in Section 2.13(b), Section 10.02 and Section 10.07 hereof). Each such Replacement Lender shall execute and deliver to the Administrative Agent such documentation to evidence its status as a "Bank" hereunder as shall be mutually acceptable to the Company and the Administrative Agent. The effectiveness of each Replacement Lender's Revolving Credit Commitment, the making of such Loans by such Replacement Lenders and the prepayment by the Company of the Loan(s) of such Affected Bank shall be deemed to have occurred simultaneously for all purposes hereof.

(iii) If any such claim for compensation relates to Loans then being requested by the Company pursuant to a notice of Borrowing as provided in Article II hereof, the Company may, not later than 12:00 noon, New York City time, on the day which is three (3) Business Days prior to the date on which the requested Loans were to have been made, in the case of Eurodollar Loans, or two (2) Business Days prior to the date on which the requested Loans were to have been made, in the case of Certificate of Deposit Loans, or not later than 9:00 a.m., New York City time, on the date on which the requested Loans were to have been made, in the case of Term Federal Funds Loans, Fixed Rate Loans or Alternate Base Rate Loans, by giving notice (by telephone (confirmed in writing promptly thereafter) or telecopier) to the Administrative Agent (which notice the Administrative Agent shall transmit to each of the Banks otherwise required to participate in the requested Loans as soon as practicable thereafter) irrevocably withdraw such notice of Borrowing.

(d) The Company shall provide replacement Notes to any Assenting Bank or any Replacement Lender, as the case may be, to reflect the identity of, and/or the outstanding amount of the Loans of, and/or the principal amount of such Notes issued to, such Assenting Bank or such Replacement Lender, and Schedule I and Schedule II hereto shall be deemed amended to reflect the addition of such Replacement Lender

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and any increases or decreases in the Revolving Credit Commitments of the Affected Banks and the Assenting Banks, as the case may be.

SECTION 2.14. FAILED AND CREDIT-IMPAIRED BANKS. If (a) a Bank shall be adjudged a bankrupt or insolvent, or if a receiver of a Bank or of its property shall be appointed, or if any public officer shall take charge or control of a Bank or of its property or affairs for the purpose of rehabilitation, conservation or liquidation, or if a Bank shall default in respect of its obligation to make Loans hereunder, (b) any of Moody's, S&P or Thomson BankWatch, Inc. shall assign a rating to the senior, unsecured, non-credit-enhanced, long-term indebtedness for borrowed money of a Bank which shall be classified by such rating agency as below investment grade, or, in the case of Thomson BankWatch, Inc., such rating shall be below C/D, or (c) the Company shall deliver to the Administrative Agent a notice stating that, as to any Bank which has senior, unsecured, non-credit-enhanced, long-term indebtedness for borrowed money which is not rated by any of the rating agencies referred to in the preceding clause (b), that it reasonably believes such Bank will become subject to any of the events referred to in clause (a) above or become unable to perform its obligations as a Bank hereunder, then the Company may at any time thereafter, subject to applicable law, exercise any one or more of the following options:

(i) The Company may request one or more of the non-Affected Banks to take over all (but not part) of each or any Affected Bank's then outstanding Loan(s) and to assume all (but not part) of each or any Affected Bank's Revolving Credit Commitment and obligations hereunder. If one or more Banks shall so agree in writing with respect to an Affected Bank, (x) the Revolving Credit Commitment of each Assenting Bank and the obligations of such Assenting Bank under this Agreement shall be increased by its respective Allocable Share of the Revolving Credit Commitment and of the obligations of such Affected Bank under this Agreement, and (y) each Assenting Bank shall make Loans to the Company, according to such Assenting Bank's respective Allocable Share, in an aggregate principal amount equal to the outstanding principal amount of the Loan(s) of such Affected Bank, on a date mutually acceptable to the Assenting Banks and the Company. The proceeds of such Loans, together with funds of the Company, shall be used to prepay the Loan(s) of such Affected Bank, together with all interest accrued thereon and all other amounts owing to such Affected Bank hereunder (excluding, in the case of an event referred to in clause (a) of Section 2.14, any amounts payable pursuant to Section 3.04 hereof in connection with such prepayment), and, upon such assumption by the Assenting Bank and prepayment by the Company, such Affected Bank shall cease to be a "Bank" for purposes of this Agreement and shall no longer have any obligations hereunder (except as provided in Section 2.13(b), Section 10.02 and Section 10.07 hereof).

(ii) (A) The Company may designate one or more Replacement Lenders mutually acceptable to the Company and the Administrative Agent (whose consent shall not be unreasonably withheld) to assume the Revolving Credit

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Commitment and the obligations of any such Affected Bank hereunder, and to purchase the outstanding Notes of such Affected Bank and such Affected Bank's rights hereunder and with respect thereto, without recourse upon, or warranty by, or expense to, such Affected Bank, for a purchase price equal to the outstanding principal amount of the Loan(s) of such Affected Bank plus all interest accrued and unpaid thereon and all other amounts owing to such Affected Bank hereunder (including the amount which would be payable to such Affected Bank pursuant to Section 3.04 hereof if the purchase of its Notes constituted a prepayment thereof contemplated by clause (ii) of the first sentence of Section 3.04 hereof), and upon such assumption and purchase by the Replacement Lenders, each such Replacement Lender shall be deemed to be a "Bank" for purposes of this Agreement and such Affected Bank shall cease to be a "Bank" for purposes of this Agreement and shall no longer have any obligations hereunder (except as provided in Section 2.13(b), Section 10.02 and Section 10.07 hereof).

(B) As an alternative, the Company may designate one or more Replacement Lenders mutually acceptable to the Company and the Administrative Agent (whose consent shall not be unreasonably withheld) which shall upon a date mutually agreed upon by the Company and such Replacement Lenders assume the Revolving Credit Commitment and the obligations of such Affected Bank under this Agreement and shall upon such date make Loans to the Company in an aggregate principal amount equal to the outstanding principal amount of the Loan(s) of such Affected Bank. The proceeds of such Loans, together with funds of the Company, shall be used to prepay the Loan(s) of such Affected Bank, together with all interest accrued thereon and all other amounts owing to such Affected Bank hereunder (including any amounts payable pursuant to Section 3.04 hereof in connection with such prepayment), and, upon such Replacement Lenders making such Loans and such prepayment by the Company, such Replacement Lenders shall be deemed to be "Banks" for purposes of this Agreement and such Affected Bank shall cease to be a "Bank" for purposes of this Agreement and shall no longer have any obligations hereunder (except as provided in Section 2.13(b), Section 10.02 and Section 10.07 hereof). Each such Replacement Lender shall execute and deliver to the Administrative Agent such documentation to evidence its status as a "Bank" hereunder as shall be mutually acceptable to the Company and the Administrative Agent. The effectiveness of each Replacement Lender's Revolving Credit Commitment, the making of such Loans by such Replacement Lenders and the prepayment by the Company of the Loan(s) of such Affected Bank shall be deemed to have occurred simultaneously for all purposes hereof.

The Company shall provide replacement Notes to any Assenting Bank or any Replacement Lender, as the case may be, to reflect the identity of, and/or the outstanding amount of the Loans of, and/or the principal amount of such Notes issued to, such Assenting Bank or such Replacement Lender, and Schedule I and Schedule II hereto shall be deemed amended to reflect the addition of such Replacement Lender

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and any increases or decreases in the Revolving Credit Commitments of the Affected Banks and the Assenting Banks, as the case may be.

### ARTICLE III

#### INTEREST PROVISIONS

SECTION 3.01. INTEREST ON LOANS. (a) Subject to the provisions of Section 3.02 hereof, each Eurodollar Loan shall bear interest at a rate per annum (computed on the basis of the actual number of days elapsed over a year of 360 days) equal to the Eurodollar Rate for the Interest Period in effect for such Loan plus (i) in the case of each Competitive Loan, the Margin specified by a Bank with respect to such Loan in its Competitive Bid submitted pursuant to Section 2.02(c) hereof, and (ii) in the case of each Revolving Credit Loan, the Applicable Margin. Interest on each Eurodollar Loan shall be payable on each Interest Payment Date applicable thereto.

(b) Subject to the provisions of Section 3.02 hereof, each Certificate of Deposit Loan shall bear interest at a rate per annum (computed on the basis of the actual number of days elapsed over a year of 360 days) equal to the Certificate of Deposit Rate for the Interest Period in effect for such Loan plus (i) in the case of each Competitive Loan, the Margin specified by a Bank with respect to such Loan in its Competitive Bid submitted pursuant to Section 2.02(c) hereof, and (ii) in the case of each Revolving Credit Loan, the Applicable Margin. Interest on each Certificate of Deposit Loan shall be payable on each Interest Payment Date applicable thereto.

(c) Subject to the provisions of Section 3.02 hereof, each Alternate Base Rate Loan shall bear interest at a rate per annum (computed on the basis of the actual number of days elapsed (i) over a year of 365 or 366 days, as the case may be, if the Alternate Base Rate is based on the Prime Rate, and (ii) over a year of 360 days if the Alternate Base Rate is based on the Base CD Rate or the Federal Funds Effective Rate) equal to the Alternate Base Rate plus the Applicable Margin. Interest on each Alternate Base Rate Loan shall be payable on each Interest Payment Date applicable thereto.

(d) Subject to the provisions of Section 3.02 hereof, each Fixed Rate Loan shall bear interest at a rate per annum (computed on the basis of the actual number of days elapsed over a year of 360 days) equal to the fixed rate of interest offered by the Competitive Bid Bank making such Loan and accepted by the Company pursuant to Section 2.02 hereof. Interest on each Fixed Rate Loan shall be payable on each Interest Payment Date applicable thereto.

(e) Subject to the provisions of Section 3.02 hereof, each Term Federal Funds Loan shall bear interest at a rate per annum (computed on the basis of the actual

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number of days elapsed over a year of 360 days) equal to the Term Federal Funds Rate for the Interest Period in effect for such Loan plus the Applicable Margin. Interest on each Term Federal Funds Loan shall be payable on each Interest Payment Date applicable thereto.

(f) Interest on each Loan shall accrue from and including the first day of the Interest Period with respect to such Loan to but excluding the last day of such Interest Period.

SECTION 3.02. INTEREST ON OVERDUE AMOUNTS. If the Company shall default in the payment when due of the principal of any Loan or of any other amount due hereunder (other than any amount not paid as a result of a Bank Funding Default for the period from which such Bank Funding Default commences to the date on which the failure to pay such amount due would become an Event of Default), the Company shall on demand from time to time pay interest, to the extent permitted by law, on such defaulted amount from the date such amount shall have become due up to (but not including) the date of actual payment thereof (x) for other than Eurodollar Loans, accruing on a daily basis, at a rate per annum (computed on the basis of a year of 365 or 366 days, as the case may be, if the Alternate Base Rate is based on the Prime Rate or on the basis of a year of 360 days if the Alternate Base Rate is based on the Base CD Rate or the Federal Funds Effective Rate) which is equal to the sum of (i) the Alternate Base Rate from time to time in effect, plus (ii) the Applicable Margin plus (iii) two percent (2%) per annum, or (y) for Eurodollar Loans, accruing on a daily basis at a rate per annum (computed on the basis of a year of 360 days) which is two and one-half percent (2-1/2%) per annum in excess of the rate determined by the Administrative Agent two (2) Business Days prior to the beginning of periods of one day, one week, one month, two months or three months (as the Administrative Agent shall select in its sole discretion from time to time during the continuation of such default), the first of which periods shall commence on the date such amount shall have become due, as the rate at which the Administrative Agent is offered deposits in Dollars as of 11:00 a.m., London time, by prime banks in the London Interbank Eurodollar market for delivery on the first day of any such period and for the approximate number of days comprised therein, in an amount comparable to the aggregate amount due. If the Company shall default in the payment when due of the principal of any Loan or of any other amount due hereunder as a result of a Bank Funding Default, for the period from which such Bank Funding Default commences to the date on which the failure to pay such amount due would become an Event of Default or, if earlier, to (but not including) the date of actual payment thereof, the Company shall on demand from time to time pay interest, to the extent permitted by law, on such defaulted amount at a rate per annum equal to (x) for other than Eurodollar Loans, the Alternate Base Rate (computed on the basis of a year of 365 or 366 days, as the case may be, if the Alternate Base Rate is based on the Prime Rate or on the basis of a year of 360 days if the Alternate Base Rate is based on the Base CD Rate or the Federal Funds Effective Rate), or (y) for any Eurodollar Loan, until the last day of the Interest Period therefor, at the Interest Rate applicable to such

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Eurodollar Loan determined in accordance with the provisions of Section 3.01(a) hereof, and thereafter, in accordance with clause (x) above; PROVIDED, HOWEVER, that interest payable by the Company for the period set forth above on defaulted amounts not paid to a Bank as a result of such Bank's Bank Funding Default shall be payable at a rate per annum equal to the lesser of (i) the Interest Rate that would have been applicable to the Loan or Loans that were the subject of such Bank's Bank Funding Default, and (ii) the applicable Interest Rate set forth in clause (x) or (y) above, as the case may be.

SECTION 3.03. INABILITY TO DETERMINE CERTIFICATE OF DEPOSIT RATE, TERM FEDERAL FUNDS RATE OR EURODOLLAR RATE. (a) In the event, and on each occasion, that the Company has accepted a Competitive Bid with respect to a Certificate of Deposit Loan and, on or before the date on which the Certificate of Deposit Rate for the Interest Period relating to such Loan is to be determined, the Administrative Agent shall have determined (which determination shall be conclusive and binding upon the parties hereto in the absence of manifest error) that such Certificate of Deposit Rate cannot be determined as a result of the inability of the Reference Banks to obtain sufficient bids in accordance with the terms of the definition of Fixed Certificate of Deposit Rate, the Administrative Agent shall immediately give notice of such determination by telephone (confirmed by telecopier) to the Company and the Competitive Bid Bank which submitted such Competitive Bid. In the event of any such determination, (i) any such request by the Company for a Competitive Bid with respect to a Certificate of Deposit Loan shall be deemed to be a request for an Alternate Base Rate Loan, and (ii) the Company may, not later than 9:00 a.m., New York City time, on the date on which such Loans were to have been made, by giving notice (by telephone (confirmed in writing promptly thereafter) or telecopier) to the Administrative Agent (which notice the Administrative Agent shall transmit to each of the Banks as soon as practicable thereafter) irrevocably withdraw such notice of Borrowing. Each such determination shall be conclusive and binding upon the parties hereto in the absence of manifest error.

(b) In the event, and on each occasion, that the Company has submitted a Revolving Credit Borrowing Request for a Certificate of Deposit Loan or a Term Federal Funds Loan and, on or before the date on which the Certificate of Deposit Rate or Term Federal Funds Rate, as the case may be, for such Loan is to be determined, the Administrative Agent shall have determined that such Certificate of Deposit Rate or Term Federal Funds Rate, as the case may be, cannot be determined as a result of the inability of the Reference Banks to obtain sufficient bids or quotations, respectively, in accordance with the terms of the definition of Fixed Certificate of Deposit Rate or Term Federal Funds Rate, as the case may be, or the Required Banks shall determine that the Certificate of Deposit Rate or Term Federal Funds Rate, as the case may be, for such Loan will not adequately and fairly reflect the cost to such Banks of making or maintaining such Loan during such Interest Period, the Administrative Agent, or, as the case may be, the Required Banks, acting through the Administrative Agent, shall forthwith give notice thereof (by telephone

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(confirmed in writing promptly thereafter) or telecopier) to the Company. In the event of any such determination, (i) any such request by the Company for a Certificate of Deposit Loan or Term Federal Funds Loan, as the case may be, shall be deemed to be a request for an Alternate Base Rate Loan, and (ii) the Company may, not later than 9:00 a.m., New York City time, on the date on which such Loans were to have been made, by giving notice (by telephone (confirmed in writing promptly thereafter) or telecopier) to the Administrative Agent (which notice the Administrative Agent shall transmit to each of the Banks as soon as practicable thereafter) irrevocably withdraw such notice of Borrowing. Each such determination shall be conclusive and binding upon the parties hereto in the absence of manifest error.

(c) In the event, and on each occasion, that the Company has accepted a Competitive Bid with respect to a Eurodollar Loan and, on or before the date on which the Eurodollar Rate for the Interest Period relating to such Loan is to be determined, the Administrative Agent shall have determined that by reason of circumstances affecting the London Interbank Eurodollar market or affecting the position of any Reference Bank in such market, adequate and fair means do not exist for ascertaining the Interest Rate applicable to such Loan during such Interest Period, then, and in any such event, the Competitive Bid Request submitted by the Company with respect to such Loan and the Competitive Bid submitted by the Competitive Bid Bank and accepted by the Company with respect to such Loan shall both be deemed to be rescinded and of no force and effect whatsoever. The Administrative Agent shall immediately give notice of such determination by telephone (confirmed by telecopier) to the Company and to such Competitive Bid Bank. Each such determination by the Administrative Agent shall be conclusive and binding upon the parties hereto in the absence of manifest error.

(d) In the event, and on each occasion, that the Company has submitted a Revolving Credit Borrowing Request for a Eurodollar Loan and, on or before the date on which the Eurodollar Rate for the Interest Period relating to such Loan is to be determined, the Administrative Agent shall have determined that by reason of circumstances affecting the London Interbank Eurodollar market or affecting the position of any Reference Bank in such market, adequate and fair means do not exist for ascertaining the Interest Rate applicable to such Loan during such Interest Period, then, and in any such event, such Revolving Credit Borrowing Request shall be deemed to be rescinded and of no force and effect whatsoever. The Administrative Agent shall immediately give notice of such determination by telephone (confirmed by telecopier) to the Company and the Banks. Each such determination by the Administrative Agent shall be conclusive and binding upon the parties hereto in the absence of manifest error.

SECTION 3.04. INDEMNITY. The Company shall compensate each Bank, upon written request by such Bank (which request shall set forth the basis for requesting such amounts), for all reasonable losses and expenses in respect of any interest paid

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by such Bank (or its lending branch or affiliate) to lenders of funds borrowed by it or deposited with it to make or maintain its Loans (other than Alternate Base Rate Loans) which such Bank (or its lending branch or affiliate) may sustain, to the extent not otherwise compensated for hereunder and not mitigated by the reemployment of such funds: (i) if for any reason (other than a default by such Bank) a Borrowing of any Loan does not occur on a date specified therefor in a notice of Borrowing given pursuant to Article II hereof, (ii) if any prepayment (other than a prepayment under Section 2.14(i) resulting from an event referred to in clause (a) of Section 2.14 hereof) or repayment of its Loans (other than Alternate Base Rate Loans) occurs on a date which is not the expiration date of the relevant Interest Period, (iii) if any prepayment of its Loans (other than Alternate Base Rate Loans) is not made on any date specified in a notice of prepayment given by the Company (regardless of whether such notice may be revoked under Section 4.01 and is revoked in accordance therewith), or (iv) as a consequence of any default by the Company under this Agreement. Without prejudice to the foregoing, the Company shall indemnify each Bank against any loss or expense which such Bank (or its lending branch or affiliate) may sustain or incur as a consequence of the default by the Company in payment of principal of or interest on any Loan (other than any Alternate Base Rate Loan), or any part thereof, or of any amount due under this Agreement, including, but not limited to, any premium or penalty incurred by such Bank (or its lending branch or affiliate), in respect of funds borrowed by it or deposited with it for the purpose of making or maintaining such Loan (other than any Alternate Base Rate Loan), as determined by such Bank in the exercise of its sole discretion. A certificate as to any such loss or expense (including calculations, in reasonable detail, showing how such Bank computed such loss or expense) shall be promptly submitted by such Bank to the Company (with a copy to the Administrative Agent) and shall, in the absence of manifest error, be conclusive and binding as to the amount thereof.

SECTION 3.05. RATE DETERMINATION CONCLUSIVE. The applicable Interest Rate for each Interest Period with respect to each Loan (other than any Fixed Rate Loan) shall be determined by the Administrative Agent and shall be conclusive and, subject to Section 3.03 and Section 4.03 hereof, binding upon the parties hereto, in the absence of manifest error. The Administrative Agent shall, at the request in writing of the Company or any Bank, deliver to the Company or such Bank a statement showing the computations used by the Administrative Agent in determining any Interest Rate in respect of the Loans payable by the Company.

#### ARTICLE IV

##### REDUCTION OR TERMINATION OF THE REVOLVING CREDIT COMMITMENTS AND PREPAYMENTS

SECTION 4.01. REDUCTION OR TERMINATION OF THE TOTAL COMMITMENT. The Company may, from time to time on at least five (5) Business Days' prior notice (by

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telephone (confirmed in writing promptly thereafter) or telecopier) received by the Administrative Agent (which shall advise each Bank thereof as soon as practicable thereafter), permanently reduce the Total Commitment (such reduction shall reduce each Bank's Revolving Credit Commitment ratably according to its respective Proportional Share of the amount of such reduction and Schedule I hereto shall be deemed amended to reflect the reduction in such Revolving Credit Commitments) but only upon (a) repayment of that portion of the aggregate unpaid principal amount of all Revolving Credit Loans which, together with the aggregate principal amount of all Competitive Loans then outstanding, exceeds the amount of the Total Commitment as so reduced (such repayment to be applied to each Bank's Revolving Credit Loans in the same proportion as its Revolving Credit Commitment is reduced), and (b) payment to the Administrative Agent, for the ratable account of the Banks, of the Facility Fees on the portion of the Total Commitment so reduced which have accrued through the date of such reduction; PROVIDED, HOWEVER, the Company may not so reduce the Total Commitment at any time to an amount less than the aggregate principal amount of all Competitive Loans then outstanding. Any such reduction shall be in an aggregate amount of \$50,000,000 or an integral multiple of \$10,000,000 in excess of \$50,000,000. The Company may at any time, on like notice, terminate the Total Commitment (and each Bank's Revolving Credit Commitment) upon payment in full of all Loans and the accrued interest thereon and the Facility Fees accrued through the date of such termination; PROVIDED, HOWEVER, that the Company may not terminate the Total Commitment at any time that Competitive Loans are then outstanding. Each notice delivered by the Company pursuant to this Section 4.01 shall be irrevocable; PROVIDED that a notice of termination of the Total Commitment delivered by the Company may state that such notice is conditioned upon the effectiveness of other credit facilities, in which case such notice may be revoked by the Company (by notice to the Administrative Agent on or prior to the specified effective date) if such condition is not satisfied.

SECTION 4.02. PREPAYMENTS. (a) The Company may from time to time, upon at least (i) two (2) Business Days' prior notice (in the event such notice pertains to Domestic Loans) or (ii) three (3) Business Days' prior notice (in the event such notice pertains to Eurodollar Loans) (by telephone (confirmed in writing promptly thereafter) or telecopier) received by the Administrative Agent (prior to 12:00 noon, New York City time, in the event such notice pertains to Domestic Loans) (which shall advise each Bank thereof as soon as practicable thereafter), prepay any Revolving Credit Borrowing in whole or in part, without, except as provided in Section 3.04 hereof, premium or penalty (such prepayment to be PRO RATA to the Banks according to the respective unpaid principal amounts of the Revolving Credit Notes held by them); PROVIDED, HOWEVER, that each such prepayment shall be in an aggregate amount of \$50,000,000 or an integral multiple of \$10,000,000 in excess of \$50,000,000. Except as provided in Section 2.09(e)(ii), Section 2.09(e)(iii), Section 2.13(c)(i), Section 2.14(i), Section 4.03(a), Section 4.03(b)(ii) or Section 4.03(b)(iii) hereof, the Company shall not have the right to prepay any Competitive Borrowing.

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(b) Each notice of prepayment shall specify the Borrowing to be prepaid, the prepayment date and the aggregate principal to be prepaid, and shall be irrevocable; PROVIDED that, if a notice of prepayment is given in connection with a conditional notice of termination of the Total Commitment as contemplated by Section 4.01, then such notice of prepayment may be revoked if such notice of termination is revoked in accordance with Section 4.01. All prepayments under this Section 4.02 shall be accompanied by accrued interest on the principal amount being prepaid to the date of prepayment.

SECTION 4.03. REQUIRED TERMINATION OF THE REVOLVING CREDIT COMMITMENTS AND PREPAYMENT. (a) In the event that at any time any Affected Bank shall have reasonably determined in good faith (which determination shall be conclusive and binding upon the parties hereto, in the absence of manifest error) that the making or continuation of its Revolving Credit Commitment to make Eurodollar Loans or its Eurodollar Loans have become unlawful under any applicable law, governmental rule, requirement, regulation, guideline or order, then, and in any such event, such Affected Bank shall as soon as practicable give notice (by telephone (confirmed in writing promptly thereafter) or telecopier) to the Company and to the Administrative Agent (which shall transmit such notice to each of the Banks as soon as practicable thereafter), of such determination. Thereupon, the Revolving Credit of such Affected Bank and the obligation of such Affected Bank to make or maintain its Loan(s) shall be terminated and the Company shall forthwith, and in any event no later than the earlier of (x) the next succeeding Interest Payment Date with respect to such Loan(s) or (y) ten (10) days after receipt of notice from such Affected Bank under this Section 4.03(a), prepay the outstanding Loan(s) of such Affected Bank without premium or penalty, together with all interest accrued thereon and all other amounts owing to such Affected Bank hereunder (including any amounts payable pursuant to Section 3.04 hereof in connection with such prepayment).

(b) In lieu of prepaying the Loan(s) of the Affected Bank as required by Section 4.03(a) hereof, the Company may exercise any one or more of the following options:

(i) If such determination by an Affected Bank relates to Eurodollar Loans then being requested by the Company pursuant to a notice of Borrowing as provided in Sections 2.01, 2.02 or 2.07 hereof, the Company may, not later than 9:00 a.m., New York City time, on the day which is three (3) Business Days prior to the date on which such Loans were to have been made by giving notice (by telephone (confirmed in writing promptly thereafter) or telecopier) to the Administrative Agent (which shall transmit such notice to each of the Banks otherwise required to participate in such Loans as soon as practicable thereafter) irrevocably withdraw such notice of Borrowing.

(ii) The Company may request one or more of the non-Affected Banks to take over all (but not part) of each Affected Bank's then outstanding Loan(s)

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and to assume all (but not part) of each Affected Bank's Revolving Credit Commitment and obligations hereunder. If one or more Banks shall so agree in writing with respect to an Affected Bank, (x) the Revolving Credit Commitment of each Assenting Bank and the obligations of such Assenting Bank under this Agreement shall be increased by its respective Allocable Share of the Revolving Credit Commitment and of the obligations of such Affected Bank under this Agreement, and (y) each Assenting Bank shall make Loans to the Company, according to such Assenting Bank's respective Allocable Share, in an aggregate principal amount equal to the outstanding principal amount of the Loan(s) of such Affected Bank, on a date mutually acceptable to the Assenting Banks, such Affected Bank and the Company. The proceeds of such Loans, together with funds of the Company, shall be used to prepay the Loan(s) of such Affected Bank, together with all interest accrued thereon, and all other amounts owing to such Affected Bank hereunder (including any amounts payable pursuant to Section 3.04 hereof in connection with such prepayment), and, upon such assumption by the Assenting Banks and prepayment by the Company, such Affected Bank shall cease to be a "Bank" for purposes of this Agreement and shall no longer have any obligations hereunder (except as provided in Section 2.13(b), Section 10.02 and Section 10.07 hereof). Any such prepayment shall occur prior to the time any prepayment pursuant to Section 4.03(a) hereof is required to be made.

(iii) Upon notice (by telephone (confirmed in writing promptly thereafter) or telecopier) to the Administrative Agent (which shall advise each Bank thereof as soon as practicable thereafter), the Company may terminate the obligations of the Banks to make or maintain Loans as Eurodollar Loans and, in such event, the Company shall, prior to the time any prepayment pursuant to Section 4.03(a) hereof is required to be made, refinance all of the Eurodollar Loans with Domestic Loans, or prepay such Eurodollar Loans, in the manner contemplated by and pursuant to Section 2.07 or Section 4.02 hereof, respectively.

(iv) (A) The Company may designate one or more Replacement Lenders mutually acceptable to the Company and the Administrative Agent (whose consent shall not be unreasonably withheld) to assume the Revolving Credit Commitment and the obligations of each such Affected Bank hereunder, and to purchase, prior to the time any prepayment pursuant to Section 4.03(a) hereof is required to be made, the outstanding Notes of such Affected Bank and such Affected Bank's rights hereunder and with respect thereto, without recourse upon, or warranty by, or expense to, such Affected Bank, for a purchase price equal to the outstanding principal amount of the Loan(s) of such Affected Bank plus all interest accrued thereon and all other amounts owing to such Affected Bank hereunder (including the amount which would be payable to such Affected Bank pursuant to Section 3.04 hereof if the purchase of its Notes constituted a prepayment thereof contemplated by clause (ii) of the first sentence of Section 3.04 hereof), and upon such assumption and purchase by the Replace-

ment Lenders, each such Replacement Lender shall be deemed to be a "Bank" for purposes of this Agreement and such Affected Bank shall cease to be a "Bank" for purposes of this Agreement and shall no longer have any obligations hereunder (except as provided in Section 2.13(b), Section 10.02 and Section 10.07 hereof).

(B) As an alternative, the Company may designate one or more Replacement Lenders mutually acceptable to the Company and the Administrative Agent (whose consent shall not be unreasonably withheld) which shall upon a date mutually agreed upon by the Company and such Replacement Lenders assume the Revolving Credit Commitment and the obligations of such Affected Bank under this Agreement and shall upon such date make Loans to the Company in an aggregate principal amount equal to the outstanding principal amount of the Loan(s) of such Affected Bank. The proceeds of such Loans, together with funds of the Company, shall be used to prepay the Loan(s) of such Affected Bank, together with all interest accrued thereon and all other amounts owing to such Affected Bank hereunder (including any amounts payable pursuant to Section 3.04 hereof in connection with such prepayment), and, upon such Replacement Lenders making such Loans and such prepayment by the Company, such Replacement Lenders shall be deemed to be "Banks" for purposes of this Agreement and such Affected Bank shall cease to be a "Bank" for purposes of this Agreement and shall no longer have any obligations hereunder (except as provided in Section 2.13(b), Section 10.02 and Section 10.07 hereof). Each such Replacement Lender shall execute and deliver to the Administrative Agent such documentation to evidence its status as a "Bank" hereunder as shall be mutually acceptable to the Company and the Administrative Agent. The effectiveness of each Replacement Lender's Revolving Credit Commitment, the making of such Loans by such Replacement Lenders and the prepayment by the Company of the Loan(s) of such Affected Bank shall be deemed to have occurred simultaneously for all purposes hereof.

The Company shall provide replacement Notes to any Assenting Bank or any Replacement Lender, as the case may be, to reflect the identity of, and/or the outstanding amount of the Loans of, and/or the principal amount of such Notes issued to, such Assenting Bank or such Replacement Lender, and Schedule I and Schedule II hereto shall be deemed amended to reflect the addition of such Replacement Lender and any increases or decreases in the Revolving Credit Commitments of the Affected Banks and the Assenting Banks, as the case may be.

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ARTICLE V

REPRESENTATIONS AND WARRANTIES

SECTION 5.01. REPRESENTATIONS AND WARRANTIES OF THE COMPANY. The Company represents and warrants to the Banks, the Agents and the Managing Agents as follows:

(a) COMPANY'S ORGANIZATION; CORPORATE POWER. The Company is a corporation duly incorporated, validly existing and in good standing under the laws of the State of Delaware; the Company is duly qualified or licensed and in good standing as a foreign corporation authorized to do business in each other jurisdiction where, because of the nature of its activities or properties, such qualification or licensing is required, except for such jurisdictions where the failure to be so qualified or licensed will not materially adversely affect the financial condition, business or operations of the Company and its Consolidated Subsidiaries, taken as a whole, or prevent the enforcement of contracts to which the Company is a party; and the Company has all requisite corporate power and authority (i) to own its assets and to carry on the business in which it is engaged, (ii) to execute, deliver and perform its obligations under this Agreement and the Notes, (iii) to borrow in the manner and for the purpose contemplated by this Agreement, (iv) to issue the Notes in the manner and for the purpose contemplated by this Agreement, and (v) to execute, deliver and perform its obligations under all other agreements and instruments executed and delivered by the Company pursuant to or in connection with this Agreement.

(b) DOMESTIC SPECIFIED SUBSIDIARIES; ORGANIZATION; CORPORATE POWER. As of the Effective Date, each domestic Specified Subsidiary is a corporation or other entity (as the case may be) duly incorporated or formed, validly existing and in good standing under the laws of the state or jurisdiction of its incorporation or formation; and, as of the Effective Date, each domestic Specified Subsidiary has all requisite corporate power and authority to own its assets and to carry on the business in which it is engaged.

(c) COMPANY'S CORPORATE AUTHORITY; NO CONFLICT. The execution and delivery by the Company of this Agreement and the Notes, the performance by the Company of its obligations under this Agreement and the Notes, the Borrowings by the Company in the manner and for the purpose contemplated by this Agreement, the issuance by the Company of the Notes in the manner and for the purpose contemplated by this Agreement, the execution and delivery by the Company of all other agreements and instruments which shall have been executed and delivered by the Company pursuant hereto or in connection here with, and the performance by the Company of its obligations under all other agreements and instruments which shall have been executed and delivered by the Company pursuant hereto or in connection herewith, have been duly authorized

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by all necessary corporate action (including any necessary stockholder action) on the part of the Company, and do not and will not (i) violate any provision of any law, rule or regulation (including, without limitation, Regulation U and Regulation X) presently in effect having applicability to the Company (or any Specified Subsidiary), or of any order, writ, judgment, decree, determination or award (which is, individually or in the aggregate, material to the consolidated financial condition, business or operations of the Company and its Consolidated Subsidiaries) presently in effect having applicability to the Company (or any Specified Subsidiary) or of the charter or by-laws of the Company (or any Specified Subsidiary), or (ii) subject to the Company's compliance with any applicable covenants pertaining to its incurrence of unsecured indebtedness, result in a breach of or constitute a default under any indenture or loan or credit agreement, or result in a breach of or constitute a default under any other agreement or instrument (which is, individually or in the aggregate, material to the consolidated financial condition, business or operations of the Company and its Consolidated Subsidiaries), to which the Company or any Specified Subsidiary is a party or by which the Company or any Specified Subsidiary or its respective properties may be bound or affected, or (iii) result in, or require, the creation or imposition of any Lien of any nature upon or with respect to any of the properties now owned or hereafter acquired by the Company (other than any right of setoff or banker's lien or attachment that any Bank or other holder of a Note may have under applicable law), and the Company is not in default under or in violation of its charter or by-laws.

(d) VALID AND BINDING OBLIGATIONS OF THE COMPANY. This Agreement constitutes, and (when executed and delivered by the Company) the Notes and each other agreement or instrument executed and delivered by the Company pursuant hereto or in connection herewith will each constitute, the legal, valid and binding obligation of the Company, enforceable against the Company in accordance with its respective terms, except as enforcement may be limited by bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting the enforcement of creditors' rights generally and by general principles of equity, including, without limitation, concepts of materiality, reasonableness, good faith and fair dealing and the possible unavailability of specific performance or injunctive relief (regardless of whether such enforceability is considered in a proceeding in equity or at law).

(e) COMPANY'S FINANCIAL CONDITION. The Company's audited consolidated financial statements as at December 31, 1999, copies of which have been furnished to each Bank, have been prepared in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding fiscal year and fairly present the consolidated financial condition of the Company and its Consolidated Subsidiaries as at such date and the results of their operations for the period then ended; since December 31, 1999 to and including the Effective Date, there has been no material adverse change in their

consolidated financial condition, business or operations, except as set forth in the Company's annual report on Form 10-K for the year ended December 31, 1999, its quarterly reports on Form 10-Q for the quarters ended March 31, 2000, June 30, 2000 and September 30, 2000, or its current report on Form 8-K dated November 16, 2000, in each case to the Securities and Exchange Commission, (copies of each of which have been furnished to each Bank) or as disclosed in writing to the Banks prior to the Effective Date; and, since the Effective Date, there has been no material adverse change in their consolidated financial condition from the most recent consolidated financial statements of the Company and its Consolidated Subsidiaries which have been furnished to the Banks pursuant to this Agreement, except as disclosed in writing to the Banks.

(f) LITIGATION WITH RESPECT TO THE COMPANY OR ITS SUBSIDIARIES. As of the Effective Date, no litigation (including, without limitation, derivative actions), arbitration proceedings or governmental proceedings are pending or, to the knowledge of the Company, threatened against the Company or any Subsidiary of the Company which are likely (to the extent not covered by insurance) materially and adversely to affect the consolidated financial condition of the Company and its Consolidated Subsidiaries or materially to impair the Company's ability to perform its obligations under this Agreement and the Notes, except as set forth in the Company's annual report on Form 10-K for the year ended December 31, 1999, its quarterly reports on Form 10-Q for the quarters ended March 31, 2000, June 30, 2000 and September 30, 2000, or its current report on Form 8-K dated November 16, 2000, to the Securities and Exchange Commission, or as disclosed in writing to the Banks prior to the Effective Date.

(g) REGULATORY APPROVALS WITH RESPECT TO THIS AGREEMENT. No authorization, consent, approval, license or formal exemption from, nor any filing, declaration or registration with, any court, governmental agency or regulatory authority (Federal, state, local or foreign), including, without limitation, the Securities and Exchange Commission, or with any securities exchange, is or will be required in connection with the execution and delivery by the Company of this Agreement or the Notes, the performance by the Company of its obligations under this Agreement and the Notes, the Borrowings by the Company in the manner and for the purpose contemplated by this Agreement, or the issuance by the Company of the Notes in the manner and for the purpose contemplated by this Agreement (except for such authorizations, consents, approvals, licenses, exemptions, filings, declarations or registrations, if any, which may be required to be obtained or made subsequent to the Effective Date, all of which, if then required, will have been duly obtained or made on or before each date on which the foregoing representation and warranty shall be made, deemed made or reaffirmed, as the case may be, will be sufficient for all purposes thereof and will be in full force and effect on each such date).

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(h) ERISA. As of the Effective Date, no material liability to the PBGC has been, or is expected by the Company or any Related Person to the Company to be, incurred by the Company or any Related Person to the Company. No Reportable Event which presents a material risk of termination of any Plan maintained by the Company or a Related Person to the Company has occurred and is continuing at the Effective Date. No Plan maintained by the Company or a Related Person to the Company had an Accumulated Funding Deficiency, whether or not waived, as of the last day of the most recent fiscal year of such Plan ending prior to the Effective Date. Neither the Company nor any Related Person to the Company has engaged in a Prohibited Transaction prior to the Effective Date.

(i) INVESTMENT COMPANY ACT. The Company is not an "investment company" or a company "controlled" by an "investment company", within the meaning of the Investment Company Act of 1940, as amended.

(j) PUBLIC UTILITY HOLDING COMPANY ACT. The Company is not a "holding company", or a "subsidiary company" of a "holding company", or an "affiliate" of a "holding company" or of a "subsidiary company" of a "holding company", within the meaning of the Public Utility Holding Company Act of 1935, as amended.

(k) REGULATION U; REGULATION X. The Company is not engaged principally, or as one of its important activities, in the business of extending, or arranging for the extension of, credit for the purpose of purchasing or carrying any margin stock within the meaning of Regulation U, and no part of the proceeds of any Loan will be used for any purpose which would be in violation of such regulations or in violation of Regulation X.

(l) COMPANY'S TAX RETURNS AND TAX LIABILITY. The Company and its Subsidiaries, except for any Subsidiary (x) incorporated under the laws of any jurisdiction other than the United States of America or any State thereof or the District of Columbia or (y) having substantially all of its properties and assets or conducting substantially all of its business outside the United States of America and having assets immaterial in comparison to the assets of the Company and its Consolidated Subsidiaries, have filed all tax returns required to be filed by them and have paid or provided adequate reserves or obtained adequate indemnity for the payment of all taxes and assessments payable by them which have become due, other than (i) those not yet delinquent, (ii) those the nonpayment of which would not be reasonably likely to result in a material adverse effect on the consolidated financial condition of the Company and its Consolidated Subsidiaries, (iii) those being contested in good faith and (iv) those involving foreign taxes and assessments which are involved in a good faith dispute.

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(m) ENVIRONMENTAL AND PUBLIC AND EMPLOYEE HEALTH AND SAFETY MATTERS. As of the Effective Date, the Company and each Subsidiary has complied with all applicable Federal, state, and other laws, rules and regulations relating to environmental pollution or to environmental regulation or control or to public or employee health or safety, except (i) to the extent that the failure to so comply would not be reasonably likely to result in a material and adverse effect on the consolidated financial condition of the Company and its Consolidated Subsidiaries or (ii) as set forth in the Company's annual report on Form 10-K for the year ended December 31, 1999, its quarterly reports on Form 10-Q for the quarters ended March 31, 2000, June 30, 2000 and September 30, 2000, or its current report on Form 8-K dated November 16, 2000, to the Securities and Exchange Commission, or as disclosed in writing to the Banks prior to the Effective Date. As of the Effective Date, the Company's and the Subsidiaries' facilities do not manage any hazardous wastes, hazardous substances, hazardous materials, toxic substances or toxic pollutants regulated under the Resource Conservation and Recovery Act, the Comprehensive Environmental Response Compensation and Liability Act, the Hazardous Materials Transportation Act, the Toxic Substance Control Act, the Clean Air Act, the Clean Water Act or any other applicable law relating to environmental pollution or public or employee health and safety, in violation of any such law, or any rules or regulations promulgated pursuant thereto, except (A) for violations that would not be reasonably likely to result in a material and adverse effect on the consolidated financial condition of the Company and its Consolidated Subsidiaries or (B) as set forth in the Company's annual report on Form 10-K for the year ended December 31, 1999, its quarterly reports on Form 10-Q for the quarters ended March 31, 2000, June 30, 2000 and September 30, 2000, or its current report on Form 8-K dated November 16, 2000, to the Securities and Exchange Commission, or as disclosed in writing to the Banks prior to the Effective Date. As of the Effective Date, the Company is aware of no events, conditions or circumstances involving environmental pollution or contamination or public or employee health or safety, in each case applicable to it or its Subsidiaries, that would be reasonably likely to result in a material and adverse effect on the consolidated financial condition of the Company and its Consolidated Subsidiaries except as set forth in the Company's annual report on Form 10-K for the year ended December 31, 1999, its quarterly reports on Form 10-Q for the quarters ended March 31, 2000, June 30, 2000 and September 30, 2000, or its current report on Form 8-K dated November 16, 2000, to the Securities and Exchange Commission, or as disclosed in writing to the Banks prior to the Effective Date.

(n) TRUE AND COMPLETE DISCLOSURE. To the best of the Company's knowledge and belief, all factual information heretofore or contemporaneously furnished by or on behalf of the Company or any Subsidiary of the Company to any Bank, any Agent or any Managing Agent for purposes of or in connection with this Agreement or any transaction contemplated hereby is, and all other such factual information hereafter furnished by or on behalf of the Company or any Subsidiary of the Company to any Bank, any Agent or any Managing Agent will be, true and accurate (taken as a whole)

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on the date as of which such information is dated or certified and not incomplete by omitting to state any material fact necessary to make such information (taken as a whole) not misleading at such time.

## ARTICLE VI

### COVENANTS

SECTION 6.01. AFFIRMATIVE COVENANTS OF THE COMPANY. So long as any Loan shall remain unpaid or any Bank shall have any Revolving Credit Commitment hereunder, the Company will, unless the Required Banks shall have otherwise consented in writing:

(a) REPORTS, CERTIFICATES AND OTHER INFORMATION. Furnish to each Bank:

(i) INTERIM REPORTS. Within 60 days after the end of each of the first three quarterly fiscal periods in each fiscal year of the Company, a consolidated balance sheet of the Company as at the end of such period (setting forth in comparative form the consolidated figures as of the end of the previous fiscal year), the related consolidated statement of operations for such period and (in the case of the second and third quarterly periods) for the period from the beginning of the current fiscal year to the end of such quarterly period (setting forth in each case in comparative form the consolidated figures for the corresponding periods of the previous fiscal year) and the related consolidated statement of cash flows for the period from the beginning of the current fiscal year to the end of such quarterly period (setting forth in comparative form the consolidated figures from the corresponding period of the previous fiscal year), all in reasonable detail and certified, subject to changes resulting from year-end audit adjustments, by a financial officer of the Company (it being understood that the delivery of (A) the Company's Form 10-Q setting forth such statements for each such period and (B) a certification by a financial officer of the Company to the effect that such statements fairly present in all material respects the financial condition and results of operations of the Company on a consolidated basis (subject to changes resulting from year-end audit adjustments) shall satisfy the requirements of this Section 6.01(a)(i)).

(ii) ANNUAL REPORTS. Within 120 days after the end of each fiscal year of the Company, a consolidated balance sheet of the Company as at the end of such year, and the related consolidated statements of operations and cash flows for such year, setting forth in each case in comparative form the consolidated figures for the previous fiscal year, accompanied by the opinion thereon of independent public accountants of recognized national standing selected by the Company, which opinion shall be prepared in accordance with

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generally accepted auditing standards relating to reporting and shall be based upon an audit by such accountants of the relevant accounts (it being understood that the delivery of the Company's Form 10-K setting forth such statements for such year shall satisfy the requirements of this Section 6.01(a)(ii)).

(iii) OFFICERS' CERTIFICATES. Together with each delivery of financial statements pursuant to Sections 6.01(a)(i) and 6.01(a)(ii) hereof, an Officers' Certificate (A) stating that the signers have reviewed the relevant terms of this Agreement and of the Notes and have made, or caused to be made under their supervision, a review of the transactions and condition of the corporation or corporations covered by such financial statements during the accounting period in question, and that such review has not disclosed the existence during such accounting period, and that the signers do not otherwise have knowledge of the existence as at the date of such Officers' Certificate, of any Event of Default or Unmatured Event of Default, or, if any such Event of Default or Unmatured Event of Default existed or exists, specifying the nature and period of existence thereof and what action the Company has taken or is taking or proposes to take with respect thereto and (B) demonstrating in reasonable detail compliance during such accounting period with Sections 6.01(h), 6.02(b) and 6.02(c) hereof.

(iv) ACCOUNTANTS' CERTIFICATES. Together with each delivery of financial statements pursuant to Section 6.01(a)(ii) hereof, a certificate signed by the independent public accountants reporting thereon (A) briefly setting forth the scope of their examination (which shall include a review of the Notes, of this Section 6.01(a) and of Sections 6.01(b), 6.01(e), 6.01(h) and 6.02 (other than Section 6.02(e)) hereof), (B) stating whether or not their examination has disclosed the existence, during the fiscal year covered by such financial statements, of any Event of Default or Unmatured Event of Default and, if their examination has disclosed such an Event of Default or Unmatured Event of Default, specifying the nature and period of existence thereof, and (C) stating that they have examined the Officers' Certificate delivered therewith pursuant to Section 6.01(a)(iii) hereof.

(v) REPORTS TO SEC AND TO STOCKHOLDERS. Promptly upon their becoming publicly available, copies of all financial statements, reports, notices and proxy statements sent by the Company to its stockholders, and of all regular and periodic reports filed by the Company or any of its Specified Subsidiaries with the Securities and Exchange Commission or any governmental authority succeeding to any of its functions, which in each case have not been delivered under paragraph (a)(i) or (a)(ii) of this Section 6.01.

(vi) OFFICERS' CERTIFICATES AS TO STATUS OF EXCEPTED SUBSIDIARIES.  
(A) Promptly after the designation of a Subsidiary of the Company as an

Excepted Subsidiary or the withdrawal of such designation, an Officers' Certificate setting forth the name of the Subsidiary and whether it is being designated as, or withdrawn from designation as, an Excepted Subsidiary, and (B) as soon as practicable after the designation of a Subsidiary of the Company as an Excepted Subsidiary or the withdrawal of such designation, or, at the option of the Company, together with the next delivery of any financial statements to the Banks pursuant to Section 6.01(a)(i) or Section 6.01(a)(ii) hereof, an Officers' Certificate setting forth in reasonable detail, and certifying the correctness of, all facts and computations required in order to establish that such designation or withdrawal of designation is permitted in accordance with this Agreement, and listing all Subsidiaries of the Company that are designated as Excepted Subsidiaries at such time.

(vii) OFFICERS' CERTIFICATES AS TO STATUS OF PRINCIPAL SUBSIDIARIES. As soon as practicable after the determination that a Person which shall have become a Subsidiary of the Company after December 31, 1999, is a Principal Subsidiary or, at the option of the Company, together with the next delivery of any financial statements to the Banks pursuant to Section 6.01(a)(i) or Section 6.01(a)(ii) hereof, an Officers' Certificate confirming the same.

(viii) NOTICE OF DEFAULT. Forthwith upon any principal officer of the Company obtaining knowledge of the occurrence of an Event of Default or an Unmatured Event of Default, an Officers' Certificate specifying the nature and period of existence thereof and what action the Company has taken or is taking or proposes to take with respect thereto.

(ix) OTHER INFORMATION. With reasonable promptness, such other information and data with respect to the Company or any of its Specified Subsidiaries as from time to time may be reasonably requested by any Bank.

(b) TAXES. Pay or provide adequate reserves or obtain adequate indemnity for the payment of, and cause each Subsidiary to pay or provide adequate reserves or obtain adequate indemnity for the payment of, all taxes and assessments payable by it which become due, other than (i) those not yet delinquent, (ii) those the nonpayment of which would not be reasonably likely to result in a material adverse effect on the consolidated financial condition of the Company and its Consolidated Subsidiaries, (iii) those being contested in good faith and (iv) those involving foreign taxes and assessments which are involved in a good faith dispute with respect to tax or other matters.

(c) PRESERVATION OF CORPORATE EXISTENCE, ETC. Subject to Section 6.02(a) hereof, do or cause to be done all things necessary to preserve and keep in full force and effect the corporate existence and the rights (charter and statutory) of

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the Company and each Specified Subsidiary; PROVIDED, HOWEVER, that the Company shall not be required to preserve any such right or franchise if the Company shall determine that the preservation thereof is no longer desirable in the conduct of the business of the Company or any Specified Subsidiary and that the loss thereof is not disadvantageous in any material respect to the Banks under this Agreement.

(d) INSPECTIONS; DISCUSSIONS. Permit any authorized representatives designated by a Bank, at such Bank's expense, to make reasonable inspections of any of the properties of the Company or any of its Specified Subsidiaries, including its and their books of account, and to discuss its and their affairs, finances and accounts with its and their officers, all at such reasonable times and as often as may be reasonably requested by such Bank; PROVIDED that if required by the Company, any such Bank shall, as a condition to being permitted to make any such inspection, certify to the Company that the same is being made solely in order to assist such Bank in evaluating its extension of credit to the Company evidenced by the Notes.

(e) BOOKS AND RECORDS. Maintain, and cause each of its Consolidated Subsidiaries to maintain, a system of accounting established and administered in accordance with generally accepted accounting principles applied on a consistent basis, and set aside, and cause each of its Consolidated Subsidiaries to set aside, on its books all such proper reserves as shall be required by generally accepted accounting principles.

(f) MAINTENANCE OF PROPERTIES. Cause all properties used or useful in the conduct of its business or the business of a Specified Subsidiary to be maintained and kept in good condition, repair and working order and supplied with all necessary equipment, and cause to be made all necessary repairs, renewals, replacements, betterments and improvements thereof, all as in the judgment of the Company may be necessary so that the business carried on in connection therewith may be properly and advantageously conducted at all times; PROVIDED, HOWEVER, that nothing in this Section 6.01(f) shall prevent the Company from discontinuing the operation or maintenance, or both the operation and maintenance, of any of such properties if such discontinuance is, in the judgment of the Company, desirable in the conduct of its business or the business of any Specified Subsidiary and not disadvantageous in any material respect to the Banks under this Agreement.

(g) MAINTENANCE OF INSURANCE. Insure and keep insured, and cause each Specified Subsidiary to insure and keep insured, with reputable insurance companies, so much of its respective properties, to such an extent and against such risk (including fire), as companies engaged in similar businesses and of similar size customarily insure properties of a similar character; or, in lieu thereof, in the case of itself or of any one or more of its Specified Subsidiaries, maintain or cause to be maintained a system or systems of self-insurance which

will accord with the approved practices of companies owning or operating properties of a similar character in maintaining such systems.

(h) CONSOLIDATED ADJUSTED TANGIBLE NET WORTH. Maintain Consolidated Adjusted Tangible Net Worth at least equal to \$2,600,000,000 at all times.

(i) COMPLIANCE WITH LAWS, ETC. Not violate any laws, rules, regulations, or governmental orders to which it is subject (including any such laws, rules, regulations or governmental orders relating to the protection of the environment or to public or employee health or safety), which violation would be reasonably likely to result in a material adverse effect on the consolidated financial condition of the Company and its Consolidated Subsidiaries; and not permit any Subsidiary of the Company to violate any laws, rules, regulations, or governmental orders of Federal, state or local governmental entities within the United States to which it is subject (including any such laws, rules, regulations or governmental orders relating to the protection of the environment or to public or employee health or safety), which violation would be reasonably likely to result in a material adverse effect on the consolidated financial condition of the Company and its Consolidated Subsidiaries.

(j) DELIVERY OF CERTAIN DOCUMENTATION WITH RESPECT TO PLANS. (i) As soon as possible and in any event within 30 days after it knows or has reason to know that, regarding any Plan with respect to the Company or a Related Person to the Company, a Prohibited Transaction or a Reportable Event which presents a material risk of termination of any Plan maintained by the Company or a Related Person to the Company has occurred (whether or not the requirement for notice of such Reportable Event has been waived by the PBGC), deliver to the Syndication Agent and each Bank a certificate of a responsible officer of the Company setting forth the details of such Prohibited Transaction or Reportable Event, (ii) upon request of the Syndication Agent or any Bank made from time to time after the occurrence of any such Prohibited Transaction or Reportable Event, deliver to the Syndication Agent and each Bank a copy of the most recent actuarial report and annual report completed with respect to any Plan maintained by the Company or a Related Person to the Company, and (iii) as soon as possible, and in any event within 10 days, after it knows or has reason to know that any of the following have occurred with respect to any Plan maintained by the Company or a Related Person to the Company: (A) any such Plan has been terminated, (B) the Plan Sponsor intends to terminate any such Plan, (C) the PBGC has instituted or will institute proceedings under Section 4042 of ERISA to terminate any such Plan, or (D) the Company or any Related Person to the Company withdraws from any such Plan, deliver to the Syndication Agent and each Bank a written notice thereof. For purposes of this Section 6.01(j), the Company shall be deemed to have knowledge of all facts known by the Plan Administrator of any Plan or Employee Benefit Plan of which the Company or any Related Person to the Company is the Plan Sponsor.

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(k) CONTRIBUTIONS TO PLANS. Pay, and use its best efforts to cause each Related Person with respect to the Company to pay, when due, all contributions required to meet the minimum funding standards set forth in Sections 302 through 308 of ERISA with respect to each Plan maintained by the Company or a Related Person to the Company.

(l) USE OF PROCEEDS. Use the proceeds of the Loans for general corporate purposes and not for any purpose which is in violation of Regulation U or Regulation X.

SECTION 6.02. NEGATIVE COVENANTS OF THE COMPANY. So long as any Loan shall remain unpaid or any Bank shall have any Revolving Credit Commitment hereunder, the Company will not, without the prior written consent of the Required Banks:

(a) MERGERS, CONSOLIDATIONS, SALES. Consolidate with or merge into any other corporation or convey or transfer its properties substantially as an entirety to any Person, unless:

(i) the corporation formed by such consolidation or into which the Company is merged or the Person which acquires by conveyance or transfer the properties and assets of the Company substantially as an entirety, shall be a corporation organized and existing under the laws of the United States or any state or the District of Columbia, and shall expressly assume the due and punctual payment of the principal of and interest on all the Notes and the performance of every covenant of this Agreement on the part of the Company to be performed or observed; and

(ii) immediately after giving effect to such transaction, no Event of Default or Unmatured Event of Default shall have occurred and be continuing.

Upon any consolidation or merger by the Company with or into any other corporation, or any conveyance or transfer by the Company of its properties and assets substantially as an entirety to any Person which is permitted by this Section 6.02(a), the successor corporation formed by such consolidation or into which the Company is merged or to which such conveyance or transfer is made shall succeed to, and be substituted for, and may exercise every right and power of, the Company under this Agreement with the same effect as if such successor corporation had been named as the Company herein; and, in the event of such conveyance or transfer, the Company (which term shall for this purpose mean the Person named as the "COMPANY" in the introduction to this Agreement or any successor corporation which shall theretofore become such in the manner described in this Section 6.02(a)) shall be discharged from all obligations and

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covenants under this Agreement and the Notes and may be dissolved and liquidated.

(b) RESTRICTION ON SECURED DEBT. Incur, create, assume, guarantee or otherwise become liable with respect to, or permit any Specified Subsidiary to incur, create, assume, guarantee or otherwise become liable with respect to, any Secured Debt, which would cause Consolidated Secured Debt to exceed 15% of the sum of (x) the principal amount of the additional Funded Debt permitted at the time of calculation under Section 6.02(c) hereof and (y) Consolidated Debt at the time of calculation.

(c) RESTRICTION ON CONSOLIDATED DEBT. Create, incur, assume, guarantee or in any other way become liable for, or permit any Specified Subsidiary to create, incur, assume, guarantee or in any other way become liable for, any Indebtedness included in Consolidated Debt (other than in connection with any renewal, extension or refunding of such Indebtedness which does not increase the net amount of the Consolidated Debt outstanding), unless immediately thereafter, and after giving effect thereto, the ratio of Consolidated Debt to Consolidated Adjusted Tangible Net Worth would not exceed 2.6 to 1.0.

(d) RESTRICTION ON DIVIDENDS FROM PRINCIPAL SUBSIDIARIES. Enter into any agreement, or permit any Principal Subsidiary to enter into any agreement, containing any provision which would limit or restrict the declaration or payment of dividends by such Principal Subsidiary (i) if such agreement is an agreement for borrowed money, to an amount which is less than 75% of such Principal Subsidiary's cumulative net income, as determined in accordance with generally accepted accounting principles and computed on a consolidated basis for such Principal Subsidiary and its Subsidiaries, from the first day of the fiscal year of such Principal Subsidiary in which such agreement is executed, and (ii) if such agreement is not for borrowed money, to an amount which would materially adversely affect the Company's ability to perform its obligations under this Agreement and the Notes.

(e) CHANGE IN CONTROL. Permit any Person or group (within the meaning of Rule 13d-5 of the Securities and Exchange Commission as in effect on the date hereof) beneficially to own more than 50% (by number of votes) of the Voting Securities of the Company unless such Voting Securities shall have been acquired in a transaction or series of transactions approved prior to such acquisition by the Board of Directors of the Company, and the directors so approving shall include directors who constitute a majority of the Board of Directors and who are persons either (i) who are directors on the date hereof or (ii) who were nominated or elected by a majority of the directors who (A) are directors on the date hereof or (B) shall have been nominated or elected as described in this clause (ii).

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ARTICLE VII

CONDITIONS OF CREDIT

The obligations of the Banks to make Loans hereunder are subject to (a) the Revolving Credit Commitments having become effective as provided in Section 7.01 below and (b) the satisfaction of the conditions set forth in Section 7.02 below.

SECTION 7.01. CONDITIONS TO EFFECTIVENESS OF COMMITMENTS. The Revolving Credit Commitments shall become effective at such time as the following conditions shall have been satisfied:

(a) The Company shall have executed and delivered to the Syndication Agent for the account of each Bank a Competitive Note and Revolving Credit Note (appropriately completed).

(b) State Certificates as to the Company:

(i) The Syndication Agent shall have received (with a photocopy for each Bank) a copy of the Restated Certificate of Incorporation of the Company and each amendment, if any, thereto (but not the certificates of designation of preferences of preferred stock), certified by the Secretary of State of the State of Delaware (as of a date shortly before the Effective Date) as being true and correct copies of such documents on file in the office of such Secretary of State.

(ii) The Syndication Agent shall have received (with a photocopy for each Bank) the signed Certificate or Certificates of the Secretary of State of the State of Delaware, in regular form (as of a date shortly before the Effective Date), listing the Restated Certificate of Incorporation of the Company and each amendment, if any, thereto, together with the certificates of designation of preferences of preferred stock and the certificates of merger or ownership, on file in the office of such Secretary of State and stating that such documents are the only charter documents of the Company on file in such office filed on the date the Restated Certificate of Incorporation was filed or thereafter and that the Company is duly incorporated and in good standing in the State of Delaware and as to the franchise tax status of the Company.

(c) The Syndication Agent and the Administrative Agent shall have received (with a photocopy for each Bank) the signed certificate of the President or a Vice President and the Secretary or an Assistant Secretary of the Company, dated the Effective Date and in the form of Exhibit F hereto (appropriately completed), certifying, among other things, (i) a true and correct copy of resolutions adopted by the Board of Directors or Executive Committee of the Board of Directors of

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the Company authorizing the execution, delivery and performance by the Company of this Agreement and the Notes and authorizing the issuance by the Company of the Notes in the manner and for the purpose contemplated by this Agreement, (ii) a true and correct copy of the By-laws of the Company as in effect on the Effective Date, and (iii) the incumbency and specimen signatures of officers of the Company executing (x) the documents specified in clause (i) above, and (y) any other documents delivered to the Syndication Agent or the Administrative Agent on the Effective Date.

(d) The Syndication Agent and the Administrative Agent shall have received (with a photocopy for each Bank) the signed opinion of Robert E. Sawyer, Esq., Associate General Counsel of the Company and counsel to the Company, dated the Effective Date and given upon the express instructions of the Company, in the form of Exhibit H hereto, with such changes (if any) therein as shall be acceptable to the Syndication Agent and special counsel to the Agents, and as to such other matters as the Syndication Agent may reasonably request.

(e) The Syndication Agent and the Administrative Agent shall have received (with a photocopy for each Bank) the signed opinion of Cravath, Swaine & Moore, special counsel to the Agents, dated the Effective Date, in the form of Exhibit I hereto, with such changes (if any) therein as shall be acceptable to the Syndication Agent.

(f) The Syndication Agent and the Administrative Agent shall have received (with a photocopy for each Bank) such other instruments and documents as the Syndication Agent and the Administrative Agent may have reasonably requested.

(g) The Existing Credit Agreement shall have been or shall simultaneously be terminated and the principal of and interest accrued on all loans outstanding thereunder and all fees accrued thereunder shall have been or shall simultaneously be paid in full.

(h) Each of the Agents, the Managing Agents and the Company shall have executed one or more counterparts of this Agreement.

(i) The Syndication Agent shall have received satisfactory evidence that banks with Revolving Credit Commitments which cause the Total Commitment to equal \$1,000,000,000 have executed one or more counterparts of this Agreement or of an Addendum.

SECTION 7.02. CONDITIONS PRECEDENT TO ALL LOANS. The obligation of each Bank to make each Loan shall be subject to the fulfillment at or prior to the time of the making of such Loan of each of the following further conditions:

(a) The representations and warranties on the part of the Company contained in this Agreement shall be true and correct in all material respects at and as of the Borrowing Date for each Loan (other than any Refinancing Loan), as though made on and as of such date (except to the extent that such representations and warranties expressly relate solely to an earlier date).

(b) Both before and after giving effect to such Loan (other than any Refinancing Loan), the Company shall be in compliance with the requirements of any applicable covenants pertaining to its incurrence of unsecured indebtedness.

(c) No Event of Default and no Unmatured Event of Default (other than any Unmatured Event of Default which occurs as a result of a Bank Funding Default) shall have occurred and be continuing on the Borrowing Date for such Loan (other than any Refinancing Loan), or would result from the making of such Loan.

Each Borrowing by the Company shall be deemed to be a representation and warranty by the Company on the date of such Borrowing that each of the conditions contained in this Section 7.02 has been satisfied.

#### ARTICLE VIII

##### EVENTS OF DEFAULT

SECTION 8.01. EVENTS OF DEFAULT. If any of the following events, acts or occurrences (herein called an "EVENT OF DEFAULT") shall occur and be continuing:

(a) default, and continuance thereof for three (3) Business Days or, in the case of any default which results from a Bank Funding Default, five (5) Business Days after the Company shall have been advised by the Syndication Agent or the Administrative Agent of such Bank Funding Default, in the payment when due of any amount owing by the Company hereunder or under the Notes in respect of the principal of, or interest on, any Loan or in respect of the Facility Fee; or

(b) any representation or warranty on the part of the Company contained in this Agreement or in any certificate, letter or other writing or instrument furnished or delivered to any Bank or the Syndication Agent or the Administrative Agent pursuant hereto or in connection herewith, shall at any time

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prove to have been incorrect in any material respect when made, deemed made or reaffirmed, as the case may be; or

(c) the Company shall default in the performance or observance of any term, covenant, condition or agreement on its part to be performed or observed under Section 6.01(h), 6.02(b), 6.02(c) or 6.02(d) hereof (other than a default which would not have occurred or would not be continuing if the calculations pursuant to the aforesaid Sections were made without giving effect to changes in generally accepted accounting principles which require implementation after the Effective Date); or

(d) the Company shall default in any material respect in the performance or observance of any other term, covenant, condition or agreement on its part to be performed or observed hereunder (and not constituting an Event of Default under any other clause of this Section 8.01), and such default shall continue unremedied for thirty (30) days after written notice thereof shall have been given to the Company by the Syndication Agent or any Bank; or

(e) either (i) the Company or any Specified Subsidiary shall generally fail to pay, or admit in writing its inability to pay, its debts as they become due, or shall voluntarily commence any case or proceeding or file any petition under any bankruptcy, insolvency or similar law or seeking dissolution, liquidation or reorganization or the appointment of a receiver, trustee, custodian or liquidator for itself or a substantial portion of its property, assets or business or to effect a plan or other arrangement with its creditors (except the voluntary dissolution, not under any bankruptcy or insolvency law, of a Specified Subsidiary), or shall file any answer admitting the jurisdiction of the court and the material allegations of any involuntary petition filed against it in any bankruptcy, insolvency or similar case or proceeding, or shall be adjudicated bankrupt, or shall make a general assignment for the benefit of creditors, or shall consent to, or acquiesce in the appointment of, a receiver, trustee, custodian or liquidator for itself or a substantial portion of its property, assets or business, or (ii) corporate action shall be taken by the Company or any Specified Subsidiary for the purpose of effectuating any of the foregoing; or

(f) involuntary proceedings or an involuntary petition shall be commenced or filed against the Company or any Specified Subsidiary under any bankruptcy, insolvency or similar law or seeking the dissolution, liquidation or reorganization of the Company or such Specified Subsidiary (as the case may be) or the appointment of a receiver, trustee, custodian or liquidator for the Company or such Specified Subsidiary (as the case may be) or of a substantial part of the property, assets or business of the Company or such Specified Subsidiary (as the case may be), or any writ, judgment, warrant of attachment, execution or similar process shall be issued or levied against a substantial part of the property, assets or business of the Company or any Specified Subsidiary, and such proceedings

or petition shall not be dismissed, or such writ, judgment, warrant of attachment, execution or similar process shall not be released, vacated or fully bonded, within sixty (60) days after commencement, filing or levy, as the case may be; or

(g) (i) the Company or any Specified Subsidiary shall default (as principal or guarantor or other surety) in the payment when due (subject to any applicable notice or grace period), whether at stated maturity or otherwise, of any principal of or interest on (howsoever designated) any indebtedness for borrowed money, whether such indebtedness now exists or shall hereafter be created, or (ii) an event of default (with respect to the Company or any Specified Subsidiary) as defined in any mortgage, indenture or instrument under which there may be issued, or by which there may be secured or evidenced, any indebtedness for borrowed money of, or guaranteed by, the Company or any Specified Subsidiary, whether such indebtedness now exists or shall hereafter be created, shall occur and shall permit such indebtedness to become due and payable prior to its stated maturity or due date; PROVIDED that no default under this subsection (g) shall be deemed to exist as a result of a default or event of default (as described in clause (i) or clause (ii) above) in respect of any such indebtedness (1) which is payable solely out of the property or assets of a partnership, joint venture or similar entity of which the Company or any Specified Subsidiary is a participant, or is secured by a mortgage on, or other security interest in, the property or assets owned or held by such entity, in either case without any further recourse to or liability of the Company or any Specified Subsidiary as a participant in such entity, or (2) if the principal of and interest on such indebtedness, when added to the principal of and interest on all other such indebtedness then in default (exclusive of indebtedness under clause (1) above), does not exceed \$100,000,000; or

(h) with respect to any Plan (other than a Multiemployer Plan) as to which the Company or any Related Person to the Company may have any liability, there shall exist an unfunded current liability under the Code which is material to the consolidated financial condition of the Company and its Consolidated Subsidiaries, and (x) steps are undertaken to terminate such Plan or (y) such Plan is terminated or (z) any Reportable Event which presents a material risk of termination with respect to such Plan shall occur;

then, and in any such event (x) if such event relates to the Company and is described in clause (e) or clause (f) of this Section 8.01, (i) the Revolving Credit Commitments shall immediately terminate, and (ii) all sums then owing by the Company hereunder and under the Notes (and, in the event payment is to be made on a day which is not the expiration date of the relevant Interest Period, together with such amounts as will compensate each Bank in such Bank's sole discretion for any losses incurred by it (or its lending branch or affiliate) in respect of funds borrowed by it or deposited with it for the purpose of making or maintaining its Loans hereunder) shall become and be immediately due and payable, without presentment, demand, protest or notice of

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any kind, all of which are hereby expressly waived by the Company, and (y) in the case of any other such event, the Syndication Agent shall, at the direction of the Required Banks, at the same or different times, take one or more of the following actions: (i) declare the Revolving Credit Commitments to be terminated, whereupon the Revolving Credit Commitments shall forthwith terminate, or (ii) declare all sums then owing by the Company hereunder and under the Notes to be forthwith due and payable, whereupon all such sums (and, in the event payment is to be made on a day which is not the expiration date of the relevant Interest Period, together with such amounts as will compensate each Bank in such Bank's sole discretion for any losses incurred by it (or its lending branch or affiliate) in respect of funds borrowed by it or deposited with it for the purpose of making or maintaining its Loans hereunder) shall become and be immediately due and payable without presentment, demand, protest or notice of any kind, all of which are hereby expressly waived by the Company. Promptly following the making of any such declaration, the Syndication Agent shall give notice thereof to the Company and each Bank, but failure to do so or any delay in so doing shall not impair the effect of such declaration.

## ARTICLE IX

### THE AGENTS, THE MANAGING AGENTS AND THE BANKS

SECTION 9.01. APPOINTMENT AND POWERS OF THE ADMINISTRATIVE AGENT AND THE SYNDICATION AGENT. Each Bank hereby irrevocably designates and appoints each of the Syndication Agent and the Administrative Agent its agent hereunder and hereby authorizes each such Agent to take such action on its behalf and to exercise such rights, remedies, powers and privileges hereunder as are specifically authorized to be exercised by such Agent by the terms hereof, together with such rights, remedies, powers and privileges as are reasonably incidental thereto. Each of the Syndication Agent and the Administrative Agent may execute any of its respective duties as such Agent hereunder by or through agents or attorneys-in-fact and shall be entitled to retain counsel and to act in reliance upon the advice of such counsel concerning all matters pertaining to the agency hereby created and its duties hereunder, and shall not be liable for the negligence or misconduct of any agents or attorneys-in-fact selected by it with reasonable care. The Administrative Agent, the Syndication Agent, the Co-Documentation Agents and the Managing Agents shall have no duties or responsibilities to any Bank, except those expressly set forth in this Agreement, or any fiduciary relationship with any Bank, and no implied covenants, functions, responsibilities, duties, obligations or liabilities shall be read into this Agreement or otherwise exist against the Administrative Agent, the Syndication Agent, any Co-Documentation Agent or any Managing Agent.

SECTION 9.02. EXCULPATORY PROVISIONS. No Bank, Agent or Managing Agent, nor any of their respective directors, officers or employees shall be liable for any action taken or omitted to be taken by them hereunder or in connection herewith,

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except for their own gross negligence or wilful misconduct; nor shall any Bank, Agent or Managing Agent be responsible in any manner to any Person for the representations, warranties or other statements made by any other Person or for the due execution or delivery, validity, effectiveness, genuineness, value, sufficiency or enforceability against the Company or any other obligor of this Agreement, the Notes or any other document furnished pursuant thereto or in connection herewith. Neither the Agents, the Managing Agents nor any of their respective officers shall be under any obligation to any Bank to ascertain or to inquire as to the observance or performance of any of the agreements contained in, or conditions of, this Agreement, or to inspect the properties, books or records of the Company or any of its Subsidiaries.

SECTION 9.03. RELIANCE BY THE ADMINISTRATIVE AGENT AND THE SYNDICATION AGENT. Each of the Syndication Agent and the Administrative Agent shall be entitled to rely, and shall be fully protected in relying, upon any Note, writing, resolution, notice, consent, certificate, affidavit, letter, cablegram, telegram, telecopy, telex or teletype message, statement, order or other document or conversation believed by it to be genuine and correct and to have been signed, sent or made by the proper Person or Persons and upon advice and statements of legal counsel (including, without limitation, counsel to the Company), independent accountants and other experts selected by any such Agent. Each such Agent may deem and treat the payee of any Note as the owner thereof for all purposes unless a written notice of assignment, negotiation or transfer thereof shall have been filed with such Agent. Each of the Syndication Agent and the Administrative Agent shall be fully justified in failing or refusing to take any action under this Agreement or any other documents executed and delivered in connection herewith unless it shall first receive such advice or concurrence of the Required Banks as it deems appropriate or it shall first be indemnified to its satisfaction by the Banks against any and all liability and expense which may be incurred by it by reason of taking or continuing to take any such action. Neither the Syndication Agent nor the Administrative Agent shall be liable to any Bank for acting, or refraining from acting, under this Agreement or any other documents executed and delivered in connection herewith in accordance with a request of the Required Banks, and such request and any action taken or failure to act pursuant thereto shall be binding upon all the Banks and all future holders of the Notes.

SECTION 9.04. NOTICE OF DEFAULT. Neither the Syndication Agent nor the Administrative Agent shall be deemed to have knowledge or notice of the occurrence of any Event of Default or Unmatured Event of Default hereunder unless it has received notice from a Bank or the Company referring to this Agreement, describing such Event of Default or Unmatured Event of Default and stating that such notice is a "notice of default". In the event that the Syndication Agent or the Administrative Agent receives such a notice, it shall give notice thereof to the Banks and to such other Agent. The Syndication Agent shall take such action with respect to such Event of Default or Unmatured Event of Default as shall be reasonably directed by

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the Required Banks; PROVIDED, HOWEVER, that unless and until the Syndication Agent shall have received such direction, the Syndication Agent may (but shall not be obligated to) take such action, or refrain from taking such action, with respect to such Event of Default or Unmatured Event of Default as it shall deem advisable in the best interests of the Banks; PROVIDED FURTHER that the Syndication Agent shall have the right, power and authority to take the affirmative action specified in Section 8.01 hereof only upon the direction of the Required Banks.

SECTION 9.05. INDEMNIFICATION. Each Bank hereby agrees, in the ratio that such Bank's Revolving Credit Commitment from time to time bears to the Total Commitment from time to time, to indemnify and hold harmless each Agent and each Managing Agent, as agents hereunder, from and against any and all losses, liabilities (including liabilities for penalties), actions, suits, judgments, demands, damages, costs and expenses (including, without limitation, attorneys' fees and expenses) incurred or suffered by such Agent or Managing Agent in such capacity as a result of any action taken or omitted to be taken by such Agent or Managing Agent in such capacity or otherwise incurred or suffered by, made upon, or assessed against such Agent or Managing Agent in such capacity; PROVIDED that no Bank shall be liable for any portion of any such losses, liabilities (including liabilities for penalties), actions, suits, judgments, demands, damages, costs or expenses resulting from or attributable to gross negligence or wilful misconduct on the part of such Agent or Managing Agent or its officers, employees or agents. Without limiting the generality of the foregoing, each Bank hereby agrees, in the ratio aforesaid, to reimburse each Agent and Managing Agent promptly following its demand for any out-of-pocket expenses (including, without limitation, attorneys' fees and expenses) incurred by such Agent or Managing Agent hereunder and not reimbursed to such Agent or Managing Agent by the Company. Each Bank's obligations under this paragraph shall survive the termination of this Agreement or, if earlier, the termination of the Revolving Credit Commitment of such Bank, and the discharge of the Company's obligations hereunder.

SECTION 9.06. NONRELIANCE ON THE AGENTS, THE MANAGING AGENTS AND OTHER BANKS. Each Bank expressly acknowledges that neither any Agent, any Managing Agent nor any of their respective officers, directors, employees, agents, attorneys-in- fact or affiliates has made any representations or warranties to it and that no act by any such Agent or Managing Agent hereafter taken, including any review of the affairs of the Company, shall be deemed to constitute any representation or warranty by such Agent or Managing Agent to any Bank. Each Bank represents to each Agent and Managing Agent that it has, independently and without reliance upon any Agent or Managing Agent or any other Bank, and based on such documents and information as it has deemed appropriate, made its own appraisal of and investigation into the business, operations, property, financial and other condition and creditworthiness of the Company and made its own decision to make its Loans hereunder and enter into this Agreement. Each Bank also represents that it will, independently and without reliance upon any Agent or Managing Agent or any other Bank, and based on such

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documents and information as it shall deem appropriate at the time, continue to make its own credit analysis, appraisals and decisions in taking or not taking action under this Agreement, and to make such investigation as it deems necessary to inform itself as to the business, operations, property, financial and other condition and creditworthiness of the Company.

SECTION 9.07. THE AGENTS AND THE MANAGING AGENTS IN THEIR INDIVIDUAL CAPACITIES. Each Agent and each Managing Agent and their affiliates may make loans to, accept deposits from and generally engage in any kind of business with the Company as though such Agent or Managing Agent were not an Agent or Managing Agent hereunder. With respect to its Loans made or renewed by it and any Note issued to it, each Agent and Managing Agent shall have the same rights and powers under this Agreement as any Bank and may exercise the same as though it were not an Agent or Managing Agent, and the terms "Bank" and "Banks" shall include each Agent and Managing Agent in its individual capacity.

SECTION 9.08. EXCESS PAYMENTS. Except for payments made pursuant to Section 2.09, Section 2.13, Section 2.14 or Section 4.03 hereof, if any Bank or other holder of a Note shall obtain any payment or other recovery (whether voluntary, involuntary, by application of offset or otherwise) on account of principal of or interest on any Revolving Credit Note in excess of its PRO RATA share of payments and other recoveries obtained by all Banks or holders on account of principal of and interest on Revolving Credit Notes then held by them, such Bank or other holder shall purchase from the other Banks or holders such participation in the Revolving Credit Notes held by them as shall be necessary to cause such purchasing Bank or holder to share the excess payment or other recovery ratably with each of them; PROVIDED, HOWEVER, that if all or any portion of the excess payment or other recovery is thereafter recovered from such purchasing Bank or holder, the purchase shall be rescinded and the purchase price restored to the extent of such recovery, but without interest. The Company agrees that any Bank or holder so purchasing a participation from another Bank or holder pursuant to this Section 9.08 may, to the fullest extent permitted by law, exercise all its rights of payment (including offset) with respect to such participation as fully as if such Bank or holder were the direct creditor of the Company in the amount of such participation.

SECTION 9.09. OBLIGATIONS SEVERAL. The obligations of the Banks hereunder are several, and neither any Bank nor the Agents or the Managing Agents shall be responsible for the obligations of any other Person hereunder, nor will the failure of any Bank to perform any of its obligations hereunder relieve the Syndication Agent or the Administrative Agent or any other Bank from the performance of its respective obligations hereunder. Nothing contained in this Agreement, and no action taken by the Banks or any Agent or Managing Agent pursuant hereto or in connection herewith or pursuant to or in connection with the Notes, shall be deemed to constitute the Banks, together or with the Agents and the Managing Agents, a partnership, association, joint venture or other entity.

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SECTION 9.10. RESIGNATION BY ANY AGENT OR MANAGING AGENT. Any Agent and any Managing Agent may resign as such at any time upon at least 30 days' prior notice to the Company and the Banks. In the event of such resignation by the Syndication Agent or the Administrative Agent, the Required Banks (with the consent of the Company (which shall not be unreasonably withheld) in the event that there then does not exist an Event of Default or Unmatured Event of Default), shall as promptly as practicable appoint a successor Syndication Agent or Administrative Agent, as the case may be.

ARTICLE X

MISCELLANEOUS

SECTION 10.01. NO WAIVER; MODIFICATIONS IN WRITING. No failure or delay on the part of the Syndication Agent or the Administrative Agent or any Bank in exercising any right, power or remedy hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any such right, power or remedy preclude any other or further exercise thereof or the exercise of any other right, power or remedy. The remedies provided for herein are cumulative and are not exclusive of any remedies that may be available to the Syndication Agent or the Administrative Agent or any Bank at law, in equity or otherwise. Each request by the Company for any amendment, modification, supplement, termination or waiver of or to any provision of this Agreement shall be directed to the Syndication Agent, and no such amendment, modification, supplement, termination or waiver of or to any provision of this Agreement, nor consent to any departure by the Company therefrom, shall be effective unless the same shall be in writing and signed by the Company and by or on behalf of the Syndication Agent and the Required Banks; PROVIDED, HOWEVER, that no such amendment, modification, supplement, termination, waiver or consent, as the case may be, which has the effect of (x) reducing the rate or amount, or extending the stated maturity or due date, of any sum payable by the Company to any Bank hereunder or under such Bank's Notes, or (y) except as provided in Section 2.09(e)(ii), Section 2.13(c)(i), Section 2.14(i), Section 4.03(b)(ii) and Section 10.06(c) hereof, increasing the amount, or extending the stated expiration or termination date, of any Bank's Revolving Credit Commitment hereunder, or (z) changing this Section 10.01, Section 10.06 or Section 10.07 hereof or the definitions of the terms "Allocable Share", "Applicable Facility Fee Percentage", "Applicable Margin", "Event of Default", "Proportional Share", "Reference Bank", "Reference Banks", "Required Banks", "Revolving Credit Commitment", "Total Commitment" and "Unmatured Event of Default", or changing the designation of the "Required Banks" as the Banks entitled to direct the Syndication Agent pursuant to Section 8.01 hereof shall be effective unless the same shall be signed by or on behalf of each Bank; PROVIDED FURTHER that no such amendment, modification, supplement, termination, waiver or consent, as the case may be, which has the effect of (x) increasing the duties or obligations of any Agent or any Managing Agent

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hereunder, or (y) increasing the standard of care or performance required on the part of any Agent or any Managing Agent hereunder, or (z) reducing or eliminating the indemnities or immunities to which any Agent or Managing Agent is entitled hereunder (including, without limitation, any amendment or modification of this Section 10.01) shall be effective unless the same shall be signed by or on behalf of the Agent or Managing Agent affected thereby. Any waiver of any provision of this Agreement, and any consent to any departure by the Company from the terms of any provision of this Agreement, shall be effective only in the specific instance and for the specific purpose for which given. No notice to or demand on the Company in any case shall entitle the Company to any other or further notice or demand in similar or other circumstances.

SECTION 10.02. CONFIDENTIALITY. Each Bank shall maintain in confidence and not publish, disseminate or disclose in any manner or to any Person and shall not use (x) any material, nonpublic information relating to the Company and its Subsidiaries or (y) any technical, nonfinancial information, data or know-how which is identified in writing as confidential by the Company, in either case which may be furnished pursuant to this Agreement, including any such information which may be furnished pursuant to Article VI hereof (hereinafter collectively called "CONFIDENTIAL INFORMATION"), subject to each Bank's (a) obligation to disclose any such Confidential Information pursuant to a request or order under applicable laws and regulations or pursuant to a subpoena or other legal process, (b) right to disclose any such nontechnical or financial Confidential Information to bank examiners, its affiliates, auditors, counsel, other professional advisors, other Banks, and other banks or other entities in connection with an offer by such Bank to sell a Participation to such other bank or other entity or to make an assignment pursuant to Section 10.06(c) hereof, (c) right to use any such Confidential Information in connection with the transactions set forth herein, and (d) right to disclose any such Confidential Information in connection with the transactions set forth herein or in connection with any litigation or dispute involving the Banks and the Company or any of its Subsidiaries or any transfer or other disposition by such Bank of any of its loans or other extensions of credit to the Company or any of the Company's Subsidiaries; PROVIDED, HOWEVER, that Confidential Information disclosed pursuant to clause (b) or (d) of this sentence shall be so disclosed subject to such procedures as are reasonably calculated to maintain the confidentiality thereof; and PROVIDED FURTHER that Confidential Information disclosed pursuant to applicable laws, regulations, subpoenas or other legal process shall be so disclosed subject to such confidentiality provisions, if any, as may be provided under applicable law. The Banks agree, to the extent permitted by applicable law, to use their best efforts promptly to notify the Company in writing of each order, subpoena or other legal process providing for the disclosure and/or production of Confidential Information and shall, to the extent permitted by applicable law, use their best efforts promptly to supply the Company with a copy of such order, subpoena or other legal process, in order that the Company may intervene in the relevant administrative or legal proceeding or take other appropriate legal action to protect the confidentiality of such Confidential Information.

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Notwithstanding the foregoing provisions of this Section 10.02, (i) the foregoing obligation of confidentiality shall not apply to any such Confidential Information that was known to such Bank or any of its affiliates prior to the time it received such Confidential Information from the Company or its Subsidiaries pursuant to this Agreement, other than as a result of the disclosure thereof by a Person who, to the knowledge or reasonable belief of such Bank, was prohibited from disclosing it by any duty of confidentiality arising (under this Agreement or otherwise) by contract or law, and (ii) the foregoing obligation of confidentiality shall not apply to any such Confidential Information that becomes part of the public domain independently of any act of such Bank not permitted hereunder (through publication, the issuance of a patent disclosing such information or otherwise) or when identical or substantially similar information is received by such Bank without restriction as to its disclosure or use, from a Person who, to the knowledge or reasonable belief of such Bank, was not prohibited from disclosing it by any duty of confidentiality arising (under this Agreement or otherwise) by contract or law. The obligations of each Bank under this Section 10.02 shall survive the termination of this Agreement or, if earlier, the termination of the Revolving Credit Commitment of such Bank.

SECTION 10.03. NOTICES, ETC. Except where telephonic instructions or notices are authorized herein to be given, all notices, demands, instructions and other communications required or permitted to be given to or made upon any party hereto shall be in writing and (except for financial statements and other documents to be furnished pursuant to Article VI hereof (with the exception of notices of the occurrence of an Event of Default or an Unmatured Event of Default which is continuing), which, if sent by mail, may be sent by first-class mail, postage prepaid) shall be personally delivered or sent by registered or certified mail, postage prepaid, return receipt requested, or by telecopier, and shall be deemed to be given for purposes of this Agreement on the day that such writing is delivered or sent to the intended recipient thereof in accordance with the provisions of this Section 10.03. Unless otherwise specified in a notice sent or delivered in accordance with the foregoing provisions of this Section 10.03, notices, demands, instructions and other communications in writing shall be given to or made upon the respective parties hereto at their respective addresses (or to their respective telecopier numbers) indicated on Schedule II hereto, and, in the case of telephonic instructions or notices, by calling the telephone number or numbers indicated for such party on such Schedule.

Anything herein to the contrary notwithstanding, notices from the Company pursuant to Sections 2.01, 2.02, 2.07, 2.09, 2.13, 2.14, 4.01, 4.02 and 4.03 hereof shall be effective, for the purposes of this Agreement, only when actually received by all Persons to whom such notices are required to be sent or given.

SECTION 10.04. COSTS, EXPENSES AND TAXES. The Company agrees to pay all costs and expenses of the Syndication Agent and the Administrative Agent in connection with the arrangement of the credit facilities provided for herein and the

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negotiation, preparation, printing, reproduction, execution and delivery of this Agreement, the Notes, any amendments or modifications of (or supplements to) any of the foregoing and any and all other documents furnished in connection with the execution and delivery of this Agreement, including the reasonable fees and out-of-pocket expenses of outside counsel to the Administrative Agent and the Syndication Agent relative thereto (limited, however, to such fees and expenses of only one outside counsel who shall represent the Administrative Agent and Syndication Agent), and all costs and expenses (whether of the Syndication Agent and the Administrative Agent or any Bank or otherwise and including, without limitation, attorneys' fees and expenses), if any, in connection with the enforcement of this Agreement, the Notes or any other agreement furnished pursuant hereto or in connection herewith. In addition, the Company shall pay all stamp, transfer and other transaction taxes payable or determined to be payable in connection with the execution and delivery of this Agreement, and the Company shall pay all such transaction taxes payable or determined to be payable in connection with the issuance of the Notes or the making of any Loan by any Bank, and the Company agrees to save and hold each Agent, each Managing Agent and each Bank harmless from and against any and all liabilities with respect to or resulting from any delay in paying or omission to pay such transaction taxes. If any action, suit or proceeding arising from any of the foregoing is brought against any Agent or any Managing Agent, any Bank, or any other Person indemnified or intended to be indemnified pursuant to this Section 10.04, the Company, to the extent and in the manner directed by the Person or Persons indemnified or intended to be indemnified, will resist and defend such action, suit or proceeding or cause the same to be resisted and defended by counsel designated by the Company (which counsel shall be satisfactory to the Person or Persons indemnified or intended to be indemnified). If the Company shall fail to do any act or thing which it has covenanted to do hereunder or any representation or warranty on the part of the Company contained herein shall be breached, the Syndication Agent may (but shall not be obligated to) do the same or cause it to be done or remedy any such breach, and may expend its funds for such purpose. Any and all amounts so expended by the Syndication Agent shall be repayable to it by the Company immediately upon the Syndication Agent's demand therefor, with interest at a rate per annum (computed on the basis of a year consisting of 365 or, when appropriate, 366 days) equal to the sum of (i) the Alternate Base Rate in effect from time to time during the period from and including the date so expended by such Agent to the date of repayment, PLUS (ii) two percent (2%) per annum. The obligations of the Company under this Section 10.04 shall survive the termination of this Agreement and the discharge of the Company's other obligations hereunder.

SECTION 10.05. CONFIRMATIONS. The Company and each Bank agree from time to time, upon written request received by one from the other, to confirm to the other in writing the aggregate unpaid principal amount of the Loans of such Bank then outstanding under the Note or Notes held by it, and each such Bank agrees from time to time, upon written request received by it from the Company, to make the

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Note or Notes held by it (including the schedule attached thereto) available for reasonable inspection by the Company at the office of such Bank.

SECTION 10.06. SUCCESSORS AND ASSIGNS; PARTICIPATIONS. (a) This Agreement shall be binding upon and inure to the benefit of the Company, the Banks, the Agents, the Managing Agents, and their respective successors and permitted assigns; PROVIDED, HOWEVER, that any assignment or transfer by a Bank of any or all of its rights hereunder shall not materially increase the amount which would have been payable to the Bank making such assignment or transfer by the Company under this Agreement and the Notes in the absence of such assignment or transfer; and PROVIDED FURTHER that except in accordance with the provisions of Section 6.02(a) hereof, the Company may not assign its rights hereunder or in connection herewith or any interest herein without the prior written consent of all of the Banks. This Agreement shall not be construed so as to confer any right or benefit upon any Person other than the parties to this Agreement and each of their respective successors and permitted assigns.

(b) Any Bank may without the consent of the Company sell participations to one or more banks or other entities that, in the ordinary course of their business, regularly extend credit of the types and in the amounts extended by Banks under this Agreement (such banks and other entities hereinafter referred to, collectively, as "Participants") in all or a portion of its rights and obligations under this Agreement (including, without limitation, all or a portion of its Revolving Credit Commitment and the Loan or Loans owing to it and the Note or Notes held by it); PROVIDED, HOWEVER, that (i) such Bank's obligations under this Agreement shall remain unchanged, (ii) such Bank shall remain solely responsible to the other parties hereto for the performance of such obligations, (iii) the Participants shall be entitled to the cost protection provisions contained in Section 2.09, Section 2.13, and Section 3.04 hereof (PROVIDED that no Participant shall be entitled to receive any greater amount pursuant to such provisions than the transferor Bank would have been entitled to receive in respect of the amount of the participation transferred by such transferor Bank to such Participant had no such transfer occurred and PROVIDED FURTHER that such Participant shall have fully complied with the provisions of Section 10.06(g) hereof) and the cost protection provisions of Section 2.13 hereof shall be applied by assuming that such Bank did not sell any participation to any Participant, (iv) the Company, the Agents, the Managing Agents and the other Banks shall continue to deal solely and directly with such Bank in connection with such Bank's rights and obligations under this Agreement and in connection with the cost protection provisions of this Agreement to which any Participant is entitled pursuant to this Section 10.06(b), (v) such Bank shall retain the sole right and responsibility to enforce the obligations of the Company relating to the Loans, (vi) such Bank shall not, except with respect only to changes in the amount of the Revolving Credit Commitment of such Bank, or the principal amount of its Loans outstanding or the Interest Rate or Interest Period with respect thereto, or the amount of any fees payable to it hereunder or extension of the Maturity Date, enter into any agreement with any Participant that

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would require the consent of such Participant with respect to the exercise by such Bank of its voting rights under this Agreement, and (vii) each such sale shall be made in the ordinary course of such Bank's commercial banking business and in compliance with all applicable laws.

(c) Any Bank may assign, with the prior written consent of the Company and the Administrative Agent (which consent shall not unreasonably be withheld) and after using reasonable efforts to identify an Eligible Assignee reasonably acceptable to the Company, to one or more Eligible Assignees, or without the consent of the Company or the Administrative Agent to one or more Banks, all or a portion of its interests, rights and obligations under this Agreement (including, without limitation, all or a portion of its Revolving Credit Commitment and the same portion of the applicable Loan or Loans at the time owing to it and the applicable Note or Notes held by it, other than any Competitive Notes held by it, which may, but need not, be assigned); PROVIDED, HOWEVER, that (i) each such assignment shall be of a constant, and not a varying, percentage of all the assigning Bank's rights and obligations under this Agreement, the Loan or Loans at the time owing to such assigning Bank and the Note or Notes held by it, other than any Competitive Notes held by it, which may, but need not, be assigned, (ii) except in the case of an assignment of a Bank's entire interest hereunder, the amount of the Revolving Credit Commitment of the assigning Bank which it retains shall be in a principal amount of not less than \$15,000,000 and the amount of such Revolving Credit Commitment which it assigns (determined as of the date the Assignment and Acceptance with respect to such assignment is delivered to the Administrative Agent) shall be an integral multiple of \$5,000,000; PROVIDED, HOWEVER, that no assignment may be made that, taken together with any simultaneous assignments, would result in any Bank having a Revolving Credit Commitment which is less than \$15,000,000, (iii) the parties to each such assignment shall execute and deliver to the Administrative Agent, for its acceptance and recording in the Register, an Assignment and Acceptance with respect to such assignment, together with any Note or Notes subject to such assignment and a processing and recordation fee of (A) \$1,000 in the case of an assignment to any Bank and (B) \$2,500 in all other cases (except that such fee shall not be payable if the Eligible Assignee is an affiliate of the assignor Bank), (iv) each such assignment shall be made in the ordinary course of the assigning Bank's commercial banking business and in compliance with all applicable laws, (v) no such assignment shall be effective unless the Eligible Assignee to which such assignment is made has fully complied with the provisions of Section 10.06(g) hereof, and (vi) the Company shall have received a copy of the Assignment and Acceptance signed by the parties thereto. Upon such execution, delivery, acceptance and recording, from and after the effective date specified in each Assignment and Acceptance, which effective date shall be at least five Business Days after the execution thereof, (x) the Eligible Assignee thereunder shall be a party hereto and, to the extent provided in such Assignment and Acceptance, have the rights and obligations of a Bank hereunder, (y) the assignor Bank thereunder shall, to the extent provided in such Assignment and Acceptance, be released (except as provided in Section 2.13(b), Section 10.02 and Section 10.07 hereof) from its

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obligations under this Agreement (and, in the case of an Assignment and Acceptance covering all or the remaining portion of an assigning Bank's rights and obligations under this Agreement, such Bank shall cease to be a party hereto), and (z) Schedule I and Schedule II hereto shall be deemed amended to reflect the addition of such Eligible Assignee and the decrease in the Revolving Credit Commitment of the assignor Bank. Each assignee of an interest under this Agreement and any Note shall take such interest subject to any request made, waiver or consent given or other action taken hereunder prior to the effective date of the Assignment and Acceptance related to such assignment, and, until the effective date of such Assignment and Acceptance, the Syndication Agent, the Administrative Agent and the Company shall be entitled conclusively to assume that no assignment of any interest under this Agreement and any Note has been made by any Bank or any assignee. Notwithstanding any other provision of this Section 10.06, any Bank may at any time assign all or any portion of its rights under this Agreement and the Note or Notes held by it to a Federal Reserve Bank; PROVIDED that no such assignment shall release a Bank from any of its obligations hereunder.

(d) By executing and delivering an Assignment and Acceptance, the assignor Bank and the Eligible Assignee thereunder confirm to and agree with each other and the other parties hereto as follows: (i) the assignor Bank represents and warrants that it is the legal and beneficial owner of the interest being assigned thereby free and clear of any adverse claim, (ii) such assignor Bank makes no representation or warranty, and assumes no responsibility with respect to any statements, warranties or representations made by the Company, in or in connection with this Agreement or with the execution, legality, validity, enforceability, genuineness, sufficiency or value of this Agreement or any other instrument or document furnished pursuant hereto, (iii) such assignor Bank makes no representation or warranty and assumes no responsibility with respect to the financial condition of the Company or the performance or observance by the Company of its obligations under this Agreement or any other instrument or document furnished pursuant hereto, (iv) such Eligible Assignee confirms that it has received a copy of this Agreement together with copies of the financial statements and other documents referred to in Section 5.01(e), Section 6.01(a)(i), Section 6.01(a)(ii) and Section 6.01(a)(v) hereof and such other documents and information as it has deemed appropriate to make its own credit analysis and decision to enter into such Assignment and Acceptance, (v) such Eligible Assignee will, independently and without reliance upon any Agent or any Managing Agent, such assignor Bank or any other Bank and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under this Agreement, (vi) such Eligible Assignee appoints and authorizes each of the Syndication Agent and the Administrative Agent to take such action as such Agent on its behalf and to exercise such powers under this Agreement as are delegated to such Agent by the terms hereof, together with such powers as are reasonably incidental thereto, (vii) such Eligible Assignee agrees that it will perform all of the obligations, in accordance with the terms thereof, of the assignor Bank under this Agreement which are assumed by

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such Eligible Assignee under such Assignment and Acceptance, and (viii) such Eligible Assignee confirms that it is an Eligible Assignee.

(e) The Administrative Agent shall maintain at its address listed on Schedule II hereto a copy of each Assignment and Acceptance delivered to it and a register for the recordation of the names and addresses of the Banks and the Revolving Credit Commitment of, and principal amount of the Loans owing to, each Bank from time to time (the "REGISTER"). The entries in the Register shall be conclusive, in the absence of manifest error, and the Company, the Agents, the Managing Agents and the Banks may treat each person whose name is recorded in the Register as a Bank hereunder for all purposes of this Agreement. The Register shall be available for inspection by the Company or any Bank at any reasonable time and from time to time upon reasonable prior notice.

(f) Upon its receipt of an Assignment and Acceptance executed by an assigning Bank and an Eligible Assignee, together with any Note or Notes subject to such assignment and the written consent of the Company to such assignment, the Administrative Agent shall, if such Assignment and Acceptance has been completed and is precisely in the form of Exhibit G hereto (or as agreed upon by the Company and the Administrative Agent), (i) accept such Assignment and Acceptance, (ii) record the information contained therein in the Register, (iii) give prompt notice thereof to the Company, and (iv) deliver a copy of such Assignment and Acceptance to the Syndication Agent and the Company. Within five Business Days after receipt of such Assignment and Acceptance, the Company, at its own expense, shall execute and deliver to the Administrative Agent in exchange for the surrendered Note or Notes a new Note or Notes to the order of such Eligible Assignee in an amount equal to its portion of the Revolving Credit Commitment assumed by it pursuant to such Assignment and Acceptance and, if the assigning Bank has retained any Revolving Credit Commitment hereunder, a new Note or Notes to the order of the assigning Bank in an amount equal to the Revolving Credit Commitment retained by it hereunder. Such new Note or Notes shall be in an aggregate principal amount equal to the aggregate principal amount of such surrendered Note or Notes, shall be dated the effective date of such Assignment and Acceptance and shall otherwise be in substantially the form of Exhibit A-1 or Exhibit A-2 hereto, as appropriate. The Notes surrendered by the assigning Bank shall be marked "canceled" and returned by the Administrative Agent to the Company.

(g) If, pursuant to this Section 10.06, any interest in this Agreement, any Loan or any Note is transferred to any Participant (a "Transferee") which is organized under the laws of any jurisdiction other than the United States or any state thereof, the transferor Bank shall cause such Transferee, concurrently with the effectiveness of such transfer, (i) to represent to the transferor Bank (for the benefit of the transferor Bank, the Administrative Agent and the Company) that under applicable law and treaties no taxes will be required to be withheld by the Administrative Agent, the Company or the transferor Bank with respect to any payments to be made to such

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Transferee in respect of the Loans, (ii) to furnish to the transferor Bank in duplicate, for each taxable year of such Transferee during which interest arising under or in connection with this Agreement is received, and before payment by the Company of any such interest during such year (or at any other time as required under United States income tax law), a properly completed and executed copy of either Internal Revenue Service Form W-8BEN or Internal Revenue Service Form W-8ECI or Internal Revenue Service Form W-9 and any additional form (or such other form) as is necessary to claim complete exemption from United States withholding taxes (wherein such Transferee claims entitlement to complete exemption from United States withholding taxes on all payments hereunder), (iii) to agree (for the benefit of the transferor Bank, the Administrative Agent and the Company) to provide to the transferor Bank a new Internal Revenue Service Form W-8BEN or Internal Revenue Service Form W-8ECI or Internal Revenue Service Form W-9 and any such additional form (or any successor form or forms) upon the expiration or obsolescence of any previously delivered form and comparable statements in accordance with applicable United States laws and regulations and amendments duly executed and completed by such Transferee, and to comply from time to time with all applicable United States laws and regulations with regard to such withholding tax exemption, and (iv) to represent to the transferor Bank (for the benefit of the transferor Bank, the Administrative Agent and the Company) that the form or forms so filed will be true and complete.

SECTION 10.07. INDEMNIFICATION. In consideration of the execution and delivery of this Agreement by the Banks and the agreement to extend and maintain the credit provided hereunder, the Company hereby agrees to indemnify, exonerate and hold each of the Banks, the Agents, the Managing Agents, and each of the officers, directors, employees and agents of each of the Banks, the Agents and the Managing Agents, and each Person, if any, who controls any such Bank, such Agent or any such Managing Agent, or any such officer, director, employee or agent, within the meaning of the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended (herein collectively called the "INDEMNITEES" and individually called an "INDEMNITEE"), free and harmless from and against any and all actions, claims, causes of action, suits, losses, liabilities, damages and expenses, including without limitation, reasonable attorneys' fees and disbursements (herein collectively called the "INDEMNIFIED LIABILITIES"), which may be incurred by or asserted against the Indemnitees or any Indemnitee as a result of, or arising out of, or relating to, or in connection with, any investigation, litigation or proceeding related to (i) any use made or proposed to be made by the Company of the proceeds of any Loan, (ii) the consummation of the transactions contemplated by any such use or proposed use, (iii) any untrue statement or alleged untrue statement of any material fact made by the Company in connection therewith, or (iv) the omission or alleged omission by the Company to state in connection therewith a material fact required to be so stated or necessary to make the statements made, in light of the circumstances under which they were made, not misleading, whether or not any such Indemnitee is a party thereto, and, to the extent that the foregoing undertaking may be unen-

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forceable for any reason, the Company hereby agrees to make the maximum contribution to the payment and satisfaction of each of the Indemnified Liabilities which is permissible under applicable law; PROVIDED, HOWEVER, that there shall be no right to indemnification or contribution under this Section 10.07 for Indemnified Liabilities based upon or arising out of actions or omissions by any Bank in a capacity other than that of a lender to the Company or by any Agent or any Managing Agent in its capacity other than that as agent for the Banks hereunder. Each Indemnatee will use its best efforts to promptly notify the Company of each event of which it has knowledge which may give rise to a claim under the indemnification provisions of this Section 10.07. If any action, suit or proceeding arising from any of the foregoing is brought against any Agent or any Managing Agent, any Bank or any other Person indemnified or intended to be indemnified pursuant to this Section 10.07, the Company, to the extent and in the manner directed by the Person or Persons indemnified or intended to be indemnified, will resist and defend such action, suit or proceeding or cause the same to be resisted and defended by counsel designated by the Company (which counsel shall be reasonably satisfactory to the Person or Persons indemnified or intended to be indemnified). Each Indemnatee will use its best efforts to cooperate in the defense of any such action, suit or proceeding. If the Company shall fail to do any act or thing which it has covenanted to do hereunder or any representation or warranty on the part of the Company contained herein shall be breached, the Syndication Agent may (but shall not be obligated to) do the same or cause it to be done or remedy any such breach, and may expend its funds for such purpose. Any and all amounts so expended by the Syndication Agent shall be repayable to it by the Company immediately upon the Syndication Agent's demand therefor, with interest at a rate per annum (computed on the basis of a year consisting of 365 or, when appropriate, 366 days) equal to the sum of (i) the Alternate Base Rate in effect from time to time during the period from and including the date so expended by the Syndication Agent to the date of repayment, PLUS (ii) two percent (2%) per annum. The Company shall have no obligation to any Indemnatee under this Section 10.07 to the extent that Indemnified Liabilities result from gross negligence or wilful misconduct on the part of such Indemnatee. The obligations of the Company under this Section 10.07 shall survive the termination of this Agreement and the discharge of the Company's other obligations hereunder. The obligations of each Bank (and of each other Indemnatee with respect to such Bank) under this Section 10.07 shall survive the termination of this Agreement or, if earlier, the termination of the Revolving Credit Commitment of such Bank.

SECTION 10.08. REFERENCE BANKS. Each Reference Bank agrees to use its best efforts to furnish quotations to the Administrative Agent as contemplated hereby by 10:30 a.m., New York City time, on the day such quotations are required to be furnished hereunder. If any Reference Bank does not furnish a timely quotation, the Administrative Agent shall determine the relevant Eurodollar Rate, Term Federal Funds Rate or Certificate of Deposit Rate, as the case may be, on the basis of the quotations, if any, furnished by the remaining Reference Banks and, in the event that all Reference Banks fail to so furnish a quotation, on the basis of such other

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information as the Administrative Agent in its sole discretion shall deem appropriate. If any Reference Bank assigns its Notes to an unaffiliated institution, the Administrative Agent shall, in consultation with the Company, and with the consent of the Required Banks, appoint another Bank to act as a Reference Bank hereunder. If the Company is entitled to replace any Bank (which is also a Reference Bank) as provided in Section 2.09(e), Section 2.13(c), Section 2.14 or Section 4.03(b) hereof, the Company may, in consultation with the Administrative Agent, and with the consent of the Required Banks, appoint a replacement Reference Bank.

SECTION 10.09. HEADINGS. Article and Section headings used in this Agreement are for convenience of reference only and shall not affect the construction of this Agreement.

SECTION 10.10. CIRCUMSTANCES REQUIRING CONSULTATION. In the event that (i) additional amounts have become payable to an Affected Bank as a result of the occurrence of circumstances referred to in Section 2.09 hereof, (ii) any Affected Bank shall have made a determination pursuant to Section 4.03(a) hereof, or (iii) additional amounts have become payable to any Bank or any Participant pursuant to Section 2.13 hereof, then, and in any such event, such Affected Bank, Bank or Participant, as the case may be, shall promptly consult with the Administrative Agent and the Company in order to endeavor, and such Affected Bank, Bank or Participant, as the case may be, shall use its best efforts, to take such action as, in the good faith judgment of such Affected Bank, Bank or Participant, is then reasonable and practicable under the circumstances (including, without limitation, changing the location of its lending office or participating office, as the case may be, in order to move the situs of such Affected Bank's or Bank's Loans or such Participant's participation to another jurisdiction, if possible without material liability, cost or expense to such Affected Bank, Bank or Participant and without material reduction to such Affected Bank or Bank of any amount otherwise receivable by such Affected Bank or Bank under this Agreement and such Affected Bank's or Bank's Notes or receivable by such Participant under its participation) to mitigate or eliminate the effect of such event. In addition, in the event that (i) any Bank or Participant shall, as a result of reserves maintained by such Bank or Participant with any Federal Reserve Bank of the United States in connection with any of the Loans or participations, be entitled to receive, and receive, amounts from such Federal Reserve Bank (in the form of interest or otherwise) in respect of such reserves, or (ii) any Bank or Participant shall receive any similar (or other) benefit as a result of actions taken by such Bank or Participant with respect to any Capital Adequacy Rule, then, and in any such event, such Bank or Participant shall promptly consult with the Administrative Agent and the Company in order to endeavor, and such Bank or Participant shall use its best efforts, to take such action as, in the good faith judgment of such Bank or Participant, is then reasonable and practicable under the circumstances to give the benefit of such amounts or benefits to the Company.

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SECTION 10.11. EXECUTION IN COUNTERPARTS. This Agreement may be executed in any number of counterparts and by different parties hereto on separate counterparts, each of which counterparts, when so executed and delivered, shall be deemed to be an original and all of which counterparts, taken together, shall constitute but one and the same Agreement.

SECTION 10.12. GOVERNING LAW. THIS AGREEMENT AND EACH NOTE SHALL BE DEEMED TO BE A CONTRACT MADE UNDER THE LAWS OF THE STATE OF NEW YORK, AND FOR ALL PURPOSES SHALL BE CONSTRUED IN ACCORDANCE WITH THE LAWS OF SAID STATE WITHOUT REGARD TO PRINCIPLES OF CONFLICTS OF LAW.

SECTION 10.13. CONSENT TO JURISDICTION AND SERVICE OF PROCESS; WAIVER OF JURY TRIAL. ALL JUDICIAL PROCEEDINGS BROUGHT AGAINST THE COMPANY WITH RESPECT TO THIS AGREEMENT OR ANY NOTE MAY BE BROUGHT IN ANY STATE OR FEDERAL COURT OF COMPETENT JURISDICTION IN THE CITY OF NEW YORK, AND BY EXECUTION AND DELIVERY OF THIS AGREEMENT, THE COMPANY ACCEPTS, FOR ITSELF AND IN CONNECTION WITH ITS PROPERTIES, GENERALLY AND UNCONDITIONALLY, THE NONEXCLUSIVE JURISDICTION OF THE AFORESAID COURTS, AND IRREVOCABLY AGREES TO BE BOUND BY ANY FINAL JUDGMENT RENDERED THEREBY IN CONNECTION WITH THIS AGREEMENT FROM WHICH NO APPEAL HAS BEEN TAKEN OR IS AVAILABLE. THE COMPANY IRREVOCABLY AGREES THAT ALL PROCESS IN ANY SUCH PROCEEDINGS IN ANY SUCH COURT MAY BE EFFECTED BY MAILING A COPY THEREOF BY REGISTERED OR CERTIFIED MAIL (OR ANY SUBSTANTIALLY SIMILAR FORM OF MAIL), POSTAGE PREPAID, TO IT AT ITS ADDRESS SET FORTH ON SCHEDULE II HERETO OR AT SUCH OTHER ADDRESS OF WHICH THE SYNDICATION AGENT SHALL HAVE BEEN NOTIFIED PURSUANT HERETO, SUCH SERVICE BEING HEREBY ACKNOWLEDGED BY THE COMPANY TO BE EFFECTIVE AND BINDING SERVICE IN EVERY RESPECT. EACH OF THE COMPANY, THE AGENTS, THE MANAGING AGENTS AND THE BANKS IRREVOCABLY WAIVES, TO THE EXTENT PERMITTED BY APPLICABLE LAW, TRIAL BY JURY AND ANY OBJECTION, INCLUDING, WITHOUT LIMITATION, ANY OBJECTION OF THE LAYING OF VENUE OR BASED ON THE GROUNDS OF FORUM NON CONVENIENS WHICH IT MAY NOW OR HEREAFTER HAVE TO THE BRINGING OF ANY SUCH ACTION OR PROCEEDING IN ANY SUCH JURISDICTION. NOTHING HEREIN SHALL AFFECT THE RIGHT TO SERVE PROCESS IN ANY OTHER MANNER PERMITTED BY APPLICABLE LAW OR LIMIT THE RIGHT OF ANY BANK TO BRING PROCEEDINGS AGAINST THE COMPANY IN THE COURT OF ANY OTHER COMPETENT JURISDICTION.

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SECTION 10.14. SEVERABILITY OF PROVISIONS. Any provision of this Agreement which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof or affecting the validity or enforceability of such provision in any other jurisdiction.

SECTION 10.15. WAIVER OF CERTAIN PROVISIONS UNDER THE EXISTING CREDIT AGREEMENT. Each Bank which is also a party to the Existing Credit Agreement (whether acting in its capacity as a bank or an agent thereunder) and the Company (i) hereby agree that on the Effective Date the commitments under the Existing Credit Agreement shall be terminated, and the loans, if any, outstanding thereunder, and accrued interest thereon, and any accrued facility fee, shall be prepaid by the Company, and (ii) hereby waive any provisions of the Existing Credit Agreement which would require a longer notice period or a different type of notice.

SECTION 10.16. PROCEDURES RELATING TO ADDENDUM. On or prior to the Effective Date a bank may deliver an Addendum in accordance with the provisions of this Section 10.16.

(a) BANKS LISTED ON THE SIGNATURE PAGES. A bank listed on the signature pages hereto may become a party hereto, and may increase or decrease the amount of its Revolving Credit Commitment as set forth opposite its name on Schedule I hereto by delivering an Addendum, appropriately completed and duly executed, to the Company. Upon acceptance of such Addendum by the Company, such bank shall become a party to this Agreement as a Bank with the Revolving Credit Commitment set forth in such Addendum with the same effect as if such bank had executed this Agreement by signing on the signature pages hereto.

(b) BANKS NOT LISTED ON SIGNATURE PAGES. A bank not listed on the signature pages to this Agreement may become a party hereto by delivering an Addendum, appropriately completed and duly executed, to the Company. Upon acceptance of such Addendum by the Company, such bank shall become a party to this Agreement as a Bank with the Revolving Credit Commitment set forth in such Addendum with the same effect as if such bank had executed this Agreement by signing on the signature pages hereto.

(c) AUTOMATIC AMENDMENT OF THE AGREEMENT. Upon acceptance by the Company of an Addendum conforming to the requirements of this Section 10.16, Schedule I and Schedule II hereto shall be amended automatically to reflect the changes in Revolving Credit Commitments and other information set forth in such Addendum.

(d) NOTIFICATION OF ADMINISTRATIVE AGENT, ETC. The Company shall notify the Administrative Agent promptly of the Company's acceptance of any Addendum and

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shall furnish the Administrative Agent copies of the same. The Company may not accept an Addendum after the Effective Date.

SECTION 10.17. MAXIMUM INTEREST. Nothing contained in this Agreement shall be deemed to establish or require the payment of interest at a rate in excess of the maximum rate permitted by applicable law. In the event that the rate of interest required to be paid to any of the Banks under this Agreement exceeds the maximum rate permitted by applicable law, the rate of interest required to be paid to such Banks hereunder shall be automatically reduced to the maximum rate permitted by applicable law.

SECTION 10.18. SPECIAL TERMINATION PROVISION. If the Effective Date has not occurred on or prior to January 15, 2001, then the obligations of the Banks hereunder shall terminate and this Agreement shall cease to be binding upon the parties hereto,

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except that the obligations of the Company under Section 10.04 and Section 10.07 hereof shall survive such termination.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their respective officers thereunto duly authorized, as of the date first above written.

OCCIDENTAL PETROLEUM CORPORATION,

By /s/ Michael P. Miller  
-----  
Name: Michael P. Miller  
Title: Senior Assistant Treasurer

THE CHASE MANHATTAN BANK, in its individual capacity and as Syndication Agent,

By /s/ Robert C. Mertensotto  
-----  
Name: Robert C. Mertensotto  
Title: Managing Director

THE BANK OF NOVA SCOTIA, in its individual capacity and as Administrative Agent,

By /s/ M. Van Otterloo  
-----  
Name: M. Van Otterloo  
Title: Managing Director

BANK OF AMERICA, N.A., in its individual capacity and as Co-Documentation Agent,

By /s/ Claire M. Liu  
-----  
Name: Claire M. Liu  
Title: Managing Director

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ABN AMRO BANK N.V., in its individual capacity and  
as Co-Documentation Agent,

By /s/ William M. Guilford

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Name: William M. Guilford  
Title: Senior Vice President

By /s/ Dana L. Montgomery

-----  
Name: Dana L. Montgomery  
Title: Assistant Vice President

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BANK ONE, NA, in its individual capacity and as a  
Managing Agent,

By /s/ Jeanie Harman

-----  
Name: Jeanie Harman  
Title: First Vice President

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THE BANK OF NEW YORK, in its individual capacity  
and as a Managing Agent,

By /s/ Raymond J. Palmer

-----  
Name: Raymond J. Palmer  
Title: Vice President

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BAYERISCHE LANDESBANK GIROZENTRALE,  
CAYMAN ISLANDS BRANCH, in its individual  
capacity and as a Managing Agent,

By /s/ Peter Obermann

-----  
Name: Peter Obermann  
Title: Senior Vice President

By /s/ James Boyle

-----  
Name: James Boyle  
Title: Vice President

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BNP PARIBAS, in its individual capacity and as a  
Managing Agent,

By /s/ Brian M. Malone

-----  
Name: Brian M. Malone  
Title: Director

By /s/ Larry Robinson

-----  
Name: Larry Robinson  
Title: Vice President

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CITICORP USA, INC., in its individual capacity and as  
a Managing Agent,

By /s/ Henry J. Matthews

-----  
Name: Henry J. Matthews  
Title: Vice President

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COMMERZBANK AG, NEW YORK AND GRAND CAYMAN  
BRANCHES, each in its individual capacity  
and as a Managing Agent,

By /s/ Christian Jagenberg  
-----  
Name: Christian Jagenberg  
Title: SVP and Manager

By /s/ Steven F. Larsen  
-----  
Name: Steven F. Larsen  
Title: SVP

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CREDIT LYONNAIS NEW YORK BRANCH, in its  
individual capacity and as a Managing Agent,

By /s/ Philippe Soustra  
-----  
Name: Philippe Soustra  
Title: Senior Vice President

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CREDIT SUISSE FIRST BOSTON, in its individual  
capacity and as a Managing Agent,

By /s/ James P. Moran

-----  
Name: James P. Moran  
Title: Director

By /s/ David W. Kratovil

-----  
Name: David W. Kratovil  
Title: Director

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THE INDUSTRIAL BANK OF JAPAN, LIMITED, in  
its individual capacity and as a Managing Agent,

By /s/ Carl-Eric Benzinger

-----  
Name: Carl-Eric Benzinger  
Title: Senior Vice President &  
Senior Deputy General Manager

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NATIONAL WESTMINSTER BANK PLC, NEW  
YORK BRANCH, in its individual capacity and as a  
Managing Agent,

By /s/ Keith Johnson

-----  
Name: Keith Johnson  
Title: Senior Vice President

NATIONAL WESTMINSTER BANK PLC, NASSAU  
BRANCH, in its individual capacity and as a  
Managing Agent,

By /s/ Keith Johnson

-----  
Name: Keith Johnson  
Title: Senior Vice President

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SOCIETE GENERALE, in its individual capacity and  
as a Managing Agent,

By /s/ David Bird

-----  
Name: David Bird  
Title: Vice President

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FLEET NATIONAL BANK,

By /s/ Sarah P.Z. Dwyer

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Name: Sarah P.Z. Dwyer  
Title: Vice President

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MELLON BANK, N.A.,

By /s/ Mark W. Rogers

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Name: Mark W. Rogers  
Title: Vice President

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RIYAD BANK, HOUSTON AGENCY,

By /s/ Paul N. Travis

-----  
Name: Paul N. Travis  
Title: Vice President & Head of Marketing

By /s/ Richard P. Zimpfer, II

-----  
Name: Richard P. Zimpfer, II  
Title: Vice President & Controller

[NYCorp;1203895.1]

ARAB BANK PLC,

By /s/ Samer Tamimi

-----  
Name: Samer Tamimi  
Title: VP

[NYCorp;1203895.1]

BANCA DI ROMA, SAN FRANCISCO BRANCH,

By /s/ Richard G. Dietz

-----  
Name: Richard G. Dietz (# 97271)  
Title: Vice President

By /s/ Thomas C. Woodruff

-----  
Name: Thomas C. Woodruff (# 97969)  
Title: Vice President

[NYCorp;1203895.1]



BBL INTERNATIONAL (U.K.) LIMITED,

By /s/ C.F. Wright

-----  
Name: C.F. Wright  
Title: Authorised Signatory

By /s/ G.A. Michael

-----  
Name: G.A. Michael  
Title: Authorised Signatory

[NYCorp;1203895.1]

KBC BANK N.V.,

By /s/ Jean-Pierre Diels

-----  
Name: Jean-Pierre Diels  
Title: First Vice President

By /s/ Michael V. Curran

-----  
Name: Michael V. Curran  
Title: Vice President

[NYCorp;1203895.1]

THE SAKURA BANK, LIMITED,

By /s/ Mr. Yoshikazu Nagura

-----  
Name: Mr. Yoshikazu Nagura  
Title: Senior Vice President

[NYCorp;1203895.1]

THE TOKAI BANK, LIMITED,

By /s/ Shinichi Nakatani

-----  
Name: Shinichi Nakatani  
Title: Assistant General Manager

[NYCorp;1203895.1]

TORONTO DOMINION (TEXAS), INC.,

By /s/ Carol Brandt

-----  
Name: Carol Brandt  
Title: Vice President

[NYCorp;1203895.1]

UBS AG, STAMFORD BRANCH,

By /s/ Dorothy L. McKinley  
-----  
Name: Dorothy L. McKinley  
Title: Director  
Banking Products Services, US

By /s/ Thomas R. Salzano  
-----  
Name: Thomas R. Salzano  
Title: Director  
Banking Products Services, US

[NYCorp;1203895.1]

UNION BANK OF CALIFORNIA, N.A.,

By /s/ Dustin Gaspari

-----  
Name: Dustin Gaspari  
Title: Vice President

[NYCorp;1203895.1]

THE SANWA BANK LIMITED,

By /s/ Toshiko Boyd

-----  
Name: Toshiko Boyd  
Title: Vice President

[NYCorp;1203895.1]



THE DAI-ICHI KANGYO BANK, LTD.,

By /s/ Bertram H. Tang

-----  
Name: Bertram H. Tang  
Title: Vice President & Group Leader

[NYCorp;1203895.1]

THE FUJI BANK, LIMITED,

By /s/ Shinzo Nishitate

-----  
Name: Shinzo Nishitate  
Title: Senior Vice President

[NYCorp;1203895.1]

THE SUMITOMO BANK, LIMITED,

By /s/ Al Galluzzo

-----  
Name: Al Galluzzo  
Title: Senior Vice President

[NYCorp;1203895.1]

SCHEDULE I TO  
FIVE-YEAR CREDIT AGREEMENT

AMOUNT OF COMMITMENTS

NAME OF BANK -----	AMOUNT OF REVOLVING CREDIT COMMITMENT -----
THE CHASE MANHATTAN BANK	\$ 61,250,000
ABN AMRO BANK N.V.	\$ 61,250,000
BANK OF AMERICA, N.A.	\$ 61,250,000
THE BANK OF NOVA SCOTIA	\$ 61,250,000
BANK ONE, NA	\$ 40,000,000
THE BANK OF NEW YORK	\$ 40,000,000
BAYERISCHE LANDESBANK	\$ 40,000,000
GIROZENTRALE, CAYMAN ISLANDS BRANCH	
BNP PARIBAS	\$ 40,000,000
CITICORP USA, INC.	\$ 40,000,000
COMMERZBANK AG, NEW YORK BRANCH	\$ 40,000,000
CREDIT LYONNAIS NEW YORK BRANCH	\$ 40,000,000
CREDIT SUISSE FIRST BOSTON	\$ 40,000,000
NATIONAL WESTMINSTER BANK PLC, NEW YORK BRANCH	\$ 40,000,000
SOCIETE GENERALE	\$ 40,000,000
FLEET NATIONAL BANK	\$ 30,000,000
THE INDUSTRIAL BANK OF JAPAN, LIMITED	\$ 30,000,000
MELLON BANK, N.A.	\$ 30,000,000

[NYCorp;1203895.1]

NAME OF BANK -----	AMOUNT OF REVOLVING CREDIT COMMITMENT -----
RIYAD BANK, HOUSTON AGENCY	\$ 30,000,000
ARAB BANK PLC	\$ 20,000,000
BANCA DI ROMA, SAN FRANCISCO BRANCH	\$ 20,000,000
BBL INTERNATIONAL (U.K.) LIMITED	\$ 20,000,000
KBC BANK N.V.	\$ 20,000,000
THE SAKURA BANK, LIMITED	\$ 20,000,000
THE TOKAI BANK, LIMITED	\$ 20,000,000
TORONTO DOMINION (TEXAS), INC.	\$ 20,000,000
UBS AG, STAMFORD BRANCH	\$ 20,000,000
UNION BANK OF CALIFORNIA, N.A.	\$ 20,000,000
THE DAI-ICHI KANGYO BANK, LTD.	\$ 15,000,000
THE FUJI BANK, LIMITED, LOS ANGELES AGENCY	\$ 15,000,000
THE SANWA BANK LIMITED	\$ 15,000,000
THE SUMITOMO BANK, LIMITED	\$ 10,000,000
TOTAL COMMITMENT AMOUNT	\$1,000,000,000

[NYCorp;1203895.1]

SCHEDULE II TO  
FIVE-YEAR CREDIT AGREEMENT

ADDRESSES, TELECOPIER AND TELEPHONE NUMBERS

If to OCCIDENTAL  
PETROLEUM CORPORATION:

OCCIDENTAL PETROLEUM CORPORATION  
10889 Wilshire Boulevard  
Los Angeles, CA 90024  
Attention: Treasurer  
Tel. No. (310) 208-8800  
Telecopier No. (310) 443-6661

If to THE CHASE MANHATTAN  
BANK:

THE CHASE MANHATTAN BANK  
600 Travis Street  
20th Floor  
Houston, TX 77002  
Attention: Ms. Beth Lawrence  
Tel. No. (713) 216-5968  
Telecopier No. (713) 216-8870

With copies to:

THE CHASE MANHATTAN BANK  
600 Travis Street  
20th Floor  
Houston, TX 77002  
Attention: Ms. June Brand  
Tel. No. (713) 216-4327  
Telecopier No. (713) 216-4117

and

THE CHASE MANHATTAN BANK  
1 Chase Manhattan Plaza  
8th floor  
New York, NY 10081  
Attention: Ms. Joselin Fernandes  
Tel. No. (212) 552-7414  
Telecopier No. (212) 552-5777

[NYCorp;1203895.1]

If to ABN AMRO  
BANK N.V.:

ABN AMRO BANK N.V.  
203 South LaSalle, Suite 1500  
Chicago, IL 60604-1003  
Attention: Credit Administration  
Tel. No. (312) 992-5110  
Telecopier No. (312) 992-5111

With copy to:

ABN AMRO BANK N.V.  
Three Riverway, Suite 1700  
Houston, TX 77056  
Attention: Mr. Bryan Chapman  
Tel. No. (713) 964-3361  
Telecopier No. (713) 621-5801

If to THE BANK OF NOVA  
SCOTIA:

THE BANK OF NOVA SCOTIA  
600 Peachtree Street N.E.,  
Suite 2700  
Atlanta, GA 30308-2214  
Attention: Ms. Sonia McKoy  
Tel. No. (404) 877-1553  
Telecopier No. (404) 888-8998

With copy to:

THE BANK OF NOVA SCOTIA  
580 California Street, Suite 2100  
San Francisco, CA 94104  
Attention: Mr. Maarten Van Otterloo  
Tel. No. (415) 986-1100  
Telecopier No. (415) 397-0791

If to BANK OF AMERICA, N.A.:

BANK OF AMERICA, N.A.  
333 Clay Street, Suite 4550  
Dallas, TX 77002  
Attention: Ms. Brandi Baker  
Tel. No. (713) 651-4863  
Telecopier No. (214) 290-9415

[NYCorp;1203895.1]

If to BANK ONE, NA: BANK ONE, NA  
1 Bank One Plaza  
Suite IL1-0353  
Chicago, IL 60670  
Attention: Mr. Sean Drinan  
Tel. No. (312) 732-5085  
Telecopier No. (312) 732-3055

If to THE BANK OF NEW YORK: THE BANK OF NEW YORK  
One Wall Street  
19th Floor  
New York, NY 10286  
Attention: Ms. Lisa Williams  
Tel. No. (212) 635-7535  
Telecopier No. (212) 635-7923

If to BAYERISCHE LANDESBANK GIROZENTRALE, CAYMAN ISLANDS BRANCH: BAYERISCHE LANDESBANK  
GIROZENTRALE, CAYMAN ISLANDS  
BRANCH  
560 Lexington Avenue  
New York, NY 10022  
Attention: Ms. Patricia Sanchez  
Tel. No. (212) 310-9810  
Telecopier No. (212) 310-9930

If to BNP PARIBAS: BNP PARIBAS  
1200 Smith Street  
Suite 3100  
Houston, TX 77002  
Attention: Mr. Brian Malone  
Tel. No. (713) 982-1153  
Telecopier No. (713) 659-6915

If to CITICORP USA, INC.: CITICORP USA, INC.  
c/o Citibank Delaware Global Loan  
Service Center  
2 Penn's Way  
New Castle, DE 19720  
Attention: Mr. Shane Penick  
Tel. No. (302) 894-6077  
Telecopier No. (302) 894-6120

[NYCorp;1203895.1]



with copy to:

CITICORP USA, INC.  
1200 Smith Street  
Suite 2000  
Houston, TX 77002  
Attention: Mr. Todd Mogil  
Tel No. (713) 654-3559  
Telecopier No. (713) 654-2849

If to COMMERZBANK AG,  
NEW YORK BRANCH OR  
GRAND CAYMAN BRANCH:

COMMERZBANK AG, NEW YORK  
BRANCH  
2 World Financial Center  
New York, NY 10281-1050  
Attention: Monica Aguirre  
Tel No. (212) 266-7278  
Telecopier No. (212) 298-8111

If to CREDIT LYONNAIS  
NEW YORK BRANCH:

CREDIT LYONNAIS NEW YORK BRANCH  
Houston Representative Office  
1000 Louisiana  
Suite 5360  
Houston, TX 77002  
Attention: Mr. C. Page Dillehunt  
Tel. No. (713) 753-8719  
Telecopier No. (713) 751-0307

If to CREDIT SUISSE  
FIRST BOSTON:

CREDIT SUISSE FIRST BOSTON  
5 World Trade Center  
New York, NY 10048  
Attention: Mr. Jenero Sarasola  
Tel. No. (212) 322-1384  
Telecopier No. (212) 335-0593

[NYCorp;1203895.1]

Sch. II, p.4

If to NATIONAL WESTMINSTER  
BANK PLC, NEW YORK  
BRANCH OR NASSAU BRANCH:

NATIONAL WESTMINSTER BANK PLC,  
NEW YORK BRANCH  
65 East 55th Street, 24th Floor  
New York, NY 10022  
Attention: Sheila Shaw  
Tel. No. (212) 401-1406  
Telecopier No. (212) 401-1494

If to SOCIETE GENERALE:

SOCIETE GENERALE  
560 Lexington Avenue, 4th Floor  
New York, NY 10020  
Attention: Ms. Candice Hellers  
Tel. No. (212) 278-6167  
Telecopier No. (212) 278-7343

If to FLEET NATIONAL BANK:

FLEET NATIONAL BANK  
100 Federal Street  
Mail Stop MA DE 10008A  
Boston, MA 02110  
Attention: Ms. Sarah Dwyer  
Tel. No. (617) 434-5934  
Telecopier No. (617) 434-3652

If to THE INDUSTRIAL BANK  
OF JAPAN, LIMITED:

THE INDUSTRIAL BANK OF JAPAN,  
LIMITED  
350 South Grand Avenue  
Suite 1500  
Los Angeles, CA 90071  
Attention: Mr. Carl-Eric Benzinger  
Tel. No. (213) 893-6422  
Telecopier No. (213) 488-9840

If to MELLON BANK, N.A.:

MELLON BANK, N.A.  
Three Mellon Center  
Room 1203  
Loan Administration  
Pittsburgh, PA 15259-0003  
Attention: Ms. Brenda Leierzapf  
Tel. No. (412) 234-8161  
Telecopier No. (412) 209-6146

[NYCorp;1203895.1]

With copy to:

MELLON BANK, N.A.  
One Mellon Center  
Pittsburgh, PA 15258-0001  
Attention: Mr. Mark W. Rogers  
Tel. No. (412) 234-1888  
Telecopier No. (412) 236-1840

IF TO RIYAD BANK,  
HOUSTON AGENCY:

RIYAD BANK, HOUSTON AGENCY  
700 Louisiana Street  
Suite 4770  
Houston, TX 77002  
Attention: Mr. Paul N. Travis  
Tel No. (713) 331-2021  
Telecopier No. (713) 331-2043

If to ARAB BANK PLC:

ARAB BANK PLC  
520 Madison Avenue  
New York, NY 10022  
Attention: Mr. Justo Huapaya  
Tel. No. (212) 715-9713  
Telecopier No. (212) 593-4632

IF TO BANCA DI ROMA,  
SAN FRANCISCO BRANCH:

BANCA DI ROMA, SAN FRANCISCO  
BRANCH  
One Market  
Steuart Tower, Suite 1000  
San Francisco, CA 94105  
Attention: Mr. Richard G. Dietz  
Tel. No. (415) 977-7310  
Telecopier No. (415) 357-9869

If to BBL INTERNATIONAL  
(U.K.) LIMITED:

BBL INTERNATIONAL (U.K.) LIMITED  
6 Broadgate  
London EC2M 2AJ, ENGLAND  
Attention: Credit Administration  
Tel. No. 00-44-207-247-1277  
Telecopier No. 00-44-207-562-0208

[NYCorp;1203895.1]

If to KBC BANK N.V.:

KBC BANK N.V.  
Los Angeles Representative Office  
515 S. Figueroa Street, Suite 1920  
Los Angeles, CA 90071  
Attention: Daniel To  
Tel. No. (213) 996-7534  
Telecopier No. (213) 629-5801

If to THE SAKURA BANK,  
LIMITED:

THE SAKURA BANK, LIMITED  
101 Park Avenue, 17th Floor  
New York, NY 10178  
Attention: Ms. Mariko Stewart  
Tel. No. (212) 909-4471  
Telecopier No. (212) 593-1798

If to THE TOKAI BANK,  
LIMITED:

THE TOKAI BANK, LIMITED  
55 E. 52nd Street  
New York, NY 10055  
Attention: Mr. Kazuhiro Nishikawa  
Tel. No. (212) 339-1165  
Telecopier No. (212) 832-1428

If to TORONTO DOMINION  
(TEXAS), INC.:

TORONTO DOMINION (TEXAS), INC.  
909 Fannin Street  
Houston, TX 77010  
Attention: Ms. Carol Brandt  
Tel. No. (713) 653-8204  
Telecopier No. (713) 951-9921

If to UBS AG, STAMFORD  
BRANCH:

UBS AG, STAMFORD BRANCH  
677 Washington Boulevard  
Stamford, CT 06901  
Attention: Ms. Deborah Porter  
Tel. No. (203) 719-6403  
Telecopier No. (203) 719-3888

[NYCorp;1203895.1]

If to UNION BANK OF  
CALIFORNIA, N.A.:

UNION BANK OF CALIFORNIA, N.A.  
500 North Akard, Suite 4200  
Dallas, TX 75201  
Attention: Mr. Dustin Gaspari  
Tel. No. (214) 922-4204  
Telecopier No. (214) 922-4209

If to THE DAI-ICHI KANGYO  
BANK, LTD.:

THE DAI-ICHI KANGYO BANK, LTD.  
One World Trade Center, Suite 4911  
New York, NY 10048  
Attention: Wendy Yuen  
Tel No. (212) 432-6691  
Telecopier No. (212) 524-0049

If to THE FUJI BANK,  
LIMITED,  
LOS ANGELES AGENCY:

THE FUJI BANK, LIMITED, LOS  
ANGELES AGENCY  
333 South Hope Street  
Suite 3900  
Los Angeles, CA 90071  
Attention: Ms. Sandy Walker  
Tel. No. (213) 253-4136  
Telecopier No. (213) 253-4178

If to THE SANWA BANK  
LIMITED:

THE SANWA BANK LIMITED  
601 S. Figueroa Street, W5-4  
Los Angeles, CA 90017  
Attention: Washington Boza  
Tel. No. (213) 896-7434  
Telecopier No. (213) 623-4912

If to THE SUMITOMO BANK,  
LIMITED:

THE SUMITOMO BANK, LIMITED  
277 Park Avenue  
New York, NY 10172  
Attention: Mr. Robert Bocchicchio  
Tel. No. (212) 224-4061  
Telecopier No. (212) 224-5192

[NYCorp;1203895.1]

OCCIDENTAL PETROLEUM CORPORATION

COMPETITIVE NOTE

\$1,000,000,000

New York, New York  
January 4, 2001

FOR VALUE RECEIVED, the undersigned, OCCIDENTAL PETROLEUM CORPORATION, a Delaware corporation (the "COMPANY"), hereby promises to pay to the order of [ ] (the "BANK"), at the office of The Bank of Nova Scotia, at One Liberty Plaza, New York, New York 10006, on (i) the last day of each Interest Period as defined in the Five-Year Credit Agreement dated as of January 4, 2001, among the Company, the banks parties thereto, The Chase Manhattan Bank, as syndication agent, Bank of America, N.A. and ABN AMRO Bank N.V., as co-documentation agents, and The Bank of Nova Scotia, as administrative agent, as the same may at any time be amended or modified and in effect (the "CREDIT AGREEMENT"), the aggregate unpaid principal amount of all Competitive Loans (as defined in the Credit Agreement) made by the Bank to the Company pursuant to the Credit Agreement to which such Interest Period applies and (ii) the Maturity Date (as defined in the Credit Agreement), the lesser of the principal sum of ONE BILLION DOLLARS (\$1,000,000,000) and the aggregate unpaid principal amount of all Competitive Loans made by the Bank to the Company pursuant to the Credit Agreement, in lawful money of the United States of America in immediately available funds, and to pay interest on the unpaid principal amount hereof from time to time outstanding from the date hereof until paid, in like funds, at said office, at a rate or rates per annum and payable on such dates as determined pursuant to the Credit Agreement.

The Company promises to pay interest, on demand, on any overdue principal hereof from the due date thereof until paid at a rate or rates determined as set forth in the Credit Agreement.

The Company hereby waives diligence, presentment, demand, protest and notice of any kind whatsoever. The nonexercise by the Bank of any of its rights hereunder in any particular instance shall not constitute a waiver thereof in that or any subsequent instance.

All borrowings evidenced by this Competitive Note (together with the interest rates with respect thereto) and all payments and prepayments of the principal hereof, and the respective dates thereof, shall be endorsed by the Bank on Schedule 1

[NYCorp;1203895.1]

attached hereto and made a part hereof, or on a continuation thereof which shall be attached hereto and made a part hereof; PROVIDED, HOWEVER, that any failure of the Bank to make such a notation or any error in such notation shall not in any manner affect the obligation of the Company to make payments of principal and interest with respect hereto in accordance with the terms of this Competitive Note and the Credit Agreement.

This Competitive Note is one of the Competitive Notes referred to in, and is subject to and governed by the terms and provisions of, the Credit Agreement which, among other things, contains provisions for the acceleration of the maturity hereof upon the happening of certain events, for prepayment of the principal hereof prior to the maturity thereof and for the amendment or waiver of certain provisions of the Credit Agreement, all upon the terms and conditions therein specified. THIS COMPETITIVE NOTE SHALL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE STATE OF NEW YORK, WITHOUT REGARD TO PRINCIPLES OF CONFLICTS OF LAWS.

OCCIDENTAL PETROLEUM CORPORATION

By \_\_\_\_\_  
Name:  
Title:

[NYCorp;1203895.1]





## OCCIDENTAL PETROLEUM CORPORATION

## REVOLVING CREDIT NOTE

\$(Amount of Bank's Revolving  
Credit Commitment]

New York, New York  
January 4, 2001

FOR VALUE RECEIVED, the undersigned, OCCIDENTAL PETROLEUM CORPORATION, a Delaware corporation (the "COMPANY"), hereby promises to pay to the order of [ ] (the "BANK"), at the office of The Bank of Nova Scotia, at One Liberty Plaza, New York, New York 10006, on (i) the last day of each Interest Period as defined in the Five-Year Credit Agreement dated as of January 4, 2001, among the Company, the banks parties thereto, The Chase Manhattan Bank, as syndication agent, Bank of America, N.A. and ABN AMRO Bank N.V., as co- documentation agents, and The Bank of Nova Scotia, as administrative agent, as the same may at any time be modified or amended and in effect (the "CREDIT AGREEMENT"), the aggregate unpaid principal amount of each Revolving Credit Loan (as defined in the Credit Agreement) made by the Bank to the Company pursuant to the Credit Agreement to which such Interest Period applies and (ii) the Maturity Date (as defined in the Credit Agreement) the lesser of the principal sum of [amount of Bank's Revolving Credit Commitment] DOLLARS (\$) and the aggregate unpaid principal amount of all Revolving Credit Loans made by the Bank to the Company pursuant to the Credit Agreement, in lawful money of the United States of America in immediately available funds, and to pay interest on the unpaid principal amount hereof from time to time outstanding from the date hereof until paid, in like funds, at said office, at a rate or rates per annum and payable on such dates as determined pursuant to the Credit Agreement.

The Company promises to pay interest, on demand, on any overdue principal hereof from the due date thereof until paid at a rate or rates determined as set forth in the Credit Agreement.

The Company hereby waives diligence, presentment, demand, protest and notice of any kind whatsoever. The nonexercise by the Bank of any of its rights hereunder in any particular instance shall not constitute a waiver thereof in that or any subsequent instance.

All borrowings evidenced by this Revolving Credit Note (together with the interest rates with respect thereto) and all payments and prepayments of the principal

[NYCorp;1203895.1]

hereof, and the respective dates thereof, shall be endorsed by the Bank on Schedule 1 attached hereto and made a part hereof, or on a continuation thereof which shall be attached hereto and made a part hereof; PROVIDED, HOWEVER, that any failure of the Bank to make such a notation or any error in such notation shall not in any manner affect the obligation of the Company to make payments of principal and interest with respect hereto in accordance with the terms of this Revolving Credit Note and the Credit Agreement.

This Revolving Credit Note is one of the Revolving Credit Notes referred to in, and is subject to and governed by the terms and provisions of, the Credit Agreement, which, among other things, contains provisions for the acceleration of the maturity hereof upon the happening of certain events, for prepayment of the principal hereof prior to the maturity thereof and for the amendment or waiver of certain provisions of the Credit Agreement, all upon the terms and conditions therein specified. THIS REVOLVING CREDIT NOTE SHALL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE STATE OF NEW YORK, WITHOUT REGARD TO PRINCIPLES OF CONFLICTS OF LAWS.

OCCIDENTAL PETROLEUM CORPORATION

By \_\_\_\_\_  
Name:  
Title:

[NYCorp;1203895.1]



COMPETITIVE BID REQUEST

[Date]

The Bank of Nova Scotia, as  
Administrative Agent  
for the Banks referred to below  
600 Peachtree St. N.E., Suite 2700  
Atlanta, Georgia 30308-2214

Attention: Loan Administration

Ladies and Gentlemen:

The undersigned, Occidental Petroleum Corporation, a Delaware corporation (the "Company"), refers to the Five-Year Credit Agreement dated as of January 4, 2001, among the Company, the banks parties thereto, The Chase Manhattan Bank, as syndication agent, Bank of America, N.A. and ABN AMRO Bank N.V., as co-documentation agents, and The Bank of Nova Scotia, as administrative agent. Capitalized terms used herein and not defined shall have the meanings assigned to such terms in the Credit Agreement.

The Company hereby gives you notice pursuant to Section 2.02(b) of the Credit Agreement that it requests a Competitive Borrowing under the Credit Agreement, and in that connection sets forth below the terms on which such Competitive Borrowing is requested to be made:

- (A) Date of Competitive Borrowing -----
- (B) Principal amount of Competitive Borrowing 1 -----
- (C) Interest rate basis 2 -----

- - - - -

1 Not less than \$50,000,000 or greater than the available Total Commitment.

2 Eurodollar Loan, Certificate of Deposit Loan or Fixed Rate Loan.

[NYCorp;1203895.1]

(D) Interest Period and the last day thereof 3

-----

- - - - -

3 Which, in the case of Fixed Rate Loans, shall not be less than 8 days or more than 360 days, and which in each case shall end not later than the Maturity Date.

[NYCorp;1203895.1]

Exh. B, p.2

Upon acceptance of any or all of the Competitive Loans offered by the Banks in response to this request, the Company shall be deemed to have represented and warranted that each of the conditions to lending specified in Section 7.02 of the Credit Agreement has been satisfied.

Very truly yours,

OCCIDENTAL PETROLEUM CORPORATION

By

-----  
Name:  
Title:

[NYCorp;1203895.1]

Exh. B, p.3

NOTICE OF COMPETITIVE BID REQUEST

[Date]

[Name of Bank]  
[Address]  
Attention:

Ladies and Gentlemen:

Reference is made to the Five-Year Credit Agreement dated as of January 4, 2001 (the "Credit Agreement"), among the Occidental Petroleum Corporation, a Delaware corporation (the "Company"), the banks parties thereto, The Chase Manhattan Bank, as syndication agent, Bank of America, N.A. and ABN AMRO Bank N.V., as co-documentation agents, and The Bank of Nova Scotia, as administrative agent. Capitalized terms used herein and not defined shall have the meanings assigned to such terms in the Credit Agreement.

The Company made a Competitive Bid Request on , pursuant to Section 2.02 of the Credit Agreement and in that connection you are invited to submit a Competitive Bid by [Date]/[Time]1. Your Competitive Bid must comply with Section 2.02 of the Credit Agreement and the terms set forth below on which the Competitive Bid Request was made:

- (A) Date of Competitive Borrowing -----
- (B) Principal amount of Competitive Borrowing -----
- (C) Interest rate basis -----

1 The Competitive Bid must be received by the Administrative Agent (i) in the case of Eurodollar Loans, not later than 2:00 p.m., New York City time, four Business Days before a proposed Competitive Borrowing, (ii) in the case of Certificate of Deposit Loans, not later than 2:00 p.m., New York City time, three Business Days before a proposed Competitive Borrowing and (iii) in the case of Fixed Rate Loans, not later than 9:30 a.m., New York City time, on the Borrowing Date of the proposed Competitive Borrowing.

[NYCorp;1203895.1]

(D) Interest Period and the last day thereof -----

Very truly yours,

THE BANK OF NOVA SCOTIA, as Administrative  
Agent

By -----

Name:  
Title:

[NYCorp;1203895.1]

Exh. C, p.2



COMPETITIVE BID

[Date]

The Bank of Nova Scotia, as  
Administrative Agent for the  
Banks referred to below  
600 Peachtree St. N.E., Suite 2700  
Atlanta, Georgia 30308-2214

Attention: Loan Administration

Ladies and Gentlemen:

The undersigned, [Name of Bank], refers to the Five-Year Credit Agreement dated as of January 4, 2001 (the "Credit Agreement"), among the Occidental Petroleum Corporation, a Delaware corporation (the "Company"), the banks parties thereto, The Chase Manhattan Bank, as syndication agent, Bank of America, N.A. and ABN AMRO Bank N.V., as co-documentation agents, and The Bank of Nova Scotia, as administrative agent. Capitalized terms used herein and not defined shall have the meanings assigned to such terms in the Credit Agreement.

The undersigned hereby makes a Competitive Bid pursuant to Section 2.02(c) of the Credit Agreement, in response to the Competitive Bid Request made by the Company on , , and in that connection sets forth below the terms on which such Competitive Bid is made:

- (A) Principal amount 1 -----
- (B) Competitive Bid Rate 2 -----

- - - - -  
1 Not less than \$5,000,000 and in integral multiples of \$1,000,000 and which may equal the entire aggregate principal amount of the Competitive Borrowing requested by the Company. Multiple bids will be accepted by the Administrative Agent.

2 I.E., in the case of Eurodollar Loans or Certificate of Deposit Loans, the Margin, and in the case of Fixed Rate Loans, the fixed rate of interest offered (expressed as a percentage rate per annum rounded, if necessary, to the nearest

[NYCorp;1203895.1]

(C) Interest Period and the last day thereof

-----

The undersigned hereby confirms that it is prepared to extend credit to the Company upon acceptance by the Company of this bid in accordance with Section 2.02(e) of the Credit Agreement.

Very truly yours,

[NAME OF BANK]

By

-----

Name:

Title:

-----  
1/10,000 of one percent).

[NYCorp;1203895.1]

Exh. D, p.2

REVOLVING CREDIT BORROWING REQUEST

[Date]

The Bank of Nova Scotia, as  
Administrative Agent  
for the Banks referred to below  
600 Peachtree St. N.E., Suite 2700  
Atlanta, Georgia 30308-2214

Attention: Loan Administration

Ladies and Gentlemen:

The undersigned, Occidental Petroleum Corporation, a Delaware corporation (the "Company"), refers to the Five-Year Credit Agreement dated as of January 4, 2001 (the "Credit Agreement"), among the Company, the banks parties thereto (the "Banks"), The Chase Manhattan Bank, as syndication agent, Bank of America, N.A. and ABN AMRO Bank N.V., as co-documentation agents, and The Bank of Nova Scotia, as administrative agent. Capitalized terms used herein and not defined shall have the meanings assigned to such terms in the Credit Agreement.

The Company hereby gives you notice pursuant to Section 2.01(b) of the Credit Agreement that it requests a Revolving Credit Borrowing under the Credit Agreement, and in that connection sets forth below the terms on which such Revolving Credit Borrowing is requested to be made:

- (A) Date of Revolving Credit Borrowing -----
- (B) Principal amount of Revolving Credit Borrowing 1 -----
- (C) Interest rate basis 2 -----
- (D) Interest Period and the last day thereof 3 -----

- - - - -

1 Not less than \$50,000,000 and in integral multiples of \$10,000,000.  
 2 Eurodollar Loan, Certificate of Deposit Loan, Term Federal Funds Loan or Alternate Base Rate Loan, or a combination thereof.  
 3 Which shall end not later than the Maturity Date.

[NYCorp;1203895.1]

Upon the borrowing of the Revolving Credit Loans to be made by the Banks in response to this request, the Company shall be deemed to have represented and warranted that each of the conditions to lending specified in Section 7.02 of the Credit Agreement has been satisfied.

Very truly yours,

OCCIDENTAL PETROLEUM CORPORATION

By

-----  
Name:  
Title:

[NYCorp;1203895.1]

Exh. E, p.2

OCCIDENTAL PETROLEUM CORPORATION  
CERTIFICATE  
(Pursuant to Section 7.01(c))

I, the undersigned, [an] [the] [Assistant] Secretary of OCCIDENTAL PETROLEUM CORPORATION, a Delaware corporation (the "Company"), DO HEREBY CERTIFY that:

1. This Certificate is furnished pursuant to Section 7.01(c) of that certain Five-Year Credit Agreement, dated as of January 4, 2001, among the Company, the banks parties thereto, The Chase Manhattan Bank, as syndication agent, Bank of America, N.A. and ABN AMRO Bank N.V., as co-documentation agents, and The Bank of Nova Scotia, as administrative agent (such credit agreement, as in effect on the date of this Certificate, being herein called the "Credit Agreement"). Unless otherwise defined herein, capitalized terms used in this Certificate have the meanings assigned to those terms in the Credit Agreement.

2. There have been no amendments to the Restated Certificate of Incorporation of the Company since \_\_\_\_\_, 20\_\_\_\_.\*/

3. Attached hereto as Annex A is a true and correct copy of the By-laws of the Company as in effect on the date hereof.

4. Attached hereto as Annex B is a true and correct copy of the resolutions duly adopted by the [Executive Committee of] the Board of Directors of the Company [by unanimous written consent] on, and effective as of \_\_\_\_\_, 20\_\_\_\_, which resolutions have not been revoked, modified, amended or rescinded and are still in full force and effect, and the Credit Agreement and the Notes are in substantially the forms of those documents submitted to and approved by the [Executive Committee of the] Board of Directors of the Company.

5. The persons named in Annex C attached hereto have been duly elected and have duly qualified as, and at all times since \_\_\_\_\_, 20\_\_\_\_ (to and including the date hereof) have been, officers of the Company, holding the respective

- - - - -  
\*/ Insert a date which is on or before the date of the Secretary of State's Certificate furnished pursuant to clause (i) of Section 7.01(b) of the Credit Agreement.

offices set forth therein opposite their names, and the signatures set forth therein opposite their names are their genuine signatures.

6. I know of no proceeding for the dissolution or liquidation of the Company or threatening its existence.

WITNESS my hand as of this 4th day of January 2001.

-----  
Name:  
Title: [Assistant] Secretary  
OCCIDENTAL PETROLEUM CORPORATION

I, the undersigned, a Vice President of the Company, DO HEREBY CERTIFY that \_\_\_\_\_ is [a] [the] duly elected and qualified [Assistant] Secretary of the Company and the signature above is his genuine signature.

WITNESS my hand as of this 4th day of January 2001.

-----  
Name:  
Title: Vice President  
OCCIDENTAL PETROLEUM CORPORATION

[NYCorp;1203895.1]

Exh. F, p.2

## ASSIGNMENT AND ACCEPTANCE

Dated \_\_\_\_\_, \_\_\_\_

Reference is made to the Five-Year Credit Agreement dated as of January 4, 2001 (the "Credit Agreement"), among the OCCIDENTAL PETROLEUM CORPORATION, a Delaware corporation (the "Company"), the banks parties thereto (the "Banks"), The Chase Manhattan Bank, as syndication agent (in such capacity, the "Syndication Agent"), Bank of America, N.A. and ABN AMRO Bank N.V., as co-documentation agents, and The Bank of Nova Scotia, as administrative agent (in such capacity, the "Administrative Agent"). Capitalized terms used herein and not otherwise defined shall have the meanings assigned to such terms in the Credit Agreement.

\_\_\_\_\_ (the "Assignor") and \_\_\_\_\_ (the "Assignee") agree as follows:

1. The Assignor hereby sells and assigns to the Assignee, and the Assignee hereby purchases and assumes from the Assignor, a % interest in and to all the Assignor's rights and obligations under the Credit Agreement as of the Effective Date (as defined below) (including, without limitation, such percentage interest in the Revolving Credit Commitment of the Assignor on the Effective Date and such percentage interest in the Revolving Credit Loans [and Competitive Loans], if any, owing to the Assignor outstanding on the Effective Date together with such percentage interest in all unpaid interest with respect to such Revolving Credit Loans [and Competitive Loans] and Facility Fees, if any, accrued to the Effective Date and such percentage interest in the Revolving Credit Note [and the Competitive Note] held by the Assignor [excluding, however, any interest in the Competitive Loans owing to the Assignor outstanding on the Effective Date or in the unpaid interest with respect to such Competitive Loans or in the Competitive Note held by the Assignor]).

2. The Assignor (i) represents that as of the date hereof, its Revolving Credit Commitment (without giving effect to assignments thereof which have not yet become effective) is \$ and the outstanding balance of its Revolving Credit Loans (unreduced by any assignments thereof which have not yet become effective) is \$ [and the outstanding balance of its Competitive Loans (unreduced by any assignments thereof which have not yet become effective) is \$ ]; (ii) makes

[NYCorp;1203895.1]

no representation or warranty with respect to, and assumes no responsibility with respect to any statements, warranties or representations made by the Company in or in connection with, the Credit Agreement or the execution, legality, validity, enforceability, genuineness, sufficiency or value of the Credit Agreement or any other instrument or document furnished pursuant thereto; (iii) represents and warrants that it is the legal and beneficial owner of the interest being assigned by it hereunder and that such interest is free and clear of any adverse claim; (iv) makes no representation or warranty and assumes no responsibility with respect to the financial condition of the Company or the performance or observance by the Company of any of its obligations under the Credit Agreement or any other instrument or document furnished pursuant thereto; and (v) attaches the Revolving Credit Note [and the Competitive Note] held by it and requests that the Administrative Agent exchange such Note[s] for a new Revolving Credit Note [and a new Competitive Note] payable to the Assignee in a principal amount equal to \_\_\_\_\_ [and \_\_\_\_\_, respectively] [, and a new Revolving Credit Note [and a new Competitive Note] payable to the Assignor in a principal amount equal to \_\_\_\_\_ and \_\_\_\_\_, respectively].

3. The Assignee (i) represents and warrants that it is legally authorized to enter into this Assignment and Acceptance; (ii) confirms that it has received a copy of the Credit Agreement, together with copies of the most recent financial statements and other documents referred to in Section 5.01(e), Section 6.01(a)(i), Section 6.01(a)(ii) and Section 6.01(a)(v) thereof and such other documents and information as it has deemed appropriate to make its own credit analysis and decision to enter into this Assignment and Acceptance; (iii) agrees that it will, independently and without reliance upon any Agent, the Assignor or any other Bank and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under the Credit Agreement; (iv) confirms that it is an Eligible Assignee; (v) appoints and authorizes each of the Syndication Agent and the Administrative Agent to take such action as agent on its behalf and to exercise such powers under the Credit Agreement as are delegated to the Syndication Agent or the Administrative Agent, as the case may be, by the terms thereof, together with such powers as are reasonably incidental thereto; (vi) agrees that it will perform in accordance with their terms all the obligations of the Assignor under the Credit Agreement, assumed by it under this Assignment and Acceptance, which by the terms of the Credit Agreement are required to be performed by it as a Bank; [and] (vii) agrees that it will keep confidential all information with respect to the Company furnished to it by the Company or the Assignor (other than information generally available to the public or otherwise available to the Assignor on a nonconfidential basis) [; and (viii) attaches the forms referred to in Section 10.06(g) of the Credit Agreement as to the Assignee's complete exemption from United States

[NYCorp;1203895.1]

Exh. G, p.2



withholding taxes with respect to all payments to be made to the Assignee under the Credit Agreement\*].

4. The effective date for this Assignment and Acceptance shall be (the "Effective Date")\*\*. Following the execution of this Assignment and Acceptance, it will be delivered to the Administrative Agent for acceptance and recording by the Administrative Agent pursuant to Section 10.06(e) of the Credit Agreement.

5. Upon such acceptance and recording, from and after the Effective Date, (i) the Assignee shall be a party to the Credit Agreement and, to the extent provided in this Assignment and Acceptance, have the rights and obligations of a Bank thereunder and (ii) the Assignor shall, to the extent provided in this Assignment and Acceptance, relinquish its rights and be released from its obligations under the Credit Agreement (except as provided in Section 2.13(b), Section 10.02 and Section 10.07 thereof).

6. Upon such acceptance and recording, from and after the Effective Date, the Administrative Agent shall make all payments in respect of the interest assigned hereby (including payments of principal, interest, fees and other amounts) to the Assignee. The Assignor and Assignee shall, directly between themselves, make all appropriate adjustments in payments received from the Administrative Agent for periods prior to the Effective Date or with respect to the making of this assignment.

7. Attached hereto is a Schedule containing the information in respect of the Assignee that is set forth in Schedule II to the Credit Agreement in respect of each Bank.

- - - - -  
\*/ If the Assignee is organized under the laws of a jurisdiction outside the United States.

\*\*/ See Section 10.06(c). Such date shall be at least five Business Days after the execution of this Assignment and Acceptance and delivery thereof to the Administrative Agent.

[NYCorp;1203895.1]

8. THIS ASSIGNMENT AND ACCEPTANCE SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK, WITHOUT REGARD TO PRINCIPLES OF CONFLICTS OF LAW.

[NAME OF ASSIGNOR]

By

-----  
Name:  
Title:

[NAME OF ASSIGNEE]

By

-----  
Name:  
Title:

Accepted this \_\_\_\_ day  
of \_\_\_\_\_, \_\_\_\_

THE BANK OF NOVA SCOTIA,  
as Administrative Agent

By \_\_\_\_\_  
Name:  
Title:

[NYCorp;1203895.1]

Exh. G, p.4

[LETTERHEAD OF ROBERT E. SAWYER, ESQ.,  
COUNSEL TO THE COMPANY]

January 4, 2001

To each of the Banks parties  
to the Credit Agreement  
hereinafter referred to,  
to The Chase Manhattan Bank,  
as Syndication Agent, and  
to The Bank of Nova Scotia, as  
Administrative Agent

Re: Occidental Petroleum Corporation  
Five-Year Credit Agreement dated as of  
January 4, 2001

Ladies and Gentlemen:

I am an Associate General Counsel of Occidental Petroleum Corporation, a Delaware corporation (the "Company"), and have acted as counsel to the Company in connection with the negotiation, execution and delivery by the Company of the following agreement and documents:

(a) Five-Year Credit Agreement, dated as of January 4, 2001 (the "Credit Agreement"), among the Company, the banks parties thereto (collectively, the "Banks", and individually, a "Bank"), The Chase Manhattan Bank, as syndication agent (in such capacity, the "Syndication Agent"), Bank of America, N.A. and ABN AMRO Bank N.V., as co-documentation agents for the Banks (in such capacity, the "Co-Documentation Agents"), and The Bank of Nova Scotia, as administrative agent for the Banks (in such capacity, the "Administrative Agent");

(b) [ ] separate Competitive Notes dated January 4, 2001, issued by the Company pursuant to Section 2.06 of the Credit Agreement and payable to the order of each of the Competitive Bid Banks, respectively;

[NYCorp;1203895.1]

(c) [ ] separate Revolving Credit Notes dated January 4, 2001, issued by the Company pursuant to Section 2.06 of the Credit Agreement and payable to the order of each of the Banks, respectively (the Competitive Notes and the Revolving Credit Notes collectively, the "Notes"); and

(d) 364-Day Credit Agreement, dated as of January 4, 2001 (the "364-Day Credit Agreement"), among the Company, the banks parties thereto, The Chase Manhattan Bank, as syndication agent, Bank of America, N.A. and ABN AMRO Bank N.A., as co-documentation agents for the Banks, and The Bank of Nova Scotia, as administrative agent for the Banks.

This opinion is being delivered to you pursuant to Section 7.01(d) of the Credit Agreement. Unless otherwise defined herein, terms used herein have the meanings assigned to such terms in the Credit Agreement.

I am familiar with the corporate proceedings taken by the Company in connection with the negotiation and authorization of the Credit Agreement and the Notes and the transactions contemplated thereby. In addition, I have made such inquiry of such officers and attorneys of the Company and its Subsidiaries and examined such corporate records, certificates of officers of the Company, of officers of the Company's Subsidiaries and of public officials and such other documents and such questions of law and fact as I have considered necessary or appropriate to form the basis of the opinions hereinafter expressed.

Based upon, and subject to, the foregoing and the four final paragraphs hereof, I am of the opinion that:

1. The Company is a corporation duly incorporated, validly existing and in good standing under the laws of the State of Delaware; and the Company has all requisite corporate power and authority (a) to own its assets and to carry on the business in which it is engaged, (b) to execute, deliver and perform its obligations under the Credit Agreement and the Notes, (c) to borrow in the manner and for the purpose contemplated by the Credit Agreement, and (d) to issue the Notes in the manner and for the purpose contemplated by the Credit Agreement.

2. The execution and delivery by the Company of the Credit Agreement and the Notes, the performance by the Company of its obligations under the Credit Agreement and the Notes, the Borrowings by the Company in the manner and for the purpose contemplated by the Credit Agreement, and the issuance by the Company of the Notes in the manner and for the purpose contemplated by the Credit Agreement have been duly authorized by all necessary corporate action (including any necessary stockholder action) on the part of the Company, and do

[NYCorp;1203895.1]

Exh. H, p.2

not and will not (a) violate any provision of any Federal, New York or California law, rule or regulation (including, without limitation, Regulation U and Regulation X) presently in effect having applicability to the Company (or any Specified Subsidiary), or of any order, writ, judgment, decree, determination or award known to me which is presently in effect and which has applicability to the Company (or any Specified Subsidiary), or of the charter or By-laws of the Company (or any Specified Subsidiary), or (b), subject to the Company's compliance with any applicable covenants pertaining to its incurrence of unsecured indebtedness, result in a breach of or constitute a default under any indenture or loan or credit agreement, or any other agreement or instrument, in each case known to me, to which the Company or any Specified Subsidiary is a party or by which the Company or any Specified Subsidiary or its respective properties may be bound or affected, or (c) to the best of my knowledge, result in, or require, the creation or imposition of any Lien of any nature upon or with respect to any of the properties now owned or hereafter acquired by the Company (other than any right of set-off or banker's lien or attachment that any Bank or other holder of a Note may have under applicable law), and, to the best of my knowledge, the Company is not in default under or in violation of its charter or By-laws as presently in effect. The Borrowing on the date hereof of Loans under the Credit Agreement plus Loans under the 364-Day Credit Agreement in an aggregate principal amount equal to the Total Commitment under the Credit Agreement and the Total Commitment under the 364-Day Credit Agreement would not result in a breach of or constitute a default under any indenture or loan or credit agreement, or any other agreement or instrument, in each case known to me, to which the Company or any Specified Subsidiary is a party or by which the Company or any Specified Subsidiary or its respective properties may be bound or affected.

3. The Credit Agreement and the Notes have been duly executed and delivered by the Company and each constitutes the legal, valid and binding obligation of the Company, and each is enforceable against the Company in accordance with its terms, and, if the Credit Agreement and the Notes had referred to California law rather than New York law as the governing law, or if a California court having jurisdiction were to decide that, notwithstanding the reference to New York law, the Credit Agreement and the Notes should be construed in accordance with, and governed by, California law, then the Credit Agreement and the Notes each would be enforceable against the Company in accordance with its terms.

4. Except as set forth in the Company's annual report on Form 10-K for the year ended December 31, 1999, its quarterly reports on Form 10-Q for the quarters ended March 31, 2000, June 30, 2000 and September 30, 2000, or its current report on Form 8-K dated November 16, 2000, to the Securities and

[NYCorp;1203895.1]

Exchange Commission, and except as disclosed in writing to the Banks prior to the Effective Date, there are, to the best of my knowledge, no actions, suits, proceedings or investigations pending or threatened against the Company or any Subsidiary of the Company or any of its respective properties before any court, governmental agency or regulatory authority (Federal, state, local or foreign) which are likely (to the extent not covered by insurance) to have a material adverse effect on the present consolidated financial condition of the Company and its Consolidated Subsidiaries, taken as a whole, or materially to impair the Company's ability to perform its obligations under the Credit Agreement or the Notes.

5. No authorization, consent, approval, license or formal exemption from, nor any filing, declaration or registration with, any Federal, New York or California court, governmental agency or regulatory authority including, without limitation, the Securities and Exchange Commission, or with any securities exchange located in the United States, is or will be required in connection with the execution, delivery and performance by the Company of the Credit Agreement and the Notes, the Borrowings by the Company in the manner and for the purpose contemplated by the Credit Agreement, or the issuance by the Company of the Notes in the manner and for the purpose contemplated by the Credit Agreement, except for informational reports the failure to file which does not affect the validity of the Credit Agreement or the Notes, and except as may be required in the ordinary course to comply with the affirmative covenants in the Credit Agreement.

6. To the best of my knowledge, neither the Company nor any Related Person to the Company has incurred any liability to the PBGC under Title IV of ERISA which has not been fully discharged.

7. The Company is not an "investment company" or a company "controlled" by an "investment company" within the meaning of the Investment Company Act of 1940, as amended.

8. The Company is not a "holding company", or a "subsidiary company" of a "holding company", or an "affiliate" of a "holding company" or of a "subsidiary company" of a "holding company", within the meaning of the Public Utility Holding Company Act of 1935, as amended.

I am a member of the California and New York Bars and for purposes of this opinion do not hold myself out as an expert on, nor do I express any opinion as to, the laws of any jurisdiction other than the laws of the State of California, the laws of the State of New York, the Federal laws of the United States and the General Corporation Law of the State of Delaware.

[NYCorp;1203895.1]

Exh. H, p.4

In rendering the opinion set forth in numbered paragraph 3 above with respect to the Credit Agreement, I have assumed, with your approval, the due authorization, execution and delivery of the Credit Agreement on the part of all parties to the Credit Agreement, other than the Company, and the legality, validity, binding effect on, and enforceability against, all such other parties of the Credit Agreement. That opinion is subject to (i) bankruptcy, insolvency, reorganization, moratorium or similar laws affecting creditors' rights generally, (ii) the effect of general principles of equity, including, without limitation, concepts of materiality, reasonableness, good faith and fair dealing and the possible unavailability of specific performance or injunctive relief, regardless of whether considered in a proceeding in equity or at law, (iii) the effect of general rules of contract law that limit the enforceability of provisions requiring indemnification of a party for liability for its own action or inaction to the extent the action or inaction involves gross negligence, recklessness, willful misconduct or unlawful conduct, and (iv) the possible challenge to the provisions of the Credit Agreement and the Notes which provide for a higher rate of interest after a default in payment of principal or interest under California Civil Code Section 1671, which renders invalid liquidated damages provisions in contracts if such provisions are found to have been unreasonable under the circumstances existing at the time the contract was made.

With your approval, I have relied, as to certain matters of fact, on information obtained from public officials, officers of the Company and its Subsidiaries and other sources believed by me to be responsible, and I have assumed that the signatures on all documents examined by me are genuine, that all documents submitted to me as originals are authentic and that all documents submitted to me as copies conform with the originals, which assumptions I have not independently verified. Also with your approval, I have relied, as to certain legal matters, on advice of other lawyers employed by the Company who are more familiar with such matters.

This opinion is rendered only to the Banks, the Syndication Agent, the Co-Documentation Agents and the Administrative Agent and is solely for their benefit in connection with the Credit Agreement. This opinion may not be relied upon by the Banks, the Syndication Agent, the Co-Documentation Agents or the Administrative Agent for any other purpose or by any other person, firm or corporation for any purpose without my prior written consent.

Very truly yours,

[NYCorp;1203895.1]

Exh. H, p.5

[LETTERHEAD OF CRAVATH, SWAINE & MOORE, SPECIAL  
COUNSEL TO THE AGENTS]

January 4, 2001

OCCIDENTAL PETROLEUM CORPORATION  
FIVE-YEAR CREDIT AGREEMENT DATED AS OF JANUARY 4, 2001

Dear Ladies and Gentlemen:

We have acted as special counsel for the Agents under and as defined in the Five-Year Credit Agreement dated as of January 4, 2001 (the "Credit Agreement"), among Occidental Petroleum Corporation (the "Company"), the banks parties thereto (the "Banks"), The Chase Manhattan Bank, as syndication agent (in such capacity the "Syndication Agent"), Bank of America, N.A. and ABN AMRO Bank, N.V., as co-documentation agents for the Banks (in such capacity, the Co-Documentation Agents) and The Bank of Nova Scotia, as administrative agent for the Banks (in such capacity, the "Administrative Agent"). In that connection, we have examined originals or copies certified or otherwise identified to our satisfaction of the Credit Agreement and such other documents as we have deemed necessary for purposes of this opinion.

Based upon the foregoing, and assuming that the Credit Agreement and the Notes (as defined in the Credit Agreement) have been duly authorized, executed and delivered by the Company in conformity with all laws applicable to them, we are of the opinion that the Credit Agreement and the Notes constitute legal, valid and binding obligations of the Company, enforceable against the Company in accordance with their respective terms (subject to applicable bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium and other laws affecting creditors' rights generally from time to time in effect and subject to general principles of equity (including, without limitation, concepts of materiality, reasonableness, good faith and fair dealing), regardless of whether considered in a proceeding in equity or at law). With respect to the foregoing opinion, (i) insofar as provisions contained in the Credit Agreement provide for indemnification, the enforceability thereof may be limited by public policy considerations, (ii) the availability of a decree for specific performance or an injunction is subject to the discretion of the court requested to issue any such decree or injunction and (iii) we express no opinion as to the effect (if any) of any law of any jurisdiction (other than the State of New York) in which any

[NYCorp;1203895.1]



Bank is located which limits the rate of interest that such Bank may charge or collect. We express no opinion as to Section 10.13 of the Credit Agreement insofar as such Section relates to the subject matter jurisdiction of the United States District Court for the Southern District of New York to adjudicate any controversy related to the Credit Agreement or provides for the waiver of an inconvenient forum.

We are members of the Bar of the State of New York and the foregoing opinion is limited to the laws of the State of New York and the Federal laws of the United States of America.

This opinion is rendered solely to you in connection with the above matter. This opinion may not be relied upon for any other purpose or relied upon by or furnished to any other person without our prior written consent.

Very truly yours,

To the Banks, the Syndication Agent,  
the Co-Documentation Agents,  
and the Administrative Agent  
referred to above,  
c/o The Chase Manhattan Bank, as Syndication Agent

[NYCorp;1203895.1]

Exh. I, p.2

ADDENDUM

Reference is made to the Five-Year Credit Agreement dated as of January 4, 2001 (the "Credit Agreement"), among Occidental Petroleum Corporation, a Delaware corporation (the "Company"), the banks parties thereto (the "Banks"), The Chase Manhattan Bank, as syndication agent (the "Syndication Agent"), Bank of America, N.A. and ABN AMRO Bank, N.V., as co-documentation agents (the "Co-Documentation Agents"), and The Bank of Nova Scotia, as administrative agent (the "Administrative Agent"). Capitalized terms used herein and not defined shall have the meanings assigned to such terms in the Credit Agreement.

This instrument is submitted by the undersigned pursuant to Section 10.16 of the Credit Agreement and is an Addendum as defined in the Credit Agreement.

1. The undersigned hereby agrees to become a party to the Credit Agreement with the Revolving Credit Commitment set forth below. The undersigned is [not] listed on Schedule I to the Credit Agreement.

Revolving Credit Commitment: \$ -----

\*2. The following information with respect to the undersigned is supplied for purposes of Schedule II to the Credit Agreement:

Name of Bank: -----
Address: -----
Attention: -----
Tel. No. -----
Telecopier No. -----

3. This instrument may be executed by the undersigned and accepted by the Company on separate counterparts, each of which counterparts shall be deemed to be an original and all of which counterparts, taken together, shall constitute but one and the same instrument.

\*/ If Schedule II to the Credit Agreement already contains this information, this item need not be completed.

IN WITNESS WHEREOF, the undersigned has caused this instrument to be executed by its officer thereunto duly authorized as of the date set forth below.

Date: [\_\_\_\_], 20\_\_

-----  
[Name of Bank]

By

-----  
Name:  
Title:

Accepted:

OCCIDENTAL PETROLEUM CORPORATION

By

-----  
Name:  
Title:

Date: [\_\_\_\_], 20\_\_

[NYCorp;1203895.1]

Exh. J, p.2

ADMINISTRATIVE QUESTIONNAIRE  
OCCIDENTAL PETROLEUM CORPORATION  
\$1,000,000,000 FIVE-YEAR CREDIT AGREEMENT

NOTE TO BANKS:

PLEASE FORWARD THIS COMPLETED FORM  
AS SOON AS POSSIBLE TO THE LOAN  
ADMINISTRATION DEPARTMENT:

The Bank of Nova Scotia,  
600 Peachtree N.E., Suite 2700  
Atlanta, Georgia 30308-2214

Attn:

PLEASE TYPE ALL INFORMATION

SYNDICATION AGENT:

The Chase Manhattan Bank  
600 Travis Street  
20th Floor  
Houston, TX 77002

Attention: Ms. Beth Lawrence

TELECOPIER:

(713) 216-8870

CONTACTS:

Ms. Beth Lawrence - (713) 216-5968  
Managing Director

Ms. June Brand - (713) 216-4327

ADMINISTRATIVE AGENT:

The Bank of Nova Scotia  
580 California Street, Suite 2100  
San Francisco, California 94104

TELECOPIER:

(415) 397-0791

CONTACTS:

Maarten Van Otterloo - (415) 986-1100  
Vice President - Corporate Banking

Sonia McKoy - (404) 877-1553  
Loan Operations Officer

[NYCorp;1203895.1]

Exh. K, p.1

Full Legal Name of your Bank: -----

Exact name of signing officer: -----

Title of signing officer: -----

Business address for delivery of execution copies of credit agreement (Please do not use P.O. Box address; hand deliveries cannot be made): -----

Signing officer's phone no.: -----

Alternate officer contract: -----

Alternate officer's phone no: -----

Hard-copy documents and notices should be sent to the following account officer designated by your bank:

Officer's name: -----

Title: -----

Street address (No P.O. Boxes please): -----

City, State, Zip: -----

[NYCorp;1203895.1]

GENERAL OPERATIONAL INFORMATION

OPERATING CONTACTS

NAME

PHONE NO.

Loan Department:

-----

Loan Administrator:

-----

Other:

-----

MOVEMENT OF FUNDS:

Wire Fed Funds to:

TO ADMINISTRATIVE AGENT:

The Bank of Nova Scotia  
(ABA #02600-2532)  
One Liberty Plaza  
New York, New York  
10006  
For Credit A/C #6101-35  
The Bank of Nova Scotia  
San Francisco Agency  
Reference: Occidental  
Petroleum Corporation

TO YOU:

Wire Fed Funds to:

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Attention:

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Reference:

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Publicity: How would you like your bank's name to appear in any tombstone advertisements?

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Tax Identification Number:

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[NYCorp;1203895.1]

PRIMARY CONTACT INFORMATION

We will send all telecopies to a single number (the Primary or Alternate Contact numbers listed below) at the banking location you designate. These contacts are those you designate for critical telecopies (rates, loan amounts, paydowns, etc.).

1. Your bank's primary contacts for telecopies:

PRIMARY TELECOPIER NO.: -----

ALTERNATE TELECOPIER NO.: -----

2. Your bank's primary contacts:

Name	Phone No.	Department
(1)	-----	-----
(2)	-----	-----

(If at any time any of the above information changes, please advise the Administrative Agent by written notice).

[NYCorp;1203895.1]

PLEASE COMPLETE THE FOLLOWING INFORMATION  
FOR COMPETITIVE AUCTIONS ONLY

ADMINISTRATIVE AGENT:           The Bank of Nova Scotia  
                                  600 Peachtree St. N.E., Suite 2700  
                                  Atlanta, Georgia 30308-2214

TELECOPIER:

CONTACTS:

PRIMARY CONTACT  
COMPETITIVE AUCTIONS

Bank Name: -----

Address: -----

Primary Contact: -----

Title: -----

Department: -----

Telephone Number: -----

Telecopier Number: -----

ALTERNATE CONTACT  
COMPETITIVE AUCTIONS

Alternate Contact: -----

Title: -----

Department: -----

Telephone Number: -----

Telecopier Number: -----

[NYCorp;1203895.1]



EMPLOYMENT AGREEMENT

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THIS EMPLOYMENT AGREEMENT is entered into as of the 17th day of November, 2000, by and between OCCIDENTAL PETROLEUM CORPORATION, a Delaware Corporation ("COMPANY"), and DR. RAY R. IRANI ("EMPLOYEE").

W I T N E S S E T H:

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WHEREAS, EMPLOYEE, since June 16, 1983, has served as an officer of COMPANY, most recently as COMPANY's Chairman and Chief Executive Officer pursuant to an agreement between EMPLOYEE and COMPANY dated September 11, 1997 (the "Prior Agreement"); and

WHEREAS, COMPANY desires to obtain the benefit of continued services by EMPLOYEE as Chairman and Chief Executive Officer, and EMPLOYEE desires to continue to render services to COMPANY; and

WHEREAS, the Board of Directors of COMPANY (the "Board") has determined that it is in COMPANY's best interest and that of its stockholders to recognize the substantial contribution that EMPLOYEE has made and is expected to continue to make to COMPANY's business and to retain his services in the future; and

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WHEREAS, COMPANY and EMPLOYEE desire to set forth in this Agreement the terms and conditions of EMPLOYEE's continued employment with COMPANY which Agreement represents and constitutes an amendment and restatement of the Prior Agreement;

NOW, THEREFORE, in consideration of the mutual promises and covenants herein contained, the parties hereto agree as follows:

- 1. Term. This Agreement shall be in effect for a period of time (the "Term") commencing on November 9, 2000 (the "Effective Date") and expiring on the earlier of the date of EMPLOYER's 2007 stockholder meeting or May 30, 2007, unless earlier terminated in accordance with the provisions hereof. COMPANY shall employ EMPLOYEE, and EMPLOYEE shall serve COMPANY, in accordance with the provisions hereof, throughout the Term, unless such employment is earlier terminated in accordance with the provisions hereof.
- 2. Specific Position; Duties and Responsibilities. Subject to the provisions of this Agreement, COMPANY shall employ EMPLOYEE as Chairman and Chief Executive Officer, and EMPLOYEE shall serve COMPANY as Chairman and Chief Executive Officer and as a member of the Board. EMPLOYEE's principal business address shall during such period be at COMPANY's

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principal executive offices in Southern California or with EMPLOYEE's consent in such other place as such offices are relocated. EMPLOYEE's duties hereunder shall be the usual and customary duties of the offices in which he shall serve. EMPLOYEE shall have such executive power and authority as shall reasonably be required to enable him to discharge his duties in the offices which he may hold.

3. Services and Exclusivity of Services. During the term of this Agreement, EMPLOYEE, except as otherwise expressly provided in this Section 3, shall devote his full business time and energy to the business affairs and interests of COMPANY and its subsidiaries, and shall use his best efforts and abilities to promote COMPANY's and its subsidiaries' interests.

EMPLOYEE may serve as director or in any other capacity of any business enterprise, including an enterprise whose activities may involve or relate to the business of COMPANY, provided that such service is expressly approved by the Board. EMPLOYEE may make and manage personal business investments of his choice and serve in any capacity with any civic, educational or charitable organization, or any governmental entity or trade association, without seeking or obtaining approval by the Board, provided such activities and

services do not materially interfere or conflict with the performance of his duties hereunder.

4. Salary. Commencing as of the Effective Date of this Agreement, COMPANY shall pay EMPLOYEE an annual salary at the minimum rate of \$1,250,000, which shall be payable in semimonthly installments in conformity with COMPANY's policy relating to salaried employees. EMPLOYEE's salary shall be subject to annual increase (and, as part of across the board reductions for other officers of COMPANY, decrease) at the reasonable discretion of the Board and its Compensation Committee.

5. Bonus. EMPLOYEE shall be entitled to an annual cash bonus in an amount to be determined at the reasonable discretion of the Board and its Compensation Committee.

6. Deferred Compensation. In advance of the annual period for which it is earned, EMPLOYEE shall have the right to defer all or any portion of his salary and all or any portion of his bonus to a specified date or to a specified event. Any such deferred compensation shall not be forfeitable and shall bear interest at a rate no less favorable than the highest rate then made available to any other senior officer who is provided with

the right to defer compensation under the COMPANY's 1988 Deferred Compensation Plan.

Any election to defer compensation shall not be taken into account in the calculation of those of EMPLOYEE's rights and benefits under this Agreement that are based upon EMPLOYEE's salary or bonus or the sum thereof.

7. Employee Benefits. EMPLOYEE shall be entitled during his employment hereunder, to all rights and benefits for which he is otherwise eligible under any group life insurance, medical care (including coverage for EMPLOYEE's spouse and children), disability, retirement, personal savings accounts, and other plans or benefits which COMPANY or its subsidiaries may provide for him (collectively, "Employee Benefits").

If EMPLOYEE's employment is terminated hereunder, pursuant to Section 11(b), 11(c), or 11(d) hereof, and EMPLOYEE is entitled to but is no longer eligible for Employee Benefits because of such termination, EMPLOYEE shall be entitled to and COMPANY shall provide, to the extent provided in this Agreement, benefits substantially equivalent to the Employee Benefits to which EMPLOYEE was entitled immediately prior to such termination and shall do so for the period during which he remains entitled to receive such Employee Benefits as provided in this Agreement. With respect to the continuation of such

benefits, EMPLOYEE shall also be paid by COMPANY an amount which, after taxes on such amount, shall reimburse EMPLOYEE for any additional tax liabilities incurred by EMPLOYEE by reason of the receipt of such benefits after the termination of, rather than during the term of, this Agreement, upon the assumption that the amount to which EMPLOYEE shall be so entitled shall be subject to the maximum combined Federal and state tax rate applicable to individuals in respect of such payments.

8. Supplemental Benefits.

(a) Retirement. COMPANY shall cause EMPLOYEE to be an eligible participant in COMPANY's qualified and nonqualified retirement and deferred compensation plans applicable to employees of COMPANY as of the effective date of this Agreement.

(b) Life Insurance. During the period prior to his retirement, COMPANY shall provide EMPLOYEE with life insurance which, when added to the coverage provided as part of his Employee Benefits, shall provide coverage at a minimum level equal to three (3) times his highest career annual salary at any time during his employment by COMPANY. During any period following EMPLOYEE's retirement or termination from employment with COMPANY, COMPANY shall provide EMPLOYEE with life insurance at a minimum level equal to two (2) times his rate of highest

career annual salary at any time during his employment by COMPANY. To the extent that assignability for estate planning purposes is not already provided for in the underlying plans which relate to the foregoing coverages, all life insurance is to be assignable at the option of EMPLOYEE.

(c) Post-Retirement Benefits.

(i) During any period following EMPLOYEE's retirement or termination from employment with COMPANY, EMPLOYEE shall be entitled to medical benefits of a kind and to an extent no less favorable than the medical benefits provided by COMPANY to EMPLOYEE prior to his retirement or termination.

(ii) During any period following EMPLOYEE's retirement or termination from employment with COMPANY, EMPLOYEE shall be entitled to continue to receive personal tax, accounting and financial planning services currently provided to EMPLOYEE at COMPANY's expense.

(iii) Upon retirement, notwithstanding any contrary provision of the applicable grants, all of EMPLOYEE's unvested stock options will become fully vested immediately and exercisable in accordance with the terms of such grants. In addition, all of EMPLOYEE's unvested restricted stock will become fully vested immediately and all of EMPLOYEE's unvested performance stock will become fully vested immediately and

payable in accordance with the applicable awards as if EMPLOYEE continued to be employed by COMPANY.

(d) Spousal Benefits. EMPLOYEE's surviving spouse shall also be entitled to continuation of medical benefits included within the Employee Benefits for the remainder of her life.

(e) Legal Fees. COMPANY shall provide to or for EMPLOYEE all legal fees for services and costs excepting only for matters of a purely personal nature. COMPANY's obligation pursuant to this Section 8(e) shall survive the Term of this Agreement.

9. Perquisites and Vacation. During his employment hereunder, EMPLOYEE shall continue to be entitled to the minimum perquisites to which he was entitled in accordance with the practice immediately prior to the Effective Date.

EMPLOYEE shall continue to be entitled to six (6) weeks paid vacation during each calendar year of employment, prorated for any period which is less than one (1) calendar year. Vacation time shall accrue during each calendar year, and, upon termination of this Agreement for any reason and in addition to any other rights granted to EMPLOYEE by this Agreement, EMPLOYEE shall be entitled to be paid an amount based upon his salary at the rate applicable immediately prior to such termination for any accrued but unused vacation time.

10. Long-Term Incentives.

(a) Restricted Stock. During his employment hereunder, EMPLOYEE shall be entitled to participate in COMPANY's long term incentive compensation program, with any award to be related to the performance of COMPANY and determined at the discretion of the Board or its Compensation Committee.

(b) Stock Options. During his employment hereunder, EMPLOYEE shall be considered annually for the grant of stock options under then existing COMPANY stock option plans.

(c) Performance Plans. If, during EMPLOYEE's employment hereunder, COMPANY adopts any other long-term incentive plans, EMPLOYEE shall be treated under each of those plans in a manner no less favorable than the treatment afforded other key executives of the COMPANY.

11. Termination.

(a) Death. This Agreement shall terminate upon EMPLOYEE's death. EMPLOYEE's estate or other designated beneficiary, if any, shall be entitled to the rights and benefits as prescribed by applicable COMPANY plans and as prescribed by Section 8(b) hereof. The rights and benefits to which EMPLOYEE's estate or other designated beneficiary shall be entitled upon his death, including a pro-rata portion of the bonus described in Section 5 above for the year of death, shall



be payable to such person or persons as EMPLOYEE shall have directed in writing or, in the absence of such a designation, to his estate.

(b) Disability. In the event that EMPLOYEE shall be unable, because of illness, injury or similar incapacity ("disability"), to perform his duties hereunder for an aggregate of six (6) months within any one eighteen (18) month period, EMPLOYEE's employment hereunder may be terminated by written notice of termination from COMPANY to EMPLOYEE. In the event of a termination pursuant to this Section 11(b), EMPLOYEE shall be entitled to receive payments described in Section 11(c) hereof offset by the amount of any disability benefits to which EMPLOYEE shall become entitled under any COMPANY sponsored disability plan. In the event of a termination pursuant to this Section 11(b), EMPLOYEE shall also be entitled, until his death, to the medical and welfare benefits included within the Employee Benefits and to the life insurance benefits enumerated in the first paragraph of Section 8(b) hereof.

(c) Termination by COMPANY. The Board shall have the right, at its election to be made in writing and delivered to EMPLOYEE not less than sixty (60) days prior to the effective date thereof, to terminate EMPLOYEE's employment under this Agreement for any reason. In the event of a termination pursuant to this Section 11(c), EMPLOYEE shall be entitled to three (3)

times EMPLOYEE's highest annual salary and bonus paid to EMPLOYEE at any time in respect of a single calendar year commencing with the calendar year January 1, 2000, and such amount shall be payable in equal monthly installments over three (3) years, or in an undiscounted lump sum at the option of EMPLOYEE.

EMPLOYEE shall also be entitled to the following:

(i) Medical and welfare benefits included within the Employee Benefits where permissible under applicable plans, and the provision of comparable supplemental benefits where continuation of such benefits is impermissible under applicable plans;

(ii) The life insurance benefits provided in Section 8(b) hereof;

(iii) Existing perquisites; and

(iv) Full and immediate vesting of restricted stock, stock options and any other then provided long-term incentive benefits; provided, EMPLOYEE shall be able to exercise any outstanding options or stock appreciation rights as if he had retired on the date of termination.

In the event of a termination pursuant to this Section 11(c), EMPLOYEE shall have no duty to mitigate COMPANY's obligations by seeking other employment or by becoming self-employed, and COMPANY shall have no right to offset against

its obligations any consideration received by EMPLOYEE from any subsequent employment or subsequent self-employment.

(d) Constructive Termination. EMPLOYEE shall have the right, at his election to be made in writing and delivered to COMPANY within sixty (60) days after such event, to terminate his employment under this Agreement if a material breach of this Agreement by COMPANY occurs which COMPANY fails to cure within fifteen (15) days after receipt of notice of such breach. In the event of a termination under this Section 11(d), EMPLOYEE shall be entitled to treat such termination as though it were a termination pursuant to Section 11 (c) hereof. Notwithstanding the foregoing, COMPANY shall not be in material breach if EMPLOYEE's duties and responsibilities are reduced solely by virtue of the fact that COMPANY is (or substantially all of its assets are) sold to, or combined with, another entity provided that EMPLOYEE shall continue to have substantially the same executive duties with respect to COMPANY's business as of the Effective Date and EMPLOYEE shall report directly to the board of directors of any entity (or individual) that acquires COMPANY or its assets.

12. Change in Control.

COMPANY shall hold EMPLOYEE harmless against and shall insulate EMPLOYEE from all of the effects of any excise or

other tax payable by EMPLOYEE under or as a result of Sections 280G and 4999 of the Internal Revenue Code of 1986 or comparable state law, or any successor thereto, by reason of a change in control. COMPANY's obligation in this regard shall include a gross-up obligation, to hold EMPLOYEE harmless from and to insulate EMPLOYEE from all of the effects of any income and excise tax liability.

13. Miscellaneous.

(a) Working Facilities. During his employment hereunder, EMPLOYEE shall continue to be furnished with office facilities and services at least substantially equivalent to those which have been provided him immediately prior to the Effective Date.

(b) Waiver of Breach. If COMPANY breaches any provision of this Agreement, EMPLOYEE shall not be deemed under any circumstances to have waived any of his rights attributable to such breach unless he has specifically consented to such waiver in writing. Any such waiver by EMPLOYEE of a breach of any provision of this Agreement by COMPANY shall not operate or be construed as a waiver of any subsequent breach by COMPANY.

If EMPLOYEE breaches any provision of this Agreement, COMPANY shall not be deemed under any circumstances to have waived any of its rights attributable to such breach

unless it has specifically consented to such waiver in writing. Any such waiver by COMPANY of a breach of any provision of this Agreement by EMPLOYEE shall not operate or be construed as a waiver of any subsequent breach by EMPLOYEE.

(c) Notices. Any notice required or permitted to be given under this Agreement shall be sufficient if in writing and if sent by registered or certified mail (return receipt requested) to the following addresses: If to COMPANY, at 10889 Wilshire Boulevard, Los Angeles, California 90024, Attention: General Counsel, with a copy to the Chairman of the Compensation Committee of the Board at the same address, or to such other address as COMPANY, may from time to time in writing designate, and if to EMPLOYEE, at such address as he may from time to time in writing designate (or his business address of record in the absence of such designation). All notices shall be deemed to have been given two (2) business days after they have been deposited in the United States mail.

(d) Amendments. Any provision contained in this Agreement or in any renewal or extension hereof upon the same or different terms and conditions may be amended at any time or from time to time by mutual agreement of EMPLOYEE and COMPANY without the consent of any other person named or described in this Agreement as a beneficiary or any of its provisions.

(e) Assignment. During the Term, COMPANY shall not merge, consolidate or otherwise combine with any other entity unless COMPANY shall be the surviving corporation or the surviving corporation shall have assumed all COMPANY's obligations under this Agreement. The obligations of COMPANY under this Agreement shall be binding upon the surviving corporation upon the merger, consolidation or combination of COMPANY with such corporation. This Agreement shall inure to the benefit of COMPANY and its successors and assigns and of EMPLOYEE and his heirs and personal representatives.

(f) Entire Agreement. This Agreement constitutes the entire agreement between COMPANY and EMPLOYEE with respect to the subject matter hereof, amends and supersedes the Prior Agreement and specifically does not affect those certain agreements identified on Exhibit A hereto, and may not be changed orally but only by an instrument in writing signed by the party against whom enforcement of any waiver, change, modification, extension or discharge is sought.

(g) Severability. The invalidity of any term of this Agreement shall not invalidate or otherwise affect any other term of this Agreement.

(h) Applicable Law.

(i) Subject to Section 13 (j), this Agreement shall be governed by and construed under and in

accordance with the laws of the State of Delaware applicable to contracts made and to be wholly performed within the State of Delaware, without regard to principles of conflicts of laws; and the laws of that state shall govern all of the rights, remedies, liabilities, powers and duties of the parties under this Agreement and of any arbitrator or arbitrators to whom any matter hereunder may be submitted for resolution by the parties hereto, as contemplated by and pursuant to Title 6, Section 2708 of the Delaware Code.

(ii) Subject to Section 13 (j), any legal action or proceeding with respect to this Agreement shall be brought exclusively in the federal or state courts of the State of Delaware, and by execution and delivery of this Agreement, EMPLOYEE and COMPANY irrevocably consent to the jurisdiction of those courts. EMPLOYEE and COMPANY irrevocably waive any objection, including any objection to the laying of venue or based on the grounds of forum non conveniens, which either may now or hereafter have to the bringing of any action or proceeding in such jurisdiction in respect of this Agreement or any transaction related hereto. EMPLOYEE and COMPANY acknowledge and agree that any service of legal process by mail in the manner provided for notices under this Agreement constitutes proper legal service of process under applicable law in any action or proceeding under or in respect of this Agreement.

(i) Administration. The Board, or such committee of the Board as it may by resolution specifically designate, shall administer this Agreement on behalf of COMPANY and take any action and exercise any discretion required or permitted to be taken or exercised by COMPANY pursuant to the provisions hereof.

(j) Arbitration. Any controversy or claim arising out of or relating to this Agreement shall be settled by binding arbitration in Delaware, in accordance with the commercial arbitration rules of the American Arbitration Association. The demand for arbitration must be made within one year after the controversy or claim arises; failure to do so shall constitute an absolute bar to the institution of any such proceeding and shall forever constitute a waiver respecting any such controversy or claim. Any award pursuant to such arbitration shall be included in a written decision which shall state the legal and factual reasons upon which the award was based, including all the elements involved in the calculation of any award of damages. Any such award shall be deemed final and binding and may be entered and enforced in any state or federal court of competent jurisdiction. The arbitrator(s) shall interpret the Agreement in accordance with the laws of Delaware. The arbitrator(s) shall be authorized to award reasonable



attorneys' fees and other arbitration-related costs to the prevailing party.

(k) Indemnity and Insurance. In any situation where under applicable law the COMPANY has the power to indemnify EMPLOYEE in respect of any judgments, fines, settlement, loss, cost or expense (including attorneys' fees) of any nature related to or arising out of EMPLOYEE's activities as an agent, employee, officer or director or COMPANY or in any other capacity on behalf of or at the request of COMPANY, COMPANY agrees that it will indemnify EMPLOYEE to the fullest extent permitted by applicable law, including but not limited to making such findings and determinations and taking any and all such actions as COMPANY may, under applicable law, be permitted to have the discretion to take so as to effectuate such indemnification. COMPANY further agrees to furnish EMPLOYEE for the remainder of his life with Directors' and Officers' liability insurance insuring EMPLOYEE, against occurrences which occur during the term of this Agreement, such insurance to have policy limits aggregating not less than \$100 million, and otherwise to be in substantially the same form and to contain substantially the same terms, conditions and exceptions as the liability insurance policies provided for officers and directors of COMPANY in force from time to time. COMPANY's obligation

pursuant to this Section 13 (k) shall survive the Term of this Agreement.

IN WITNESS WHEREOF, the parties have executes this Agreement as of the date first above written.

OCCIDENTAL PETROLEUM CORPORATION

By: /s/ R. W. HALLOCK

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Title: Executive Vice President

EMPLOYEE:

/s/ RAY R. IRANI

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Dr. Ray R. Irani

Dr. Ray R. Irani

List of Special Agreements (Exhibit A)

- o Indemnification Agreement Between EMPLOYEE and COMPANY or any affiliates. o Split-Dollar Life Insurance Agreement, dated October 31, 1994.

Other Agreements:

- o Restricted Stock Agreement Letters for grants made under the 1977 Executive Long-Term Stock Purchase Plan and the 1995 Incentive Stock Plan.
- o Stock Option Agreement Letters for grants made under the 1987 Stock Option Plan and 1995 Incentive Stock Plan.
- o Performance Stock Option Agreement Letter for award made July 2, 1997 under the 1995 Incentive Stock Plan.
- o Enrollment Agreement under Senior Executive Deferred Compensation Plan, dated January 1, 1986.
- o Insurance Agreement under Senior Executive Survivor Benefit Plan, dated January 1, 1986.
- o Elections pursuant to Occidental Petroleum Corporation Deferred Compensation Plan

Exhibit A

EMPLOYMENT AGREEMENT

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THIS EMPLOYMENT AGREEMENT is entered into as of the 17th day of November, 2000, by and between OCCIDENTAL PETROLEUM CORPORATION, a Delaware Corporation ("COMPANY"), and DR. DALE R. LAURANCE ("EMPLOYEE").

W I T N E S S E T H:

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WHEREAS, EMPLOYEE, since September 1, 1984, has served as an officer of COMPANY, most recently as COMPANY's President pursuant to an agreement between EMPLOYEE and COMPANY dated September 11, 1997 (the "Prior Agreement"); and

WHEREAS, COMPANY desires to obtain the benefit of continued services by EMPLOYEE as President, and EMPLOYEE desires to continue to render services to COMPANY; and

WHEREAS, the Board of Directors of COMPANY (the "Board") has determined that it is in COMPANY's best interest and that of its stockholders to recognize the substantial contribution that EMPLOYEE has made and is expected to continue to make to COMPANY's business and to retain his services in the future; and

WHEREAS, COMPANY and EMPLOYEE desire to set forth in this Agreement the terms and conditions of EMPLOYEE's continued

-1-

employment with COMPANY which Agreement represents and constitutes an amendment and restatement of the Prior Agreement;

NOW, THEREFORE, in consideration of the mutual promises and covenants herein contained, the parties hereto agree as follows:

1. Term. This Agreement shall be in effect for a period of time (the "Term") commencing on November 9, 2000 (the "Effective Date") and expiring on the fifth anniversary of the Effective Date, unless earlier terminated in accordance with the provisions hereof. COMPANY shall employ EMPLOYEE, and EMPLOYEE shall serve COMPANY, in accordance with the provisions hereof, throughout the Term, unless such employment is earlier terminated in accordance with the provisions hereof.

2. Specific Position; Duties and Responsibilities. Subject to the provisions of this Agreement, COMPANY shall employ EMPLOYEE as President, and EMPLOYEE shall serve COMPANY as President and as a member of the Board. EMPLOYEE's principal business address shall during such period be at COMPANY's principal executive offices in Southern California or with EMPLOYEE's consent in such other place as such offices are relocated. EMPLOYEE's duties hereunder shall be the usual and

-2-

customary duties of the offices in which he shall serve. EMPLOYEE shall have such executive power and authority as shall reasonably be required to enable him to discharge his duties in the offices which he may hold.

3. Services and Exclusivity of Services. During the term of this Agreement, EMPLOYEE, except as otherwise expressly provided in this Section 3, shall devote his full business time and energy to the business affairs and interests of COMPANY and its subsidiaries, and shall use his best efforts and abilities to promote COMPANY's and its subsidiaries' interests.

EMPLOYEE may serve as director or in any other capacity of any business enterprise, including an enterprise whose activities may involve or relate to the business of COMPANY, provided that such service is expressly approved by the Board. EMPLOYEE may make and manage personal business investments of his choice and serve in any capacity with any civic, educational or charitable organization, or any governmental entity or trade association, without seeking or obtaining approval by the Board, provided such activities and services do not materially interfere or conflict with the performance of his duties hereunder.

4. Salary. Commencing as of the Effective Date of this Agreement, COMPANY shall pay EMPLOYEE an annual salary at the minimum rate of \$990,000, which shall be payable in semimonthly installments in conformity with COMPANY's policy relating to salaried employees. EMPLOYEE's salary shall be subject to annual increase (and, as part of across the board reductions for other officers of COMPANY, decrease) at the reasonable discretion of the Board and its Compensation Committee.

5. Bonus. EMPLOYEE shall be entitled to an annual cash bonus in an amount to be determined at the reasonable discretion of the Board and its Compensation Committee.

6. Deferred Compensation. In advance of the annual period for which it is earned, EMPLOYEE shall have the right to defer all or any portion of his salary and all or any portion of his bonus to a specified date or to a specified event. Any such deferred compensation shall not be forfeitable and shall bear interest at a rate no less favorable than the highest rate then made available to any other senior officer who is provided with the right to defer compensation under the COMPANY's 1988 Deferred Compensation Plan.

Any election to defer compensation shall not be taken into account in the calculation of those of EMPLOYEE's rights and benefits under this Agreement that are based upon EMPLOYEE's salary or bonus or the sum thereof.

7. Employee Benefits. EMPLOYEE shall be entitled during his employment hereunder, to all rights and benefits for which he is otherwise eligible under any group life insurance, medical care (including coverage for EMPLOYEE's spouse and children), disability, retirement, personal savings accounts, and other plans or benefits which COMPANY or its subsidiaries may provide for him (collectively, "Employee Benefits").

If EMPLOYEE's employment is terminated hereunder, pursuant to Section 11(b), 11(c), or 11 (d) hereof, and EMPLOYEE is entitled to but is no longer eligible for Employee Benefits because of such termination, EMPLOYEE shall be entitled to and COMPANY shall provide, to the extent provided in this Agreement, benefits substantially equivalent to the Employee Benefits to which EMPLOYEE was entitled immediately prior to such termination and shall do so for the period during which he remains entitled to receive such Employee Benefits as provided in this Agreement. With respect to the continuation of such benefits, EMPLOYEE shall also be paid by COMPANY an amount which, after taxes on such amount, shall reimburse EMPLOYEE for

any additional tax liabilities incurred by EMPLOYEE by reason of the receipt of such benefits after the termination of, rather than during the term of, this Agreement, upon the assumption that the amount to which EMPLOYEE shall be so entitled shall be subject to the maximum combined Federal and state tax rate applicable to individuals in respect of such payments.

8. Supplemental Benefits.

(a) Retirement. COMPANY shall cause EMPLOYEE to be an eligible participant in COMPANY's qualified and nonqualified retirement and deferred compensation plans applicable to employees of COMPANY as of the effective date of this Agreement.

(b) Life Insurance. During the period prior to his retirement, COMPANY shall provide EMPLOYEE with life insurance which, when added to the coverage provided as part of his Employee Benefits, shall provide coverage at a minimum level equal to three (3) times his highest career annual salary at any time during his employment by COMPANY. During any period following EMPLOYEE's retirement or termination from employment with COMPANY, COMPANY shall provide EMPLOYEE with life insurance at a minimum level equal to two (2) times his rate of highest career annual salary at any time during his employment by COMPANY. To the extent that assignability for estate planning



purposes is not already provided for in the underlying plans which relate to the foregoing coverages, all life insurance is to be assignable at the option of EMPLOYEE.

(c) Post-Retirement Benefits.

(i) During any period following EMPLOYEE's retirement or termination from employment with COMPANY, EMPLOYEE shall be entitled to medical benefits of a kind and to an extent no less favorable than the medical benefits provided by COMPANY to EMPLOYEE prior to his retirement or termination.

(ii) During any period following EMPLOYEE's retirement or termination from employment with COMPANY, EMPLOYEE shall be entitled to continue to receive personal tax, accounting and financial planning services currently provided to EMPLOYEE at COMPANY's expense.

(d) Spousal Benefits. EMPLOYEE's surviving spouse shall also be entitled to continuation of medical benefits included within the Employee Benefits for the remainder of her life.

(e) Legal Fees. COMPANY shall provide to or for EMPLOYEE all legal fees for services and costs excepting only for matters of a purely personal nature. COMPANY's obligation pursuant to this Section 8(e) shall survive the Term of this Agreement.

9. Perquisites and Vacation. During his employment hereunder, EMPLOYEE shall continue to be entitled to the minimum perquisites to which he was entitled in accordance with the practice immediately prior to the Effective Date.

10. Long-Term Incentives.

(a) Restricted Stock. During his employment hereunder, EMPLOYEE shall be entitled to participate in COMPANY's long term incentive compensation program, with any award to be related to the performance of COMPANY and determined at the discretion of the Board or its Compensation Committee.

(b) Stock Options. During his employment hereunder, EMPLOYEE shall be considered annually for the grant of stock options under then existing COMPANY stock option plans.

(c) Performance Plans. If, during EMPLOYEE's employment hereunder, COMPANY adopts any other long-term incentive plans, EMPLOYEE shall be treated under each of those plans in a manner no less favorable than the treatment afforded other key executives of the COMPANY.

11. Termination.

(a) Death. This Agreement shall terminate upon EMPLOYEE's death. EMPLOYEE's estate or other designated beneficiary, if any, shall be entitled to the rights and

benefits as prescribed by applicable COMPANY plans and as prescribed by Section 8(b) hereof. The rights and benefits to which EMPLOYEE's estate or other designated beneficiary shall be entitled upon his death, including a pro-rata portion of the bonus described in Section 5 above for the year of death, shall be payable to such person or persons as EMPLOYEE shall have directed in writing or, in the absence of such a designation, to his estate.

(b) Disability. In the event that EMPLOYEE shall be unable, because of illness, injury or similar incapacity ("disability"), to perform his duties hereunder for an aggregate of six (6) months within any one eighteen (18) month period, EMPLOYEE's employment hereunder may be terminated by written notice of termination from COMPANY to EMPLOYEE. In the event of a termination pursuant to this Section 11(b), EMPLOYEE shall be entitled to receive payments described in Section 11(c) hereof offset by the amount of any disability benefits to which EMPLOYEE shall become entitled under any COMPANY sponsored disability plan. In the event of a termination pursuant to this Section 11(b), EMPLOYEE shall also be entitled, until his death, to the medical and welfare benefits included within the Employee Benefits and to the life insurance benefits enumerated in the first paragraph of Section 8(b) hereof.

(c) Termination by COMPANY. The Board shall have the right, at its election to be made in writing and delivered to EMPLOYEE not less than sixty (60) days prior to the effective date thereof, to terminate EMPLOYEE's employment under this Agreement for any reason. In the event of a termination pursuant to this Section 11(c), EMPLOYEE shall be entitled to three (3) times EMPLOYEE's highest annual salary and bonus paid to EMPLOYEE at any time in respect of a single calendar year commencing with the calendar year January 1, 2000, and such amount shall be payable in equal monthly installments over three (3) years, or in an undiscounted lump sum at the option of EMPLOYEE.

EMPLOYEE shall also be entitled to the following:

(i) Medical and welfare benefits included within the Employee Benefits where permissible under applicable plans, and the provision of comparable supplemental benefits where continuation of such benefits is impermissible under applicable plans;

(ii) The life insurance benefits provided in Section 8(b) hereof; and

(iii) Full and immediate vesting of restricted stock, stock options and any other then provided long-term incentive benefits; provided, EMPLOYEE shall be able to exercise any outstanding options or stock appreciation rights

as if he were eligible to retire and did retire on the date of termination.

In the event of a termination pursuant to this Section 11(c), EMPLOYEE shall have no duty to mitigate COMPANY's obligations by seeking other employment or by becoming self-employed, and COMPANY shall have no right to offset against its obligations any consideration received by EMPLOYEE from any subsequent employment or subsequent self-employment.

(d) Constructive Termination. EMPLOYEE shall have the right, at his election to be made in writing and delivered to COMPANY within sixty (60) days after such event, to terminate his employment under this Agreement if a material breach of this Agreement by COMPANY occurs which COMPANY fails to cure within fifteen (15) days after receipt of notice of such breach. In the event of a termination under this Section 11(d), EMPLOYEE shall be entitled to treat such termination as though it were a termination pursuant to Section 11 (c) hereof. Notwithstanding the foregoing, COMPANY shall not be in material breach if EMPLOYEE's duties and responsibilities are reduced solely by virtue of the fact that COMPANY is (or substantially all of its assets are) sold to, or combined with, another entity provided that EMPLOYEE shall continue to have substantially the same executive duties with respect to COMPANY's business as of the Effective Date and EMPLOYEE shall report directly to the

chief executive officer, to Dr. Ray R. Irani, and/or to the board of directors of any entity (or individual) that acquires COMPANY or its assets.

12. Change in Control.

COMPANY shall hold EMPLOYEE harmless against and shall insulate EMPLOYEE from all of the effects of any excise or other tax payable by EMPLOYEE under or as a result of Sections 280G and 4999 of the Internal Revenue Code of 1986 or comparable state law, or any successor thereto, by reason of a change in control. COMPANY's obligation in this regard shall include a gross-up obligation, to hold EMPLOYEE harmless from and to insulate EMPLOYEE from all of the effects of any income and excise tax liability.

13. Miscellaneous.

(a) Working Facilities. During his employment hereunder, EMPLOYEE shall continue to be furnished with office facilities and services at least substantially equivalent to those which have been provided him immediately prior to the Effective Date.

(b) Waiver of Breach. If COMPANY breaches any provision of this Agreement, EMPLOYEE shall not be deemed under any circumstances to have waived any of his rights attributable

to such breach unless he has specifically consented to such waiver in writing. Any such waiver by EMPLOYEE of a breach of any provision of this Agreement by COMPANY shall not operate or be construed as a waiver of any subsequent breach by COMPANY.

If EMPLOYEE breaches any provision of this Agreement, COMPANY shall not be deemed under any circumstances to have waived any of its rights attributable to such breach unless it has specifically consented to such waiver in writing. Any such waiver by COMPANY of a breach of any provision of this Agreement by EMPLOYEE shall not operate or be construed as a waiver of any subsequent breach by EMPLOYEE.

(c) Notices. Any notice required or permitted to be given under this Agreement shall be sufficient if in writing and if sent by registered or certified mail (return receipt requested) to the following addresses: If to COMPANY, at 10889 Wilshire Boulevard, Los Angeles, California 90024, Attention: General Counsel, with a copy to the Chairman of the Compensation Committee of the Board at the same address, or to such other address as COMPANY, may from time to time in writing designate, and if to EMPLOYEE, at such address as he may from time to time in writing designate (or his business address of record in the absence of such designation). All notices shall be deemed to have been given two (2) business days after they have been deposited in the United States mail.

(d) Amendments. Any provision contained in this Agreement or in any renewal or extension hereof upon the same or different terms and conditions may be amended at any time or from time to time by mutual agreement of EMPLOYEE and COMPANY without the consent of any other person named or described in this Agreement as a beneficiary or any of its provisions.

(e) Assignment. During the Term, COMPANY shall not merge, consolidate or otherwise combine with any other entity unless COMPANY shall be the surviving corporation or the surviving corporation shall have assumed all COMPANY's obligations under this Agreement. The obligations of COMPANY under this Agreement shall be binding upon the surviving corporation upon the merger, consolidation or combination of COMPANY with such corporation. This Agreement shall inure to the benefit of COMPANY and its successors and assigns and of EMPLOYEE and his heirs and personal representatives.

(f) Entire Agreement. This Agreement constitutes the entire agreement between COMPANY and EMPLOYEE with respect to the subject matter hereof, amends and supersedes the Prior Agreement and specifically does not affect those certain agreements identified on Exhibit A hereto, and may not be changed orally but only by an instrument in writing signed by the party against whom enforcement of any waiver, change, modification, extension or discharge is sought.



(g) Severability. The invalidity of any term of this Agreement shall not invalidate or otherwise affect any other term of this Agreement.

(h) Applicable Law. (i) Subject to Section 13(j), this Agreement shall be governed by and construed under and in accordance with the laws of the State of Delaware applicable to contracts made and to be wholly performed within the State of Delaware, without regard to principles of conflicts of laws; and the laws of that state shall govern all of the rights, remedies, liabilities, powers and duties of the parties under this Agreement and of any arbitrator or arbitrators to whom any matter hereunder may be submitted for resolution by the parties hereto, as contemplated by and pursuant to Title 6, Section 2708 of the Delaware Code.

(ii) Subject to Section 13(j), any legal action or proceeding with respect to this Agreement shall be brought exclusively in the federal or state courts of the State of Delaware, and by execution and delivery of this Agreement, EMPLOYEE and COMPANY irrevocably consent to the jurisdiction of those courts. EMPLOYEE and COMPANY irrevocably waive any objection, including any objection to the laying of venue or based on the grounds of forum non conveniens, which either may now or hereafter have to the bringing of any action or proceeding in such jurisdiction in respect of this Agreement or any

transaction related hereto. EMPLOYEE and COMPANY acknowledge and agree that any service of legal process by mail in the manner provided for notices under this Agreement constitutes proper legal service of process under applicable law in any action or proceeding under or in respect of this Agreement.

(i) Administration. The Board, or such committee of the Board as it may by resolution specifically designate, shall administer this Agreement on behalf of COMPANY and take any action and exercise any discretion required or permitted to be taken or exercised by COMPANY pursuant to the provisions hereof.

(j) Arbitration. Any controversy or claim arising out of or relating to this Agreement shall be settled by binding arbitration in Delaware, in accordance with the commercial arbitration rules of the American Arbitration Association. The demand for arbitration must be made within one year after the controversy or claim arises; failure to do so shall constitute an absolute bar to the institution of any such proceeding and shall forever constitute a waiver respecting any such controversy or claim. Any award pursuant to such arbitration shall be included in a written decision which shall state the legal and factual reasons upon which the award was based, including all the elements involved in the calculation of any award of damages. Any such award shall be deemed final and

binding and may be entered and enforced in any state or federal court of competent jurisdiction. The arbitrator(s) shall interpret the Agreement in accordance with the laws of Delaware. The arbitrator(s) shall be authorized to award reasonable attorneys' fees and other arbitration-related costs to the prevailing party.

(k) Indemnity and Insurance. In any situation where under applicable law the COMPANY has the power to indemnify EMPLOYEE in respect of any judgments, fines, settlement, loss, cost or expense (including attorneys' fees) of any nature related to or arising out of EMPLOYEE's activities as an agent, employee, officer or director or COMPANY or in any other capacity on behalf of or at the request of COMPANY, COMPANY agrees that it will indemnify EMPLOYEE to the fullest extent permitted by applicable law, including but not limited to making such findings and determinations and taking any and all such actions as COMPANY may, under applicable law, be permitted to have the discretion to take so as to effectuate such indemnification. COMPANY further agrees to furnish EMPLOYEE for the remainder of his life with Directors' and Officers' liability insurance insuring EMPLOYEE, against occurrences which occur during the term of this Agreement, such insurance to have policy limits aggregating not less than \$100 million, and otherwise to be in substantially the same form and to contain

substantially the same terms, conditions and exceptions as the liability insurance policies provided for officers and directors of COMPANY in force from time to time. COMPANY's obligation pursuant to this Section 13 (k) shall survive the Term of this Agreement.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first above written.

OCCIDENTAL PETROLEUM CORPORATION

By: /s/ RAY R. IRANI

-----  
Title: Chairman and CEO

EMPLOYEE:

/s/ DALE R. LAURANCE

-----  
Dr. Dale R. Laurance

Dr. Dale R. Laurance

List of Special Agreements (Exhibit A)

- o Indemnification Agreement Between EMPLOYEE and COMPANY or any affiliates.
- o Split-Dollar Life Insurance Agreement, dated September 6, 1994.

Other Agreements:

- o Restricted Stock Agreement Letters for grants made under the 1977 Executive Long-Term Stock Purchase Plan and the 1995 Incentive Stock Plan.
- o Stock Option Agreement Letters for grants made under the 1987 Stock Option Plan.
- o Performance Stock Agreement Letters for grants made under the 1995 Incentive Stock Plan.
- o Performance Stock Option Agreement Letter for award made July 2, 1997 under the 1995 Incentive Stock Plan.
- o Enrollment Agreement under Senior Executive Deferred Compensation Plan.
- o Elections pursuant to Occidental Petroleum Corporation Deferred Compensation Plan.

## AGREEMENT

This Employment Agreement is made as of the 17th day of November, 2000 by and between Occidental Petroleum Corporation, a Delaware Corporation (hereinafter referred to as "Employer", and Stephen I. Chazen (hereinafter referred to as "Employee").

## WITNESSETH

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WHEREAS, Employee has been rendering services since May 1, 1994, and

WHEREAS, the parties now desire to provide for a continuation of Employee's employment by Employer, and to specify the rights and obligations of the parties during such continued employment;

NOW, THEREFORE, in consideration of the mutual covenants and agreements herein, Employer and Employee hereby agree to continue such employment upon the following terms and conditions:

1. Duties. Employee shall perform the duties of Executive Vice President and Chief Financial Officer, or shall serve in such other capacity and with such other duties for Employer as the chief executive officer of Employer may direct. In performing such duties, Employee will comply with Employer's Code of Business Conduct and Corporate Policies, as the same may be amended from time to time.

2. Term of Employment. The term of employment shall be for a period of five (5) years, commencing on November 1, 2000, and ending midnight October 31, 2005, unless terminated prior thereto in accordance with the provisions of this Agreement, or unless extended by mutual agreement in accordance with Paragraph 8 hereof.

3. Compensation. For the services to be performed hereunder, Employee shall be compensated by Employer at the rate of not less than five hundred seventy-two thousand dollars (\$572,000) per annum, payable semi-monthly. The minimum salary hereunder shall be automatically adjusted to the level of any increase in annual compensation as the Employer may determine during the term of this Agreement.

4. Participation in Benefit and Executive Programs. Employee shall be eligible to participate in all benefit programs and under the same terms and conditions as are generally applicable to salaried employees and senior executives of Employer during the term of this Agreement. These benefits include life insurance in the event of death equivalent to two (2) times base pay while employed. Employee shall also be

eligible to participate in (i) Employer's Executive Incentive Compensation Plan and (ii) Employer's 1995 Incentive Stock Plan and any successor or replacement plan, as long as Employer continues such plans during the term of this Agreement, and to receive awards or grants under such Plans at Employer's sole discretion. Employee shall be entitled to a total of four (4) weeks of paid vacation in each contract year.

5. Exclusivity of Services. Employee agrees to devote his full-time, exclusive services to Employer hereunder, except for such time as Employee may require in connection with his personal investments.

## 6. Termination.

(a) Voluntary Termination. Employee may voluntarily resign, and such resignation shall not be deemed to be a breach of this Agreement, so long as Employer is provided at least sixty (60) days' notice of any resignation.

(b) Cause. Notwithstanding the term of this Agreement, Employer may discharge Employee and terminate this Agreement without severance or other pay upon thirty (30) days' written notice or pay in lieu of such notice for material cause, including without limitation, (i) failure to satisfactorily perform his duties or responsibilities hereunder or negligence in complying with Employer's legal obligations, (ii) refusal to carry out any lawful order of Employer, (iii) breach of any legal duty to Employer, (iv) breach of Paragraph 5 of the Agreement, or (v) conduct constituting moral turpitude or conviction of a crime which may diminish Employee's ability to effectively act on the Employer's behalf or with or on behalf of others, or (vi) death. In the case of events (i) through (v) above, Employer shall give Employee notices of such cause and Employee shall have thirty (30) days to cure such breach. In the event of death, Employer will provide the estate of the deceased Employee a payment in addition to any other payment due and payable, equivalent to a pro-rata bonus for the year of death.

(c) Incapacity. If, during the term of this Agreement, Employee is incapacitated from performing the essential functions of his job pursuant to this Agreement by reason of illness, injury, or disability, Employer may terminate this Agreement by at least one week's written notice to Employee, but only in the event that such conditions shall aggregate not less than one-hundred eighty (180) days during any twelve (12) month period. In the event Employee shall (i) continue to be incapacitated subsequent to termination for incapacity pursuant this Paragraph 6(b), and (ii) be a participant in and qualify for benefits under Employer's Long Term Disability Plan ("LTD"), then Employer will continue to compensate Employee, for so long as Employee remains eligible to receive LTD benefits, in an amount equal to the difference between sixty percent (60%) of Employer's annual compensation as set forth in Paragraph 3 hereof and the maximum annual benefit under the LTD, payable monthly on a pro rated basis.

(d) Without Cause. Employer may at any time terminate the employment of Employee without cause or designate a termination for cause as a termination without cause, and in such event Employer shall, in lieu of continued employment, compensate Employee in an amount equal to two (2) times the sum of Employee's highest annual base salary and annual bonus target, such amount payable in equal monthly installments over two (2) years (the "Compensation Period"). In the event that Employee dies during the Compensation Period, any remaining payments due will be made to Employee's estate.

During the Compensation Period, Employee shall continue to be eligible to (i) participate in all employee benefit plans of Employer, in which he is participating at the time of the notice and so long as such plans are available to salaried employees and senior executives, and (ii) exercise all stock options previously granted to Employee under Employer's 1987 Stock Option Plan, 1995 Incentive Stock Plan and any successor or replacement plans, which options are or become exercisable under the provisions of such Plans.

Following the Compensation Period, Employee's employment shall continue (as a consultant to Employer) for an additional period until October 31, 2005 (the "Consultancy Period"), during which additional period Employee will receive a salary at the annual rate of fifty thousand dollars (\$50,000) payable semi-monthly. During both the Compensation Period and the Consultancy Period, any award(s) to Employee pursuant to Employer's 1977 Executive Long-Term Incentive Stock Purchase Plan, 1995 Incentive Stock Plan and any successor or replacement plans, shall continue to vest in the same manner and in the same amounts as such award(s) would have vested if Employee had continued as a full-time employee.

7. Confidential Information. Employee agrees that he will not divulge to any person, nor use to the detriment of Employer or any of its affiliates or subsidiaries, nor use in any business or process of manufacture competitive with or similar to any business or process of manufacture of Employer or any of its affiliates or subsidiaries, at any time during employment by Employer or thereafter, any trade secrets or confidential information obtained during the course of his employment with Employer, without first obtaining the written permission of Employer.

Employee agrees that, at the time of leaving the employ of Employer, he will deliver to Employer, and not keep or deliver to anyone else, any and all credit cards, notebooks, memoranda, documents and, in general, any and all material relating to Employer's business, including copies therefor, whether in paper or electronic format.

8. Modification. This Agreement contains all the terms and conditions agreed upon by the parties hereto, and no other agreements, oral or otherwise, regarding the subject matter of this Agreement shall be deemed to exist or bind either of

the parties hereto. This Agreement cannot be modified except by a subsequent writing signed by both parties.

9. Prior Agreement. This Agreement supersedes and replaces any and all previous agreements between the parties.

10. Severability. If any provision of this Agreement is illegal and unenforceable in whole or in part, the remainder of this Agreement shall remain enforceable to the extent permitted by law.

11. Governing Law. This Agreement shall be construed and enforced in accordance with the laws of the State of California. In the event that any ambiguity or questions of intent or interpretation arise, no presumption or binder of proof shall arise favoring or disfavoring the Employer by virtue of authorship of this Agreement and the terms and provisions of this Agreement shall be given their meaning under law.

12. Assignment. This Agreement shall be binding upon Employee, his heirs, executors and assigns and upon Employer, its successors and assigns.

13. Arbitration. In consideration for entering into this Agreement and for the position, compensation, benefits and other promises provided hereunder, the Employee and Employer agree to be bound by the arbitration provisions attached hereto as Attachment 1 and incorporated herein by this reference.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement the day and year first above written.

OCCIDENTAL PETROLEUM CORPORATION

By: /s/ RAY R. IRANI  
-----  
Title: Chairman & CEO  
-----

EMPLOYEE:

/s/ STEPHEN I. CHAZEN  
-----  
Stephen I. Chazen



ATTACHMENT 1

ARBITRATION PROVISIONS ("Provisions")  
Incorporated by Reference into and Made a Part of the  
Agreement, dated November 1, 2000 (the "Agreement"), between  
Occidental Petroleum Corporation (the "Employer")  
and Stephen I. Chazen (the "Employee")

In recognition of the fact that differences may arise between the Employer and the Employee arising out of or relating to certain aspects of the Employee's employment with the Employer or the termination of that employment, and in recognition of the fact that resolution of any differences in the courts is rarely timely or cost-effective for either party, the Employer and Employee have agreed to the incorporation of the Provisions into the Agreement in order to establish and gain the benefits of a speedy, impartial and cost-effective dispute resolution procedure. By so doing, the Employer and the Employee mutually agree to arbitrate Claims (as defined below) and each knowingly and voluntarily waive their rights before a jury. Each party's promise to resolve Claims (as defined below) by arbitration in accordance with these Provisions is consideration for the other party's like promise, in addition to any other consideration.

1. Claims

1.1 Except as provided in paragraph 1.2 below, "Claims" (collectively called "Claim" or "Claims" in these Provisions) means all claims or controversies between the Employer and Employee or between the Employee and others arising out of, or relating to or concerning the Employee's employment with the Employer or termination thereof for which a state or federal court otherwise would be authorized to grant relief, including, but not limited to, claims based on any purported breach of contract, tort, state or federal statute or ordinance, common law, constitution or public policy, claims for wages or other compensation, or of discrimination, or violation of public policy of any type. Claims expressly include the Employee's Claims against the Employer, and any subsidiary and related or affiliated entity, successor or assign, and any of their officers, directors, employees, managers, representatives, attorneys or agents, and Claims against others arising out of, relating to or concerning the Employee's employment with the Employer or termination thereof.

1.2 These Provisions do not apply to or cover: claims for workers' compensation benefits, claims for unemployment compensation benefits, or claims for which the National Labor Relations Board has exclusive jurisdiction; claims by the Employer for injunctive and/or other equitable relief for intellectual property, unfair competition and/or the use and/or unauthorized disclosure of trade secrets or confidential information; and claims based upon an employee pension or benefit plan the terms of which contain an arbitration or other non-judicial resolution procedure, in which case the provisions of such plan shall apply. Employee shall further retain the right to seek injunctive and/or other equitable relief expressly made available by a statute which forms the basis of a Claim which is subject to arbitration under these Provisions. Where one or more of the included Claims in a dispute are covered under these Provisions and one or

more of the included Claims in the dispute are not covered under these Provisions, such covered and non-covered claims shall be separated and shall be heard separately in the appropriate forum for each claim.

## 2. Agreement to Arbitrate All Claims

2.1 Except for claims excluded from these Provisions by paragraph 1.2 above and as otherwise provided in paragraph 1.2 and 4.1, the Employer and the Employee hereby agree to the resolution by exclusive, final and binding arbitration of all Claims.

2.2 The parties further agree that any issue or dispute concerning the formation, applicability, interpretation, or enforceability of these Provisions, including any claim or contention that all or any part of these Provisions is void or voidable, shall be subject to arbitration as provided herein. The arbitrator, and not any federal, state or local court or agency, shall have authority to decide any such issue or dispute.

## 3. Governing Law

3.1 Except as modified by these Provisions, the arbitration shall be conducted pursuant to the rules set forth in the California Arbitration Act, California Civil Code or Procedure Section 1281, et. seq.

3.2 The Arbitrator shall apply the substantive law (and the law of remedies, if applicable) of the State of California, or federal law, or both, as applicable to the Claims asserted.

## 4. Binding Effect

4.1 The arbitration Award (see Section 10, herein) shall be final and binding on the parties except that both parties shall have the right to appeal to the appropriate court any errors of law in the decision rendered by the Arbitrator.

4.2 The Award may be entered as a judgment in any court of competent jurisdiction and shall serve as a bar to any court action for any Claim or allegation which was, or could have been, raised in Arbitration.

4.3 For Claims covered by these Provisions, Arbitration is the exclusive remedy, except as provided by paragraph 1.2. The parties shall be precluded from bringing or raising in court or before any other forum any dispute which could have been brought or raised pursuant to Arbitration.

4.4 Nothing in these Provisions shall prevent a party from pursuing any legal right to bring an action to vacate or enforce an Award or to compel arbitration pursuant to applicable California law.

5. Initiating Arbitration

To initiate the arbitration process, the aggrieved party must provide the other party or parties with: a written request to arbitrate any covered Claims which states the Claim or Claims for which arbitration is sought. The written request to arbitrate must be received within the limitations periods applicable under the law to such Claims.

6. Selection of the Arbitrator

6.1 All Claims shall be decided by a single neutral decision-maker, called the "Arbitrator."

6.2 To be qualified to serve, the Arbitrator must be an attorney in good standing with at least seven years experience in employment law or a retired judge and be available to hear the matter within sixty (60) days of selection and on consecutive days.

6.3 Within fifteen calendar days after receipt of the written request to arbitrate, the parties will attempt to agree on the selection of a qualified Arbitrator pursuant to paragraph 6.2 above. If the parties fail to agree on the selection of an Arbitrator within that fifteen calendar day period, the Employer will designate an alternate dispute resolution service (by way of example, American Arbitration Association, National Arbitration Forum, Judicial Arbitration and Mediation Services/Endispute) which has the capacity of providing the parties with a list of potential qualified arbitrators. The parties shall request that designated alternate dispute resolution service to provide them with a list of nine persons who meet the requirements of paragraph 6.2 above. Each party shall rate the nine names by giving the most preferred arbitrator the number nine and using descending successive numbers to rate the remaining choices in descending order of that party's preference and returning the list to the alternate dispute resolution service for calculation. The arbitrator candidate with the highest combined rating will be the Arbitrator. The functions of the alternate dispute resolution service shall be strictly limited to providing the list of arbitrator candidates and tallying the respective parties' ratings of the candidates in accordance with this Section 6 and no rules of that service shall otherwise apply.

7. Arbitration Procedures:

7.1 All parties may be represented by counsel throughout the arbitration process, including without limitation, at the arbitration hearing.

7.2 The Arbitrator shall afford each party a full and fair opportunity to present relevant and material proof, to call and cross-examine witnesses, and to present its argument.

7.3 The Arbitrator shall not be bound by any formal rules of evidence with the exception of applicable law regarding the attorney-client privilege and work product

doctrine, and any applicable state or federal law regarding confidentiality of documents and other information (including, without limitation, pursuant to rights of privacy).

7.4 The Arbitrator shall decide the relevance of any evidence offered, and the Arbitrator's decision on any question of evidence or argument shall be final and binding.

7.5 The Arbitrator may receive and consider the evidence of witnesses by affidavit and shall give it such weight as the Arbitrator deems appropriate after consideration of any objection made to its admission.

7.6 Either party, at its expense, may arrange and pay for the cost of a court reporter to provide a stenographic record of the proceedings. The other party may obtain a copy of the recording by paying the reporter's normal fee for such copy. If both parties agree to utilize the services of a court reporter, the parties shall share the expense equally and shall be billed and responsible for payment individually.

7.7 Either party shall have the right to file a pre- or post-hearing brief. The time for filing such briefs shall be set by the Arbitrator.

7.8 The Arbitrator has authority to entertain a written or oral motion to dismiss and motion for summary judgment, dispositive of all or part of any Claim, to which the Arbitrator shall apply the standards governing such motions under the Federal Rules of Civil Procedure.

## 8. Discovery

8.1 Discovery shall be governed by this paragraph 8, notwithstanding Code of Civil Procedure Section 1283.05 to the contrary.

8.2 Discovery shall be conducted in the most expeditious and cost-effective manner possible, and shall be limited to that which is relevant and for which the party seeking it has substantial, demonstrable need.

8.3 All parties shall be entitled to receive, reasonably prior to the hearing, copies of relevant documents which are requested in writing, clearly described and governed by paragraph 8.2 above, and sought with reasonable advance notice given the nature of the requests. Upon request, Employee shall also be entitled to a true copy of his or her personnel file kept in the ordinary course of business and pursuant to the Employer policy. Any other requests for documents shall be made by subpoena as provided for in Section 9 herein.

8.4 Except as mutually agreed by the parties, all parties shall be entitled to submit no more than twenty interrogatories (including subparts) and twenty requests for admission (including subparts), on each of the other parties, which are requested in

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writing, clearly described and governed by paragraph 8.2 above, and sought with reasonable advance notice given the nature of the requests.

8.5 Upon reasonable request and scheduling, each party shall be entitled to take three depositions in total of relevant parties, representative of the opposing party, or third parties, of up to two days duration each.

8.6 Physical and/or mental examinations may be conducted in accordance with the standards established by the Federal Rules of Civil Procedure.

8.7 At a mutually agreeable date, the parties will exchange lists of experts who will testify at the arbitration. Each party may depose the other party's experts and obtain documents they reviewed and relied upon and these depositions will not be charged against the party's limit of three depositions.

8.8 Any disputes relative to discovery or requests for discovery other than specifically provided for herein, shall be presented to the Arbitrator who shall make final and binding decisions in accordance with paragraphs 8.1 and 8.2 herein.

## 9. Subpoenas

9.1 Subject to formal request and a determination of both need and relevance by the Arbitrator in accordance with paragraphs 8.1 and 8.2 above, each party may issue a subpoena for production of documents or persons (other than those provided for in Sections 8.3, 8.5 and 8.7) relevant to the procedure. The Arbitrator's decision regarding relevance and the need for subpoenas shall be final and binding.

9.2 The Arbitrator is empowered to subpoena witnesses or documents to the extent permitted in a judicial proceeding, upon his or her own initiative or at the request of a party.

9.3 The party requesting the production of any witness or proof shall bear the costs of such production.

## 10. The Award

10.1 The Arbitrator shall render his or her decision and award (collectively the "Award") based solely on the evidence and authorities presented, the applicable policies of the Employer, any applicable written employment agreement, the applicable law argued by the parties, and these Provisions as interpreted by the Arbitrator.

10.2 The Award shall be made promptly by the Arbitrator, and unless otherwise agreed by the parties, not later than sixty (60) days from the closing of the hearing, or the date post-hearing briefs are filed, whichever is later.

10.3 The Award shall be in writing and signed and dated by the Arbitrator. The Award shall decide all issues submitted, shall contain express findings of fact and law (including findings on each issue of fact and law raised by a party), and provide the reasons supporting the decision including applicable law. The Arbitrator shall give signed and duplicate original copies of the Award to all parties at the same time.

#### 11. Damages and Relief

11.1 The Arbitrator shall have the same authority to award remedies and damages as provided to a judge and/or jury under applicable state or federal laws, where the aggrieved party has met his or her burden of proof.

11.2 Both parties have a duty to mitigate their damages by all reasonable means. The Arbitrator shall take a party's failure to mitigate into account in granting relief in accordance with applicable state and federal law.

11.3 Arbitration of damages or other remedies may be conducted in a bifurcated proceeding.

#### 12. Fees and Expenses

12.1 All parties shall share equally the fees of the Arbitrator. Each party will deposit funds or post other appropriate security for its share of the Arbitrator's fee, in an amount and manner determined by the Arbitrator, at least ten (10) days before the first day of hearing. Additionally, each party shall pay for its own expenses associated with the arbitration process and attorneys' fees, if any. If any party prevails on a statutory claim which entitles the prevailing party to attorneys' fees, or if there is a written agreement providing for fees, the Arbitrator may award reasonable fees to the prevailing party in accordance with such statute or agreement.

12.2 The Arbitrator may additionally award either party its reasonable attorneys' fees and costs, including reasonable expenses associated with production of witnesses or proof, upon a finding that the other party (a) engaged in unreasonable delay, or (b) failed to comply with the Arbitrator's discovery order.

OCCIDENTAL PETROLEUM CORPORATION  
10889 WILSHIRE BOULEVARD  
LOS ANGELES, CALIFORNIA 90024  
(310) 208-8800

DR. RAY R. IRANI  
CHAIRMAN OF THE BOARD  
AND  
CHIEF EXECUTIVE OFFICER

November 17, 2000

Donald P. de Brier  
Executive Vice President and General Counsel  
Occidental Petroleum Corporation  
10889 Wilshire Boulevard  
Los Angeles, California 90024

Dear Donald:

If you concur, clause 7(c) of your Employment Agreement, dated as of April 3, 1998, shall by this letter be amended to be and read as follows:

"(c) Without Cause. Employer may at any time terminate the employment of Employee without cause or designate a termination for cause as a termination without cause, and in such event Employer shall, in lieu of continued employment, compensate Employee in an amount equal to two (2) times the sum of Employee's highest annual base salary and annual cash bonus target, such amount payable in equal monthly installments over two (2) years (the "Compensation Period"). In the event the Employee dies during the Compensation Period, any remaining payments due will be made to Employee's estate."

If the foregoing amendment is acceptable to you, please execute the form of acceptance set out below, whereupon this amendment shall become effective as of the date of this letter.

Sincerely,

Occidental Petroleum Corporation

By: /s/ RAY R. IRANI

-----  
Dr. Ray R. Irani

Accepted and agreed:

/s/ DONALD P. DE BRIER

-----  
Donald P. de Brier

OCCIDENTAL PETROLEUM CORPORATION AND SUBSIDIARIES  
 COMPUTATION OF TOTAL ENTERPRISE RATIOS OF EARNINGS TO FIXED CHARGES  
 FOR THE FIVE YEARS ENDED DECEMBER 31, 2000  
 (Amounts in millions, except ratios)

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

(a) Includes: 1) minority interest in net income of majority-owned subsidiaries and partnerships 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.



## LIST OF SUBSIDIARIES

The following is a list of the Registrant's subsidiaries at December 31, 2000, other than certain subsidiaries that did not in the aggregate constitute a significant subsidiary.

Name - - - - -	Jurisdiction of Formation -----
INDSPEC Holding Corporation	Delaware
Laurel Industries, Inc.	Ohio
Natural Gas Odorizing, Inc.	Oklahoma
Occidental Andina, LLC	Delaware
Occidental Chemical Chile, S.A.I.	Chile
Occidental Chemical Corporation	New York
Occidental Chemical Holding Corporation	California
Occidental Chemical International, Inc.	California
Occidental Crude Sales, Inc. (International)	Delaware
Occidental de Colombia, Inc.	Delaware
Occidental Energy Marketing, Inc.	Delaware
Occidental Exploration and Production Company	California
Occidental International Exploration and Production Company	California
Occidental International Holdings Ltd.	Bermuda
Occidental International Oil and Gas Ltd.	Bermuda
Occidental of Elk Hills, Inc.	Delaware
Occidental of Oman, Inc.	Nevis
Occidental of Russia (Cyprus) Limited	Cyprus
Occidental of Russia Ltd.	Bermuda
Occidental Oil and Gas Holding Corporation	California
Occidental Peninsula, Inc.	Delaware
Occidental Peninsula II, Inc.	Nevis
Occidental Permian Ltd.	Texas
Occidental Petrochem Partner 2, Inc.	Delaware
Occidental Petroleum (Pakistan), Inc.	Delaware
Occidental Petroleum (South America), Inc.	Delaware
Occidental Petroleum Investment Co.	California
Occidental Petroleum of Qatar Ltd.	Bermuda
Occidental PVC LP, Inc.	Delaware
Occidental Quimica do Brasil Ltda.	Brazil
Occidental Receivables, Inc.	California
Occidental Texas Pipeline, L.P.	Delaware
Occidental Tower Corporation	Delaware
Occidental Yemen Ltd.	Bermuda
Oxy CH Corporation	California
Oxy Chemical Corporation	California
Oxy Energy Services, Inc.	Delaware
Oxy Long Beach, Inc.	Delaware
Oxy Oil Partners, Inc.	Delaware
OXY USA Inc.	Delaware
Oxy Vinyls Canada Inc.	Canada
Oxy Vinyls, LP	Delaware
Oxy Westwood Corporation	California
Repsol Occidental Corporation	Delaware

## CONSENT OF INDEPENDENT PUBLIC ACCOUNTANTS

As independent public accountants, we hereby consent to the incorporation by reference of our report, dated February 7, 2001, appearing in Occidental Petroleum Corporation's Annual Report on Form 10-K for the year ended December 31, 2000, into Occidental Petroleum Corporation's previously filed Registration Statements Nos. 33-5487, 33-5490, 33-14662, 33-23798, 33-40054, 33-44791, 33-47636, 33-60492, 33-59395, 33-63991, 33-64719, 333-02901, 333-11725, 333-11897, 333-17879, 333-21019, 333-49207, 333-52053, 333-67385, 333-69303, 333-72719, 333-72721, 333-78031, 333-79613, 333-79541, 333-37970 and 333-55404.

/s/ ARTHUR ANDERSEN LLP

Los Angeles, California  
March 9, 2001